

ST. MARTIN PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2017

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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, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress, schedule of employer's share of net pension liability, schedule of employer contributions, and notes to the required supplementary information on pages 41 through 47 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 49 and 50 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 express no 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 October 17, 2017, 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 17, 2017

BASIC FINANCIAL STATEMENTS

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

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

Statement of Net Position
June 30, 2017

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 1,049,851
Receivables, net	38,261
Due from other governmental units	1,850
Prepaid expense	8,400
Total current assets	<u>1,098,362</u>

Noncurrent assets:

Capital assets, net	<u>13,669</u>
Total assets	<u>1,112,031</u>

DEFERRED OUTFLOWS OF RESOURCES

667,954

LIABILITIES

Current liabilities:

Accounts payable	10,613
Capital lease payable	2,388
Total current liabilities	<u>13,001</u>

Noncurrent liabilities:

Capital lease payable	5,373
Compensated absences payable	118,392
Postemployment benefit obligation payable	833,775
Net pension liability	1,865,877
Total noncurrent liabilities	<u>2,823,417</u>
Total liabilities	<u>2,836,418</u>

DEFERRED INFLOWS OF RESOURCES

80,436

NET POSITION

Investment in capital assets	13,669
Unrestricted (deficit)	<u>(1,150,538)</u>
Total net position	<u>\$ (1,136,869)</u>

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, 2017

Expenses:

Judiciary:

Personal services and related benefits	\$ 1,789,349
Operating services	357,906
Material and supplies	<u>61,299</u>
Total expenses	<u>2,208,554</u>

Program revenues:

Licenses and permits	4,910
Fines, charges, and commissions for services	1,969,888
State grants	<u>27,829</u>
Total program revenues	<u>2,002,627</u>

Net program expense (205,927)

General revenues:

Miscellaneous	86,153
Intergovernmental revenue	<u>105,797</u>
Total general revenues	<u>191,950</u>

Change in net position (13,977)

Beginning net position (1,122,892)

Ending net position \$ (1,136,869)

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, 2017

ASSETS

Cash	\$ 889,488
Interest-bearing deposits	160,363
Receivables:	
Accounts receivable	38,261
Due from other governmental agencies	1,850
Prepaid expense	8,400
Total assets	<u>\$ 1,098,362</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 10,613
Total liabilities	<u>10,613</u>
Fund balance:	
Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	1,087,749
Total fund balance	<u>1,087,749</u>
Total liabilities and fund balance	<u>\$ 1,098,362</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, 2017

Total fund balance for the governmental fund at June 30, 2017		\$ 1,087,749
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	\$ 281,825	
Less: Accumulated depreciation	<u>(268,156)</u>	13,669
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	(7,761)	
Compensated absences payable	(118,392)	
Net postemployment benefit obligation payable	(833,775)	
Net pension liability	(1,865,877)	
Deferred outflows of resources	667,954	
Deferred inflows of resources	<u>(80,436)</u>	<u>(2,238,287)</u>
Total net position of governmental activities at June 30, 2017		<u>\$ (1,136,869)</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, 2017

Revenues:	
Licenses and permits	\$ 4,910
Fees, charges and commissions -	
Court costs, fees and charges	274,368
Fees for recording legal documents	1,551,089
Fees for certified copies	144,431
State grants	27,829
Miscellaneous	86,153
Total revenues	<u>2,088,780</u>
Expenditures:	
Current -	
General government:	
Personnel services and related benefits	1,603,386
Operating services	353,432
Material and supplies	61,298
Capital outlay	7,761
Total expenditures	<u>2,025,877</u>
Excess of revenues over expenditures	62,903
Other financing sources:	
Proceeds from capital lease	<u>7,761</u>
Net change in fund balance	70,664
Fund balance, beginning of year	<u>1,017,085</u>
Fund balance, end of year	<u>\$ 1,087,749</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, 2017

Total net change in fund balance for the year ended June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 70,664
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 7,761	
Depreciation expense for the year ended June 30, 2017	<u>(4,474)</u>	3,287
Net increase in post employment benefit obligation payable at June 30, 2017		(66,805)
<p>Governmental funds record long-term debt in the General Long-Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.</p>		
		(15,194)
Implementation of GASB 68 (revenues less expenses)		1,832
<p>Governmental funds record long-term debt proceeds as revenue in the Statement of Revenues, Expenditures and Changes in Fund Balance as opposed to recording the debt in the Statement of Net Position.</p>		
		<u>(7,761)</u>
Total changes in net position at June 30, 2017 per Statement of Activities		<u>\$ (13,977)</u>

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, 2017

ASSETS

Cash	\$ 816,245
Interest-bearing deposits	1,972,003
Accrued interest receivable	<u>245</u>
Total assets	<u>\$ 2,788,493</u>

LIABILITIES

Due to litigants and others	\$ 1,366,913
Unsettled deposits	<u>1,421,580</u>
Total liabilities	<u>\$ 2,788,493</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

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

Notes to Basic Financial Statements (Continued)

charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

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.

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

Notes to Basic Financial Statements (Continued)

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.

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

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

Notes to Basic Financial Statements (Continued)

the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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, and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is 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.

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

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings 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. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the 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.

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

Notes to Basic Financial Statements (Continued)

Unassigned – all other spendable amounts.

As of June 30, 2017, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable:	\$ -
Restricted:	-
Committed:	-
Assigned:	-
Unassigned:	<u>1,087,749</u>
Total fund balances	<u>\$ 1,087,749</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, 2017.

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

Notes to Basic Financial Statements (Continued)

(2) 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, 2017, the Clerk of Court has cash and cash equivalents (book balances) totaling \$3,838,099 of which \$2,788,248 is attributable to fiduciary funds, which is not presented in the statement of net position.

Demand deposits	\$ 2,927,773
Time deposits	<u>910,326</u>
 Total	 <u>\$ 3,838,099</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, 2017 are secured as follows:

Bank balances	\$ <u>4,159,246</u>
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At June 30, 2017 the deposits are secured as follows:

Federal deposit insurance	\$ 1,372,855
Pledged securities	<u>2,786,391</u>
 Total	 <u>\$ 4,159,246</u>

Deposits in the amount of \$2,786,391 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.

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

Notes to Basic Financial Statements (Continued)

(3) Due from Other Governmental Units

Amount due from other governmental units at June 30, 2017 consisted of the following:

Amount due from the Louisiana Clerk of Court - Clerk's Supplemental Fund	<u>\$ 1,850</u>
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(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 is as follows:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Buildings, furniture, fixtures and equipment	\$ 274,064	\$ 7,761	\$ -	\$ 281,825
Less: Accumulated depreciation	<u>(263,682)</u>	<u>(4,474)</u>	<u>-</u>	<u>(268,156)</u>
Net capital assets	<u>\$ 10,382</u>	<u>\$ 3,287</u>	<u>\$ -</u>	<u>\$ 13,669</u>

Depreciation expense of \$4,474 was charged to the general government function.

(5) Changes in Agency Fund Balances

A summary of changes in agency fund due to litigants and unsettled deposits for the year ended June 30, 2017 follows:

	Advance Deposit	Registry of Court	Total
Balance, July 01, 2016	\$ 1,257,681	\$ 1,060,255	\$ 2,317,936
Additions	1,698,007	560,503	2,258,510
Reductions	<u>(1,588,775)</u>	<u>(199,178)</u>	<u>(1,787,953)</u>
Balance, June 30, 2017	<u>\$ 1,366,913</u>	<u>\$ 1,421,580</u>	<u>\$ 2,788,493</u>

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

Notes to Basic Financial Statements (Continued)

(6) 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, 2017. In the past, payments on long term debt that pertained to the Clerk of Court's governmental activities were made by the general fund.

	<u>Compensated Absences</u>	<u>Copier Capital Lease</u>	<u>Total</u>
Long-term liabilities, July 01, 2016	\$ 103,198	\$ -	\$ 103,198
Debt assumed	15,194	7,761	22,955
Debt retired	<u>-</u>	<u>-</u>	<u>-</u>
Long-term liabilities June 30, 2017	<u>\$ 118,392</u>	<u>\$ 7,761</u>	<u>\$ 126,153</u>

(7) Operating Leases

Rental expense for the year ended June 30, 2017 was \$25,007. The Clerk of Court had the following lease agreements in effect during the year ended June 30, 2017:

<u>Description</u>	<u>Term</u>	<u>Expiration Date</u>	<u>Monthly Lease Amount</u>
Konica machine	4 Years	9/17	\$ 325
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:

2018	\$ 19,959
2019	17,285
2020	8,328
2021	6,134
2022	<u>972</u>
Total	<u>\$ 52,678</u>

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

Notes to Basic Financial Statements (Continued)

(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.

(11) Litigation

There is no litigation pending against the Clerk of Court at June 30, 2017.

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

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Clerk of Court recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Clerk of Court's future cash flows. Because the Clerk of Court is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: The Clerk of Court's office offers health care coverage to its eligible employees through a policy maintained with Benefit Management. Retired employees enjoy the same coverage as active employees. The plan is a single-employer defined benefit health care plan administered by the Clerk of Court. The Clerk of Court has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

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

Notes to Basic Financial Statements (Continued)

Funding Policy: The Clerk of Court covers 100% of employee's premiums and 50% of the premium for employee's family (spouse and/or children). The Clerk of Court covers 50% of premiums for retired employees and 40% of premiums for their families. The Clerk of Court recognizes the cost of providing these benefits (the Clerk of Court's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

Annual OPEB Cost: The Clerk of Court's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Clerk of Court utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

The following table shows the components of the Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation:

Annual required contribution	\$ 124,039
Interest on net OPEB obligation	26,844
Adjustment to annual required contribution	<u>(25,704)</u>
Annual OPEB cost (expense)	125,179
Contributions made	<u>(58,374)</u>
Increase in net OPEB obligation	66,805
Net OPEB obligation - beginning of year	<u>766,970</u>
Net OPEB obligation - end of year	<u>\$ 833,775</u>

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 144,330	19.3%	\$ 705,823
6/30/2016	109,249	63.2%	766,970
6/30/2017	125,179	46.6%	833,775

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

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 1,493,552
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,493,552</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 942,876
UAAL as a percentage of covered payroll	158%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Clerk of Court's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 3.5% per annum, compounded annually.
2. The inflation rate is 1.5% (estimated)
3. The initial trend rate used in the calculations was 8%. The ultimate trend rate is 5%. The time period between the initial rate and the ultimate rate is 3 years.

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

Notes to Basic Financial Statements (Continued)

(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, 2017:

Entity head: Rebecca Patin, Clerk of Court

Salary	\$ 160,023
Benefits-insurance	8,197
Benefits-retirement	13,202
Car allowance	23,904
Travel	390
Election Expense	2,400
Total	\$ 208,116

(14) Pension Plan/GASB 68

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

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

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, 2016.

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 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

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Notes to Basic Financial Statements (Continued)

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:

- 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.

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Notes to Basic Financial Statements (Continued)

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 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

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Notes to Basic Financial Statements (Continued)

lump sum payment from the DROP fund equal to the payments made to that fund on his behalf or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

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

Cost of Living Adjustments:

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

In 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, 2016, the actual employer contribution rate was 19.00%. The employer contributed \$174,982 during the fiscal year ending June 30, 2016.

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 \$105,797 of nonemployer contribution revenue.

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Notes to Basic Financial Statements (Continued)

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, 2016, as compared to the total of all employers' contribution received by the plan during the fiscal year ended June 30, 2016.

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

At June 30, 2017, the Clerk of Court reported a liability of \$1,865,877 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the Clerk of Court's proportion was 1.008596%, which was a decrease of .014378% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk of Court recognized pension expense of \$284,073 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,126.

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Notes to Basic Financial Statements (Continued)

At June 30, 2017, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 19,042	\$ 63,510
Changes of assumptions	114,915	-
Net difference between projected and actual earnings on pension plan investments	321,925	-
Change in proportion and differences between employer contributions and proportionate share of contributions	37,090	16,926
Employer contributions subsequent to the measurement date	174,982	-
Total	\$ 667,954	\$ 80,436

Deferred outflows of resources of \$174,982 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended		
6/30/2018	\$	91,441
6/30/2019		91,442
6/30/2020		144,603
6/30/2021		85,050

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 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 2016 actuarial funding valuation which (with the exception of mortality) were based on results

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Notes to Basic Financial Statements (Continued)

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, 2016 are as follows:

Valuation Date	June 30, 2016
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	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.

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.

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Notes to Basic Financial Statements (Continued)

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 7.20% for the year ended June 30, 2016.

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, 2016, 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%	1.00%
Core plus fixed income	15.00%	1.50%
Domestic Equity:		
Large cap domestic equity	21.00%	4.25%
Non-large cap domestic equity	7.00%	4.00%
International Equity:		
Large cap international equity	15.50%	5.25%
Small cap international equity	5.00%	5.00%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.00%	6.50%
Hedge Funds	10.00%	3.50%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Notes to Basic Financial Statements (Continued)

F. Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, 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 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of net pension liability	\$ 2,655,108	\$ 1,865,877	\$ 1,195,978

G. Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016, 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 \$19,042 and deferred inflow of resources in the amount of \$63,510 for the year ended June 30, 2016.

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 \$114,915 for the year ended June 30, 2016.

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 actual investment earnings resulted in a deferred inflow of resources in the amount of \$321,925 for the year ended June 30, 2016.

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

Notes to Basic Financial Statements (Continued)

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 \$37,090 and a deferred inflow of resources in the amount of \$16,926 for the year ended June 30, 2016.

(15) New Accounting Pronouncements

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 relating to accounting and financial reporting by employers for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Clerk of Court for the year ending June 30, 2018. The effect of implementation on the Clerk of Court's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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

Budgetary Comparison Schedule
General Fund
June 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 6,000	\$ 4,500	\$ 4,910	\$ 410
Fees, charges and commissions -				
Court costs, fees and charges	192,850	258,750	274,368	15,618
Fees for recording legal documents	1,570,000	1,451,000	1,551,089	100,089
Fees for certified copies	115,000	144,000	144,431	431
State grants	-	-	27,829	27,829
Miscellaneous	135,100	167,725	86,153	(81,572)
Total revenues	<u>2,018,950</u>	<u>2,025,975</u>	<u>2,088,780</u>	<u>62,805</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	1,613,858	1,605,176	1,603,386	1,790
Operating services	338,904	356,700	353,432	3,268
Material and supplies	61,000	63,400	61,298	2,102
Capital outlay	-	-	7,761	(7,761)
Total expenditures	<u>2,013,762</u>	<u>2,025,276</u>	<u>2,025,877</u>	<u>(601)</u>
Excess of revenues over expenditures	5,188	699	62,903	62,204
Other financing sources:				
Proceeds from capital lease	-	-	7,761	7,761
Net changes in fund balances	5,188	699	70,664	69,965
Fund balance, beginning of year	<u>1,017,085</u>	<u>1,017,085</u>	<u>1,017,085</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,022,273</u>	<u>\$1,017,784</u>	<u>\$1,087,749</u>	<u>\$ 69,965</u>

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

Budgetary Comparison Schedule - Revenues
Year Ended June 30, 2017

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Licenses and permits:				
Marriage licenses	\$ 6,000	\$ 4,500	\$ 4,910	\$ 410
Fees, charges and commissions:				
Court costs, fees and charges -				
Criminal costs	85,000	90,000	90,972	972
Qualifying fees	17,500	16,000	16,241	241
Police jury fees	35,000	33,000	35,793	2,793
UCC fees	30,000	27,000	29,044	2,044
Portal fees	-	46,500	50,282	3,782
Other	25,350	46,250	52,036	5,786
Total court costs, fees and charges	<u>192,850</u>	<u>258,750</u>	<u>274,368</u>	<u>15,618</u>
Fees for recording legal documents:				
Recordings	555,000	445,000	478,752	33,752
Cancellations	50,000	45,000	45,613	613
Mortgage certificates	25,000	21,000	21,486	486
Suits and successions	940,000	940,000	1,005,238	65,238
Total fees for recording legal documents	<u>1,570,000</u>	<u>1,451,000</u>	<u>1,551,089</u>	<u>100,089</u>
Certified copies	<u>115,000</u>	<u>144,000</u>	<u>144,431</u>	<u>431</u>
State grants	<u>-</u>	<u>-</u>	<u>27,829</u>	<u>27,829</u>
Miscellaneous:				
Interest earned	100	225	933	708
Online research and subscriptions	35,000	75,000	74,317	(683)
Other	100,000	92,500	10,903	(81,597)
Total miscellaneous	<u>135,100</u>	<u>167,725</u>	<u>86,153</u>	<u>(81,572)</u>
Total revenues	<u>\$2,018,950</u>	<u>\$2,025,975</u>	<u>\$2,088,780</u>	<u>\$ 62,805</u>

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

Budgetary Comparison Schedule - Expenditures
Year Ended June 30, 2017

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures:				
Current -				
Personnel services and related benefits -				
Salaries:				
Clerk	\$ 123,371	\$ 123,622	\$ 122,671	\$ 951
Clerk's supplemental fund	21,500	21,850	22,800	(950)
Deputy clerks	820,000	800,000	791,543	8,457
Other	50,000	50,000	55,769	(5,769)
Clerk's expense allowance	14,487	15,000	14,547	453
Clerk's vehicle allowance	-	23,904	24,004	(100)
Group insurance	258,000	252,000	252,091	(91)
Pension and payroll taxes	281,500	278,550	279,683	(1,133)
Deferred compensation	45,000	40,250	40,278	(28)
Total personnel services and related benefits	<u>1,613,858</u>	<u>1,605,176</u>	<u>1,603,386</u>	<u>1,790</u>
Operating services -				
Professional fees	65,000	106,000	108,561	(2,561)
Insurance	12,500	15,500	16,350	(850)
Election expense allowance	2,500	3,200	3,070	130
Postage	27,000	33,000	20,417	12,583
Marriage license	3,000	2,500	2,492	8
Telephone	40,000	42,000	41,947	53
UCC fees	7,000	8,000	7,828	172
Travel	10,000	5,000	4,856	144
Filing fees	24,000	37,000	38,361	(1,361)
Repairs and maintenance	77,000	27,500	36,975	(9,475)
General refunds	5,000	10,000	5,618	4,382
Police jury fees	35,000	32,000	34,080	(2,080)
Leases	23,904	-	(99)	99
Records preservation expense	7,000	35,000	32,976	2,024
Total operating services	<u>338,904</u>	<u>356,700</u>	<u>353,432</u>	<u>3,268</u>
Materials and supplies -				
Office supplies and expense	56,000	61,000	57,446	3,554
Dues and subscriptions	5,000	2,400	3,852	(1,452)
Total materials and supplies	<u>61,000</u>	<u>63,400</u>	<u>61,298</u>	<u>2,102</u>
Capital outlay	-	-	7,761	(7,761)
Total expenditures	<u>\$ 2,013,762</u>	<u>\$ 2,025,276</u>	<u>\$ 2,025,877</u>	<u>\$ (601)</u>

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

Schedule of Funding Progress
 For the Year Ended June 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	-	\$ 1,370,900	\$ 1,370,900	0.0%	\$ 765,746	179%
July 1, 2012	-	1,313,371	1,313,371	0.0%	832,082	158%
July 1, 2015	-	1,493,552	1,493,552	0.0%	956,265	156%

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

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

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 Obligation	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	920,952	202.60%	74.17%

* 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, 2017

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%

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, 2017

(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. Such amendments were not material in relation to the original appropriations.

(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.

OTHER SUPPLEMENTARY INFORMATION

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

Combining Statement of Fiduciary Net Position
June 30, 2017

	Advance Deposit	Registry of Court	Total
ASSETS			
Cash	\$ 816,245	\$ -	\$ 816,245
Interest-bearing deposits	550,439	1,421,564	1,972,003
Accrued interest receivable	229	16	245
Total assets	\$1,366,913	\$1,421,580	\$2,788,493
LIABILITIES			
Due to litigants	\$1,366,913	\$ -	\$1,366,913
Unsettled deposits	-	1,421,580	1,421,580
Total liabilities	\$1,366,913	\$1,421,580	\$2,788,493

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

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2017

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balances, beginning of year	\$ 1,257,681	\$ 1,060,255	\$ 2,317,936
Additions:			
Suits and successions	1,698,819	-	1,698,819
Judgments	-	559,630	559,630
Interest	<u>(812)</u>	<u>873</u>	<u>61</u>
Total additions	<u>1,698,007</u>	<u>560,503</u>	<u>2,258,510</u>
Total	<u>2,955,688</u>	<u>1,620,758</u>	<u>4,576,446</u>
Reductions:			
Clerk's costs (transferred to General Fund)	1,004,820	-	1,004,820
Refunds to litigants	278,992	193,391	472,383
Other	163,764	5,787	169,551
Sheriff fees	<u>141,199</u>	<u>-</u>	<u>141,199</u>
Total reductions	<u>1,588,775</u>	<u>199,178</u>	<u>1,787,953</u>
Balances, end of year	<u>\$ 1,366,913</u>	<u>\$ 1,421,580</u>	<u>\$ 2,788,493</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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, 2017, 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 October 17, 2017.

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. However, as described in the accompanying schedule of prior and current audit

findings and management's corrective action plan as items 2017-001 and 2017-002, we consider these items 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 2017-003.

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 of 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 17, 2017

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, 2017

I. Prior Year Findings:

Internal Control Over Financial Reporting

2016-001 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 2017-001.

2016-002 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 2017-002.

Compliance

There were no findings that were required to be reported at June 30, 2016.

Management Letter Items

There were no management letter items at June 30, 2016.

(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, 2017

II. Current Year Findings and Management Corrective Action Plan:

Internal Control Over Financial Reporting

2017-001 — 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.

2017-002 — 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.

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, 2017

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

2017-003 — 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, 2017

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, 2017.

ST. MARTIN PARISH CLERK OF COURT
Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

Retired:

Conrad O. Chapman, CPA* 2006

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

We have performed the procedures enumerated below, which were agreed to by the management of the St. Martin Parish Clerk of Court and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the St. Martin Parish Clerk of Court's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the St. Martin Parish Clerk of Court is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- 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
Written policies and procedures were obtained and address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
The Clerk of Court's office does not maintain minutes; therefore, this is not applicable.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
The Clerk of Court's office does not maintain minutes; therefore, this is not applicable.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
The Clerk of Court's office does not maintain minutes; therefore, this is not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

The Clerk of Court's office does not maintain minutes; therefore, this is not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for both selected accounts noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations for both accounts examined did not have evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting that both bank accounts tested had checks that have been outstanding for more than six months throughout the year. Neither one of these bank accounts had management documentation reflecting research of these outstanding checks.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In both locations, the person responsible for collecting cash is not bonded. In both locations, the person responsible for collecting cash does not deposit cash in the bank. In one location, the person responsible for collecting cash records the deposit. In both locations, the person collecting responsible for collecting cash does not prepare the reconciliation.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addresses the functions noted above.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

In both locations, a total of 11 deposits were not made within one day of collection. Eight deposits were made within two days, two deposits were made within three days, and one deposit was made within four days. Six of these deposits involved credit card transactions which St. Martin Parish Clerk of Court has no control over. St. Martin Parish Clerk of Court's current policy is to make deposits at least once a week.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchase orders are not used by the Clerk's office.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders are not used by the Clerk's office.

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found all payments were processed with an approved invoice; however, approved purchase orders and receiving reports were not present in the supporting documentation for any of the disbursements.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments can also add vendors to the disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written policies and procedures were obtained and address the functions noted above; however, the person with signatory authority also can initiate purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry and observation noted no exceptions.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A signature stamp or signature machine is not used; therefore, this step is not applicable.

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

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

Listing of all active credit cards, including the card numbers and name of person who maintain possession of cards, and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained. The Clerk's office has only one credit card, so this card was tested.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [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.]]

Monthly statements were obtained and supporting documentation was approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or fees were noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g.

cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

One exception noted. The Clerk reviewed the documentation but inadvertently forgot to sign it.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Of the five contracts selected, none were subject to the Louisiana Public Bid Law or Procurement Code; therefore, this is not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Of the five contracts selected, no quotes were solicited as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

One contract was amended twice. The first amendment was to increase the fee amount by \$780 per month to \$4,625 per month. The second amendment was to increase the fee amount by \$135 per month to \$4,760 per month. The original term of the contract provided for the amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no employees terminated, therefore, this step is not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices were posted on the entity’s premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Martin Parish Clerk of Court and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 17, 2017