

ST. MARTIN PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Rebecca Patin
St. Martin Parish Clerk of Court
St. Martinville, 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. Martin Parish Clerk of Court, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the St. Martin Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Martin Parish Clerk of Court, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018 the St. Martin Parish Clerk of Court adopted new accounting guidance, GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 budgetary comparison information, schedule of changes in the clerk's total OPEB liability and related ratios, schedule of employer's share of net pension liability, schedule of employer contributions, and notes to the required supplementary information on pages 42 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish Clerk of Court's basic financial statements. The other supplementary information on pages 50 and 51 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the St. Martin Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the St. Martin Parish Clerk of Court's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 2, 2018

BASIC FINANCIAL STATEMENTS

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

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 1,381,755
Receivables, net	59,458
Due from other governmental units	13,250
Prepaid expense	30,136
Total current assets	1,484,599
Noncurrent assets:	
Capital assets, net	21,468
Total assets	1,506,067
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amount on pension	345,850
Deferred amount on post-employment benefit plan	4,403
Total deferred outflows of resources	350,253
LIABILITIES	
Current liabilities:	
Accounts payable	15,930
Capital lease payable	2,388
Total current liabilities	18,318
Noncurrent liabilities:	
Capital lease payable	2,985
Compensated absences payable	150,100
Postemployment benefit obligation payable	2,235,114
Net pension liability	1,544,497
Total noncurrent liabilities	3,932,696
Total liabilities	3,951,014
DEFERRED INFLOWS OF RESOURCES	53,223
NET POSITION	
Net investment in capital assets	21,468
Unrestricted (deficit)	(2,169,385)
Total net position	\$ (2,147,917)

The accompanying notes are an integral part of the basic financial statements.

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

Expenses:

General government:

Personal services and related benefits	\$ 1,754,176
Operating services	375,792
Material and supplies	<u>63,241</u>
Total expenses	<u>2,193,209</u>

Program revenues:

Licenses and permits	5,720
Fines, charges, and commissions for services	2,379,538
Operating grants	<u>37,775</u>
Total program revenues	<u>2,423,033</u>

Net program revenue	<u>229,824</u>
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General revenues:

Miscellaneous	20,366
Intergovernmental revenue	<u>109,279</u>
Total general revenues	<u>129,645</u>

Change in net position	359,469
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Beginning net position, as restated	<u>(2,507,386)</u>
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Ending net position	<u>\$ (2,147,917)</u>
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The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTION - MAJOR FUND

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Balance Sheet - Governmental Fund
June 30, 2018

	<u>General Fund</u>
ASSETS	
Cash	\$ 920,710
Interest-bearing deposits	461,045
Receivables:	
Accounts receivable	57,718
Due from other governmental agencies	13,250
Other receivables	1,740
Prepaid expense	<u>30,136</u>
Total assets	<u>\$ 1,484,599</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ <u>15,930</u>
Total liabilities	<u>15,930</u>
Fund balance:	
Nonspendable	30,136
Restricted	-
Committed	-
Assigned	-
Unassigned	<u>1,438,533</u>
Total fund balance	<u>1,468,669</u>
Total liabilities and fund balance	<u>\$ 1,484,599</u>

The accompanying notes are an integral part of the basic financial statements.

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balance for the governmental fund at June 30, 2018		\$ 1,468,669
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consists of:		
Buildings, furniture, fixtures, and equipment	\$ 293,366	
Less: Accumulated depreciation	<u>(271,898)</u>	21,468
The deferred outflows of expenditures are not a use of current resources, and are therefore not reported in the funds:		
Pension plan	345,850	
Post employment benefit obligation	<u>4,403</u>	350,253
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. The debt is:		
Capital lease payable	(5,373)	
Compensated absences payable	(150,100)	
Postemployment benefit obligation payable	(2,235,114)	
Net pension liability	<u>(1,544,497)</u>	(3,935,084)
The deferred inflows of contributions are not available resources, and therefore, are not reported in the funds:		
Pension plan		<u>(53,223)</u>
Total net position of governmental activities at June 30, 2018		<u>\$ (2,147,917)</u>

The accompanying notes are an integral part of the basic financial statements.

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2018

	<u>General Fund</u>
Revenues:	
Licenses and permits	\$ 5,720
Fees, charges and commissions -	
Court costs, fees and charges	279,455
Fees for recording legal documents	1,896,440
Fees for certified copies	130,178
State grants	37,775
Miscellaneous	<u>93,831</u>
Total revenues	<u>2,443,399</u>
 Expenditures:	
Current -	
General government:	
Personnel services and related benefits	1,613,259
Operating services	372,967
Material and supplies	63,241
Capital outlay	<u>13,012</u>
Total expenditures	<u>2,062,479</u>
Net change in fund balance	380,920
 Fund balance, beginning of year	 <u>1,087,749</u>
 Fund balance, end of year	 <u>\$ 1,468,669</u>

The accompanying notes are an integral part of the basic financial statements.

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2018

Total net change in fund balance for the year ended June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 380,920
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 13,012	
Depreciation expense for the year ended June 30, 2018	<u>(5,213)</u>	7,799

Expenses not requiring the use of current financial resources and, therefore, not reported as expenditures in the governmental funds

Net change in capital lease payable	2,388	
Net change in compensated absences payable	(31,708)	
Net change in post employment benefit obligation payable	(26,419)	
Net change in net pension liability and related deferreds	<u>26,489</u>	<u>(29,250)</u>

Total change in net position at June 30, 2018 per Statement of Activities	<u>\$ 359,469</u>
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The accompanying notes are an integral part of the basic financial statements.

FUND DESCRIPTIONS - FIDUCIARY FUNDS

AGENCY FUNDS

Both of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net position.

Advance Deposit Fund -

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

Registry of Court Fund -

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

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Statement of Fiduciary Net Position - Agency Funds
June 30, 2018

ASSETS

Cash	\$ 813,053
Interest-bearing deposits	4,001,466
Accrued interest receivable	<u>245</u>
Total assets	<u>\$ 4,814,764</u>

LIABILITIES

Due to litigants and others	\$ 1,363,721
Unsettled deposits	<u>3,451,043</u>
Total liabilities	<u>\$ 4,814,764</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the St. Martin Parish Clerk of Court (Clerk of Court) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the industry audit guide, *Audits of State and Local Governments*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, a Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and shall have other duties and powers provided by law. A Clerk of Court is elected for a term of four years.

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

As an independently elected official, the Clerk of Court is responsible for the operations of his/her office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Clerk's office that are paid or provided by the Parish Government as required by Louisiana law, the Clerk of Court is financially independent. In addition, at the expiration of the Clerk of Court's term of office, the Clerk is required to remit to the Parish Government any balance in the Clerk's General (Salary) Fund that exceeds one-half of the revenues of the last year of the term in office.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are not

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

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

Fund Financial Statements (FFS)

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

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

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

The major fund of the Clerk of Court is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court. It is used to account for and report all financial resources not accounted for and reported in another fund. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Additionally, the Clerk of Court reports the following fund type:

Fiduciary Funds -

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

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

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

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

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Clerk of Court. Interest-bearing deposits are stated at cost, which approximates market. See Note (2) for additional GASB No. 3 disclosures.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Buildings	25 years
Furniture, fixtures, and equipment	5-12 years

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

Compensated Absences

Employees of the Clerk of Court's office earn 10 to 20 days of vacation leave each year depending on length of service. In addition, employees earn 10 days of sick leave each year. Vacation leave must be used in the year earned; unused vacation leave may be converted to sick leave at year end. Sick leave may be accumulated but is not paid upon termination unless the individual is disabled, deceased, or is approaching retirement. When an employee is approaching retirement, he/she may use accumulated sick leave towards his/her date of retirement. When using accumulated sick leave for this purpose, each accumulated day will be counted as one calendar day (for example: 90 days of accumulated sick leave is equal to 3 months toward the date of retirement). An employee may use a maximum of 90 days of accumulated sick leave and is paid by the Clerk's office for these days. Any days over the 90 days will be lost.

Long-term debt

All long-term debt to be repaid from governmental funds is reported as liabilities in the government-wide statements. The long-term debt consists of compensated absences payable, other post employment benefits payable, capital lease payable, and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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.
- c. Unrestricted net position – Net amount of the 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.

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

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk of Court is the highest level of decision-making authority for the St. Martin Parish Clerk of Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Clerk of Court's policy, only the clerk may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

As of June 30, 2018, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable:	\$ 30,136
Restricted:	-
Committed:	-
Assigned:	-
Unassigned:	<u>1,438,533</u>
Total fund balances	<u>\$ 1,468,669</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Clerk of Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk of Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk of Court has provided otherwise in its commitment or assignment actions.

E. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2018.

F. Use of Estimates

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

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Restatement of Net Position

During the year ended June 30, 2018, the Clerk implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of implementation, net position was restated as follows:

Net position at June 30, 2017	\$	(1,136,869)
Restatement due to implementation of GASB 75		<u>(1,370,517)</u>
Net position at June 30, 2017, as restated	\$	<u>(2,507,386)</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Clerk of Court has cash and cash equivalents (book balances) totaling \$6,196,274 of which \$4,814,519 is attributable to fiduciary funds, which is not presented in the statement of net position.

Demand deposits	\$	5,255,848
Time deposits		<u>940,426</u>
Total	\$	<u>6,196,274</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2018 are secured as follows:

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Notes to Basic Financial Statements (Continued)

Bank balances \$ 6,529,019

At June 30, 2018 the deposits are secured as follows:

Federal deposit insurance \$ 1,375,913
Pledged securities 5,153,106

Total \$ 6,529,019

Deposits in the amount of \$5,153,106 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Clerk of Court's name. The Clerk of Court does not have a policy for custodial credit risk.

(4) Due from Other Governmental Units

Amount due from other governmental units at June 30, 2018 consisted of the following:

Amount due from the Louisiana Clerk of Court - Clerk's Supplemental Fund \$ 1,850
Amount due from the Louisiana Supreme Court 11,400
Amount due from other Governmental Units \$ 13,250

(5) Capital Assets

Capital asset balances and activity for the year ended June 30, 2018 is as follows:

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Buildings, furniture, fixtures and equipment	\$ 281,825	\$ 13,012	\$ (1,471)	\$ 293,366
Less: Accumulated depreciation	<u>(268,156)</u>	<u>(5,213)</u>	<u>1,471</u>	<u>(271,898)</u>
Net capital assets	<u>\$ 13,669</u>	<u>\$ 7,799</u>	<u>\$ -</u>	<u>\$ 21,468</u>

Depreciation expense of \$5,213 was charged to the general government function.

The St. Martin Parish Clerk of Court has one capital lease for a copier. The gross amount of the capital lease, which is included in buildings, furniture, fixtures, and equipment, is \$7,761. The accumulated depreciation on this asset as of June 30, 2018 is \$1,682. Depreciation expense taken in year ending June 30, 2018 was \$1,552.

ST. MARTIN PARISH CLERK OF COURT
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Notes to Basic Financial Statements (Continued)

(6) Changes in Agency Fund Balances

A summary of changes in agency fund due to litigants and unsettled deposits for the year ended June 30, 2018 follows:

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balance, July 01, 2017	\$ 1,366,913	\$ 1,421,580	\$ 2,788,493
Additions	1,790,271	3,263,919	5,054,190
Reductions	<u>(1,793,463)</u>	<u>(1,234,456)</u>	<u>(3,027,919)</u>
Balance, June 30, 2018	<u>\$ 1,363,721</u>	<u>\$ 3,451,043</u>	<u>\$ 4,814,764</u>

(7) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the St. Martin Parish Clerk of Court for the year ended June 30, 2018. In the past, payments on long-term liabilities pertained to the Clerk of Court's governmental activities and were made by the general fund.

	<u>Compensated Absences</u>	<u>Copier Capital Lease</u>	<u>Total</u>
Long-term liabilities, July 01, 2017	\$ 118,392	\$ 5,373	\$ 123,765
Debt assumed	31,708	-	31,708
Debt retired	<u>-</u>	<u>(2,388)</u>	<u>(2,388)</u>
Long-term liabilities June 30, 2018	<u>\$ 150,100</u>	<u>\$ 2,985</u>	<u>\$ 153,085</u>

Long-term debt at June 30, 2018 is comprised of the following:

Copier Capital Lease:

\$7,761 capital lease on 1 Konica Biz Hub Copier, due in monthly installments of \$199; due from July 7, 2017 to September 7, 2020	\$ 5,373
Less: current portion	<u>(2,388)</u>
Long-term debt	<u>\$ 2,985</u>

ST. MARTIN PARISH CLERK OF COURT
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Notes to Basic Financial Statements (Continued)

(8) Operating Leases

Rental expense for the year ended June 30, 2018 was \$20,445. The Clerk of Court had the following noncancelable operating lease agreements in effect during the year ended June 30, 2018:

<u>Description</u>	<u>Term</u>	<u>Expiration Date</u>	<u>Monthly Lease Amount</u>
Konica machine	4 Years	4/19	\$ 335
Konica machine	3.25 Years	10/19	400
Mail System	5 Years	12/19	334
Xerox machine	5 Years	4/21	250
Xerox machine	5 Years	4/21	247
Folding machine	5 Years	5/22	97

The minimum future payments for these agreements are as follows:

2019	\$ 19,289
2020	10,332
2021	6,134
2022	<u>972</u>
 Total	 <u>\$ 36,727</u>

(8) Deferred Compensation Plan

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

(9) Risk Management

The Clerk of Court is exposed to risks of loss in the areas of general and auto liability, healthcare and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year nor have settlements exceeded coverage for the past three years.

(10) Expenditures of the Clerk of Court Paid by the Parish Government

The Clerk of Court's office is located in the St. Martin Parish Courthouse Annex. The St. Martin Parish Government pays for the upkeep and maintenance of the courthouse annex. These expenditures are not reflected in the accompanying financial statements.

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Notes to Basic Financial Statements (Continued)

(11) Litigation

There is no litigation pending against the Clerk of Court at June 30, 2018.

(12) Post-Employment Health Care and Life Insurance Benefits

Plan Description: The Clerk of Court's defined benefit postemployment health care plan provides OPEB for all permanent full-time employees of the Clerk. The Clerk's OPEB plan is a single-employer defined benefit plan administered by the Clerk. Benefits are provided through the Louisiana Clerk of Court Insurance Trust ("LCCIT"), a multiple-employer healthcare plan administered by the Louisiana Clerk of Court Association. Louisiana Revised Statute 13:783 grants the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The premium rates are established and may be amended by the LCCIT board of trustees, with the Clerk determining the contribution requirements of the retirees. The Clerk does not issue a separate financial report for the plan.

Benefits Provided: The Clerk of Court provides medical, dental, vision and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50% of retiree and 40% of dependent pre-Medicare health, Medicare Supplement, dental and vision insurance premiums. The plan also provides for payment of 100% of retiree life insurance premiums.

Employees covered by benefit terms: At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	13
Active Employees	<u>24</u>
Total	<u>37</u>

Total OPEB Liability

The Clerk's total OPEB liability of \$2,235,114 was measured as of June 30, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs: The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

ST. MARTIN PARISH CLERK OF COURT
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Notes to Basic Financial Statements (Continued)

Inflation:	2.40%
Salary Increases, including inflation:	3%
Discount Rate:	3.62%
Health Care Cost Trend Rates	
Medical:	Initially 7.5%, decreasing 0.25% per year to an ultimate rate of 5.0%
Medicare Supplement:	Initially 5.5%, decreasing 0.25% per year to an ultimate rate of 3.0%. Include 2% per year for aging.
Dental:	Initially 3.5%, decreasing 0.25% per year to an ultimate rate of 3.0%.
Vision:	3.0% per year
Retirees' Share of Benefit-Related Costs	
Medical:	50% for retirees and 60% for dependents
Medicare Supplement:	50% for retirees and 60% for dependents
Dental:	50% for retirees and 60% for dependents
Vision:	50% for retirees and 60% for dependents
Basic Life Insurance:	0%

The discount rate was based on the 1/1/2018 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

Mortality rates for retirees and surviving spouses were based on the RPH-2014 Healthy Annuitant Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

The actuarial assumptions used in the January 1, 2018 valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief fund valuation and actuarial experience.

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Notes to Basic Financial Statements (Continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 6/30/17	\$ 2,204,292
Changes for the year:	
Service Cost	37,958
Interest	79,508
Differences between expected and actual experience	5,137
Benefit payments	<u>(91,781)</u>
Net Changes	<u>\$ 30,822</u>
Balance at 6/30/18	<u>\$ 2,235,114</u>

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

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	\$ 2,585,908	\$ 2,235,114	\$ 1,948,738

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 2,018,898	\$ 2,235,114	\$ 2,419,559

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

For the year ended June 30, 2018, the Clerk recognized an OPEB expense of \$120,595. At June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Notes to Basic Financial Statements (Continued)

	Deferred Outflows of Resources
Differences between expected and actual experiences	\$ 4,403
Total	\$ 4,403

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

Year Ended June 30:	
2019	\$ 734
2020	\$ 734
2021	\$ 734
2022	\$ 734
2023	\$ 734
Thereafter	\$ 733

(13) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, St. Martin Parish Clerk of Court is required to disclose the compensation, reimbursements, benefits, and other payments made to the clerk, in which the payments are related to the position. The following is a schedule of payments made to the clerk for the year ended June 30, 2018:

Entity head: Rebecca Patin, Clerk of Court

Salary	\$ 160,678
Benefits-insurance	8,487
Benefits-retirement	13,256
Benefits-deferred compensation	8,034
Benefits-health savings	1,200
Car allowance	23,904
Reimbursements	9
Travel	1,470
Election Expense	2,400
Total	\$ 219,438

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Notes to Basic Financial Statements (Continued)

(14) Pension Plan

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 (Retirement System) and additions to/deductions from the Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Retirement System. 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.

A. Summary of Significant Accounting Policies

The Louisiana Clerks' of Court Retirement and Relief Fund prepared its employer schedules in accordance with Governmental Accounting Statement No. 68—*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should 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. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The Louisiana Clerks' of Court Retirement and Relief Fund's employer schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The members' earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

Plan Fiduciary Net Position:

Plan fiduciary net position is a significant component of the Fund's collective net pension liability. The Fund's plan fiduciary net position was determined using the accrual basis of accounting. The Fund's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the Fund's investments. Accordingly, actual results may differ from estimated amounts.

Pension Amount Netting:

The deferred outflows and deferred inflows of resources attributable to differences between projected and actual earnings on pension plan investments recorded in different years are netted to report only a deferred outflow or a deferred

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Notes to Basic Financial Statements (Continued)

inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows are not presented on a net basis.

B. Plan Description:

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

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

Retirement Benefits:

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more, and terminating employment. Regular retirement benefits, payable monthly for life, equal three and one-third percent of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of ten percent in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of ten percent increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of three percent for all members hired on or after January 1, 2011.

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

Disability Benefits:

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

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Notes to Basic Financial Statements (Continued)

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

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

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and either the member's disability was caused solely as a result of injuries sustained in the performance of their official duties or 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 forty percent of their monthly average final compensation or seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

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

Survivor Benefits:

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by

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Notes to Basic Financial Statements (Continued)

which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

Deferred Retirement Option Plan:

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan.

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

Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. 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 the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

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

Cost of Living Adjustments:

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living

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Notes to Basic Financial Statements (Continued)

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 order to grant any cost of living increase, the Fund must meet criteria as detailed in the Louisiana statutes related to funding status.

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.

C. Employer Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 19.00%. The employer contributed \$172,457 during the fiscal year ending June 30, 2017.

In accordance with state statute, the Fund also 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. The Clerk of Court recognized \$109,279 of nonemployer contribution revenue.

D. Schedule of Employer Allocations:

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

The allocation method used in determining each employer's proportion was based on the employer's contribution to the Fund during the fiscal year ending June 30, 2017, as compared to the total of all employers' contribution received by the plan during the fiscal year ended June 30, 2017.

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

At June 30, 2018, the Clerk of Court reported a liability of \$ \$1,544,497 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Clerk of Court's proportion was 1.020862% which was an increase of .012266% from its proportion measured as of June 30, 2016.

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Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2018, the Clerk of Court recognized pension expense of \$260,391 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,144.

At June 30, 2018, the Clerk of Court 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 experiences	\$ 46,774	\$ 40,528
Changes of assumptions	67,361	-
Net difference between projected and actual earnings on pension plan investments	21,152	-
Change in proportion and differences between employer contributions and proportionate share of contributions	38,106	12,695
Employer contributions subsequent to the measurement date	<u>172,457</u>	<u>-</u>
Total	<u>\$ 345,850</u>	<u>\$ 53,223</u>

Deferred outflows of resources of \$172,457 related to pensions resulting from the Clerk of Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
6/30/2019	\$ 41,270
6/30/2020	95,111
6/30/2021	34,968
6/30/2022	(51,179)

E. Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and

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Notes to Basic Financial Statements (Continued)

inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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 – June 30, 2014, unless otherwise specified

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.00%
Inflation Rate	2.50%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males)
Expected Remaining Service Lives	2017 - 5 years 2016 - 5 years 2015 - 5 years 2014 - 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The 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.

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Notes to Basic Financial Statements (Continued)

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return was 7.60% for the year ended June 30, 2017.

The best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2017, is summarized in the following table:

<u>Asset Class</u>	<u>Target 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%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6% or one percentage point higher 8% than the current rate.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease 6.00%	Discount Rate 7.00%	Increase 8.00%
Employer's proportionate share of net pension liability	\$ 2,363,635	\$ 1,544,497	\$ 849,078

G. Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2017, were recognized in the current reporting period as pension expense except as follows:

A. Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$46,774 and deferred inflow of resources in the amount of \$40,528 for the year ended June 30, 2017.

B. Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$67,361 for the year ended June 30, 2017.

C. Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

actual investment earnings resulted in a deferred outflow of resources in the amount of \$21,152 for the year ended June 30, 2017.

D. Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$38,106 and a deferred inflow of resources in the amount of \$12,695 for the year ended June 30, 2017.

H. Retirement System Audit Report

The Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana has issued a stand-alone audit report on their financial statements for year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.gov.

**REQUIRED
SUPPLEMENTARY INFORMATION**

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 4,500	\$ 5,000	\$ 5,720	\$ 720
Fees, charges and commissions -				
Court costs, fees and charges	259,300	232,120	279,455	47,335
Fees for recording legal documents	1,460,000	1,672,000	1,896,440	224,440
Fees for certified copies	145,000	116,500	130,178	13,678
State grants	-	-	37,775	37,775
Miscellaneous	163,200	163,900	93,831	(70,069)
Total revenues	<u>2,032,000</u>	<u>2,189,520</u>	<u>2,443,399</u>	<u>253,879</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	1,609,376	1,652,450	1,613,259	39,191
Operating services	355,500	392,250	372,967	19,283
Material and supplies	64,500	73,200	63,241	9,959
Capital outlay	-	22,500	13,012	9,488
Total expenditures	<u>2,029,376</u>	<u>2,140,400</u>	<u>2,062,479</u>	<u>77,921</u>
Net change in fund balance	2,624	49,120	380,920	331,800
Fund balance, beginning of year	<u>1,087,749</u>	<u>1,087,749</u>	<u>1,087,749</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,090,373</u>	<u>\$ 1,136,869</u>	<u>\$ 1,468,669</u>	<u>\$ 331,800</u>

St. Martin Parish Clerk of Court
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended June 30, 2018

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Licenses and permits:				
Marriage licenses	\$ 4,500	\$ 5,000	\$ 5,720	\$ 720
Fees, charges and commissions:				
Court costs, fees and charges -				
Criminal costs	90,000	65,000	71,526	6,526
Qualifying fees	15,000	7,270	13,440	6,170
Police jury fees	35,000	33,000	36,975	3,975
UCC fees	27,000	25,000	30,469	5,469
Portal fees	45,000	38,000	45,175	7,175
Other	47,300	63,850	81,870	18,020
Total court costs, fees and charges	<u>259,300</u>	<u>232,120</u>	<u>279,455</u>	<u>47,335</u>
Fees for recording legal documents:				
Recordings	450,000	600,000	720,013	120,013
Cancellations	45,000	57,000	60,132	3,132
Mortgage certificates	20,000	15,000	18,198	3,198
Suits and successions	945,000	1,000,000	1,098,097	98,097
Total fees for recording legal documents	<u>1,460,000</u>	<u>1,672,000</u>	<u>1,896,440</u>	<u>224,440</u>
Certified copies	<u>145,000</u>	<u>116,500</u>	<u>130,178</u>	<u>13,678</u>
State grants	<u>-</u>	<u>-</u>	<u>37,775</u>	<u>37,775</u>
Miscellaneous:				
Interest earned	200	150	2,096	1,946
Online research and subscriptions	73,000	60,000	78,679	18,679
Other	90,000	103,750	13,056	(90,694)
Total miscellaneous	<u>163,200</u>	<u>163,900</u>	<u>93,831</u>	<u>(70,069)</u>
Total revenues	<u><u>\$2,032,000</u></u>	<u><u>\$2,189,520</u></u>	<u><u>\$2,443,399</u></u>	<u><u>\$ 253,879</u></u>

St. Martin Parish Clerk of Court
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended June 30, 2018

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures:				
Current -				
Personnel services and related benefits -				
Salaries:				
Clerk	\$ 122,072	\$ 123,050	\$ 123,049	\$ 1
Clerk's supplemental fund	23,400	23,400	23,400	-
Deputy clerks	770,000	790,000	786,371	3,629
Other	80,000	80,000	79,613	387
Clerk's expense allowance	15,000	15,000	14,638	362
Clerk's vehicle allowance	23,904	24,000	23,904	96
Group insurance	255,000	280,000	246,688	33,312
Pension and payroll taxes	279,000	276,000	274,755	1,245
Deferred compensation	41,000	41,000	40,841	159
Total personnel services and related benefits	<u>1,609,376</u>	<u>1,652,450</u>	<u>1,613,259</u>	<u>39,191</u>
Operating services -				
Professional fees	105,000	145,000	110,756	34,244
Insurance	15,000	25,000	19,409	5,591
Election expense allowance	3,000	4,000	3,161	839
Postage	33,000	32,000	23,412	8,588
Marriage license	3,000	2,500	2,410	90
Telephone	42,000	36,000	37,959	(1,959)
UCC fees	8,000	8,500	8,218	282
Travel	5,000	17,500	13,885	3,615
Filing fees	37,000	50,000	52,307	(2,307)
Repairs and maintenance	27,500	28,000	36,039	(8,039)
General refunds	10,000	5,000	85	4,915
Police jury fees	32,000	35,000	34,964	36
Records preservation expense	35,000	3,750	30,362	(26,612)
Total operating services	<u>355,500</u>	<u>392,250</u>	<u>372,967</u>	<u>19,283</u>
Materials and supplies -				
Office supplies and expense	62,000	65,700	57,800	7,900
Dues and subscriptions	2,500	7,500	5,441	2,059
Total materials and supplies	<u>64,500</u>	<u>73,200</u>	<u>63,241</u>	<u>9,959</u>
Capital outlay	<u>-</u>	<u>22,500</u>	<u>13,012</u>	<u>9,488</u>
Total expenditures	<u>\$ 2,029,376</u>	<u>\$ 2,140,400</u>	<u>\$ 2,062,479</u>	<u>\$ 77,921</u>

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Schedule of Changes in the Clerk's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 37,958
Interest	79,508
Differences between expected and actual experience	5,137
Benefit payments	(91,781)
Net Changes in Total OPEB Liability	\$ 30,822
 Total OPEB Liability-beginning	 \$ 2,204,292
 Total OPEB Liability-end	 \$ 2,235,114
Covered Employee Payroll	\$ 906,164
Total OPEB Liability as a percentage of covered employee payroll	246.7%

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

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.989787%	\$ 1,335,086	876,771	152.27%	79.37%
2016	1.022974%	\$ 1,534,493	925,482	165.80%	78.13%
2017	1.008596%	\$ 1,865,877	922,057	202.36%	74.17%
2018	1.020862%	\$ 1,544,497	920,952	167.71%	79.69%

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

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

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Schedule of Employer Contributions
For the Year Ended June 30, 2018

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 162,203	\$ 164,730	\$ (2,527)	\$ 925,482	17.80%
2016	175,842	175,902	(60)	922,057	19.08%
2017	174,912	174,982	(70)	920,952	19.00%
2018	175,071	172,457	2,614	907,667	19.00%

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

ST. MARTIN PARISH CLERK OF COURT
St. Martinville, LA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

(1) Budgetary and Budgetary Accounting

The Clerk of Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

(2) Pension Plan

Changes of Assumptions-Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(3) Post-Employment Health Insurance Plan

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased to 3.62% from 3.5% since the previous valuation.

OTHER SUPPLEMENTARY INFORMATION

St. Martin Parish Clerk of Court
 St. Martinville, Louisiana
 Agency Funds

Combining Statement of Fiduciary Net Position
 June 30, 2018

	Advance Deposit	Registry of Court	Total
ASSETS			
Cash	\$ 813,053	\$ -	\$ 813,053
Interest-bearing deposits	550,439	3,451,027	4,001,466
Accrued interest receivable	229	16	245
Total assets	<u>\$1,363,721</u>	<u>\$3,451,043</u>	<u>\$4,814,764</u>
LIABILITIES			
Due to litigants and others	\$1,363,721	\$ -	\$1,363,721
Unsettled deposits	-	3,451,043	3,451,043
Total liabilities	<u>\$1,363,721</u>	<u>\$3,451,043</u>	<u>\$4,814,764</u>

St. Martin Parish Clerk of Court
St. Martinville, Louisiana
Agency Funds

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balances, beginning of year	\$ 1,366,913	\$1,421,580	\$ 2,788,493
Additions:			
Suits and successions	1,789,535	-	1,789,535
Judgments	-	3,261,221	3,261,221
Interest	<u>736</u>	<u>2,698</u>	<u>3,434</u>
Total additions	<u>1,790,271</u>	<u>3,263,919</u>	<u>5,054,190</u>
Total	<u>3,157,184</u>	<u>4,685,499</u>	<u>7,842,683</u>
Reductions:			
Clerk's costs (transferred to General Fund)	1,096,149	-	1,096,149
Refunds to litigants	378,110	1,233,197	1,611,307
Other	186,606	1,259	187,865
Sheriff fees	<u>132,598</u>	<u>-</u>	<u>132,598</u>
Total reductions	<u>1,793,463</u>	<u>1,234,456</u>	<u>3,027,919</u>
Balances, end of year	<u>\$ 1,363,721</u>	<u>\$3,451,043</u>	<u>\$ 4,814,764</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Rebecca Patin
St. Martin Parish Clerk of Court
St. Martinville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Martin Parish Clerk of Court, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the St. Martin Parish Clerk of Court's basic financial statements and have issued our report thereon dated November 2, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Martin Parish Clerk of Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Martin Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Martin Parish Clerk of Court's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of prior and current audit findings and management's corrective action plan as items 2018-001 and 2018-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of current audit findings and management's corrective action plan as item 2018-003.

St. Martin Parish Clerk of Court's Response to Findings

The St. Martin Parish Clerk of Court's response to the findings identified in our audit is described in the accompanying schedule of prior and current audit findings and management's corrective action plan. The Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 2, 2018

ST. MARTIN PARISH CLERK OF COURT
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2018

I. Prior Year Findings:

Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Clerk of Court did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2018-001.

2017-002 Inadequate Controls over Financial Statement Preparation

Finding:

The Clerk's office does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2018-002.

Compliance

2017-003 Noncompliance with R.S. 13:842 (Advance Costs)

Finding:

The Clerk of Court did not refund advance deposits on suits that have been completely inactive for 5 years or more.

Status: Unresolved. See item 2018-003.

Management Letter Items

There were no management letter items at June 30, 2017.

(continued)

ST. MARTIN PARISH CLERK OF COURT
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

II. Current Year Findings and Management Corrective Action Plan:

Internal Control Over Financial Reporting

2018-001 — Inadequate Segregation of Accounting Functions; Year Initially Occurred—Unknown

Condition and Criteria:

The Clerk of Court did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Clerk of Court.

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Ms. Rebecca Patin, Clerk of Court, has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2018-002 — Inadequate Controls over Financial Statement Preparation; Year Initially Occurred—Unknown

Condition and Criteria:

The Clerk of Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect:

This condition represents a material weakness in the internal control of the Clerk of Court.

(continued)

ST. MARTIN PARISH CLERK OF COURT
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Cause:

The condition resulted because Clerk of Court personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Clerk of Court should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's Corrective Action Plan:

Ms. Rebecca Patin, Clerk of Court, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

2018-003 — Noncompliance with R.S. 13:842 (Advance Costs); Year Initially Occurred—2017

Condition and Criteria:

The Clerk of Court did not refund advance deposits on suits that have been completely inactive for 5 years or more.

Effect:

This condition represents a noncompliance issue of the Clerk of Court.

Cause:

The condition resulted because the Clerk of Court was unaware that these inactive suits were required by law to be refunded to the person who made the original deposit.

Recommendation:

The Clerk of Court should research all inactive suits of five years or greater and refund these deposits to the individual who made the original deposit.

(continued)

ST. MARTIN PARISH CLERK OF COURT
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Management's Corrective Action Plan:

Ms. Rebecca Patin, Clerk of Court, has started researching these inactive suits and will begin refunding these deposits to the individual who made the original deposit.

Management Letter Items

There are no management letter items at June 30, 2018.

ST. MARTIN PARISH CLERK OF COURT

St. Martinville, Louisiana

Statewide Agreed-upon Procedures Report

Year Ended June 30, 2018

Champagne & Company, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of St. Martin Parish Clerk of Court and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of St. Martin Parish Clerk of Court and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The management of St. Martin Parish Clerk of Court is responsible for those C/C areas identified in the SAUPs.

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 this 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

Written Policies and Procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving

- d) **Receipts/Collections**, including 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 (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

The St. Martin Parish Clerk of Court's Office is not required to maintain board minutes; therefore, this test is not applicable.

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
Obtained bank statements and reconciliations for June 2018, noting that reconciliations have been prepared within 2 months of the statement closing date.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Obtained bank statements and reconciliations for June 2018, noting no evidence of management review.
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Obtained bank statements and reconciliations for June 2018, noting management's documentation of research for items that have been outstanding for more than 12 months.

Collections

4. Obtain a listing of deposit sites 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 5 deposit sites (or all deposit sites if less than 5).
Obtained listing of deposit sites and management's representation that listing is complete.
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 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 :
Obtained listing of collection locations for each deposit site and management's representation that the listing is complete. Obtained written representation and procedures relating to employee job duties.
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
In both locations, employees responsible for collecting cash do share cash drawers.
 - 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.
In both locations, the employee responsible for collecting cash is also responsible for preparing the bank deposit and another employee does not reconcile collection documentation to the deposit.

- 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.

The employees responsible for collecting cash are not responsible for posting collection entries to the general ledger.

- 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.

The employees responsible for collecting cash are not responsible for reconciling cash collections to the general ledger.

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

Employees who have access to cash are covered by an insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

Receipts were sequentially pre-numbered where applicable.

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

Pre-numbered receipts, system reports, and other related collection documentation agreed to the deposit slips.

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

Deposit slip totals agree with actual deposits per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted for one location. Two exceptions were noted on another location (deposits were made within 2 days of collection).

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

Deposit per the bank statement agreed to the general ledger.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of locations and management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to

employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of employees involved with non-payroll purchasing and payment functions and written policies and procedures relating to employee job duties.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments is prohibited from adding/modifying vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for signing checks mails the payment.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

The disbursement matched the related original invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The invoices for all 5 disbursements do not indicate who initiated or made purchases.

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

- 11. 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.

Credit Cards/Debit Cards/Fuel Cards/P-Cards were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- 12. 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. [Note: Requiring such approval may constrain the legal authority of

certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements from management and management's representation that the listing is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Policies were obtained. No amounts listed exceed GSA rates.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

One reimbursement was issued to the Clerk of Court; this reimbursement was not approved, since she has the highest authority.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Contract procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Payroll and Personnel procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and;
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations, agree the hours to the employee/official’s cumulative leave records, and agree the pay rates to the employee/officials’ authorized pay rates in the employee/official’s personnel files.

19. Obtain management’s representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics (excluding nonprofits)

20. Using the five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

Ethics procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Other procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1. concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 2, 2018

St. Martin Parish Clerk of Court
St. Martinville, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2018

Management's Response to Item:

- 3b Exception relates to no evidence of management review of the bank reconciliations. Management will begin reviewing bank reconciliations and indicating such.
- 5a, 5b, 7d Exception relates to segregation of duties within the applicable areas tested. Efforts will be made to segregate duties within these areas as much as possible with the limited number of employees involved.
- 10b Exception relates to no evidence of segregation of duties. Employees will begin documenting their involvement of non-payroll disbursements.
- 14d Exception relates to lack of documentation of review and approval for one travel and expense reimbursement. One reimbursement lacked documentation of review and approval, as this reimbursement was for the Clerk of Court, who has the highest level of authority. Another employee in management will begin reviewing all reimbursements made to the Clerk of Court and document such.