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**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2017**

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**Postlethwaite & Netterville**

A Professional Accounting Corporation

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## INDEPENDENT AUDITORS' REPORT

DeSoto Parish Clerk of Court  
Mansfield, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregated remaining fund information of the DeSoto Parish Clerk of Court (Clerk), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk'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 of material misstatement.

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

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



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Clerk, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress and employer contributions for other post-employment benefit plans, the schedule of proportionate share of the net pension liability, and the schedule of employer contributions on pages 4 through 7, 33, 34, 35, and 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The Combined Statement of Changes in Fiduciary Assets and Liabilities and the Schedule of Compensation, Benefits and Other Payments to the Clerk of Court are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures described above, the Combined Statement of Changes in Fiduciary Assets and Liabilities and the Schedule of Compensation, Benefits and Other Payments to the Clerk of Court are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2017, on our consideration of the Clerk'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 30, 2017

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

The Management's Discussion and Analysis of the DeSoto Parish Clerk of Court's financial performance presents a narrative overview and analysis of the DeSoto Parish Clerk of Court's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the DeSoto Parish Clerk of Court's financial statements, which begin on page 8.

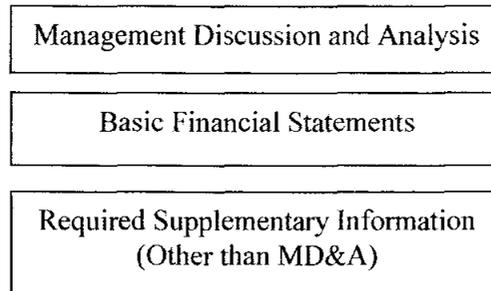
**FINANCIAL HIGHLIGHTS**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Clerk of Court as a whole and present a longer-term view of the Clerk of Court's finances. The governmental fund financial statements tell how the Clerk's services were financed in the short-term as well as what remains for future spending.

- The Clerk's net position increased by \$45,624 in the current year compared to a decrease in net position of \$102,738 in the prior year.
- The General fund reported a surplus of revenues over expenditures of \$116,063, improving fund balance to \$5,479,301. This improvement is higher than the prior year deficiency of \$131,254 due to increased recording fee revenue and reductions in operating expenses.
- Total expenditures in the general fund decreased by approximately \$129,000. This is primarily due to reductions in operating expenses as a result of continued efforts to reduce costs. Revenues increased during the current year by approximately \$119,000. Recording fee revenue was the main contributor to this increase.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following illustrates the minimum requirements for the DeSoto Parish Clerk of Court as established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Basic Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 8 and 9) provide information about the activities of the DeSoto Parish Clerk of Court as a whole and present a longer-term view of the Clerk's finances. These statements include all assets and deferred outflows, and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the Clerk's net position and changes in them. One can think of the Clerk's net position, the difference between assets and deferred outflows, and liabilities and deferred inflows, as one way to measure the Clerk's financial health, or financial position. Over time, increases or decreases in the Clerk's net position is an indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 10. All of the Clerk's basic services, except in which the Clerk acts as a custodian and are accounted for in a fiduciary fund, are reported in a governmental fund type, which focuses on how money flows into and out of the fund and the balances left at year end that are available for spending. This fund type is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund type statement provides a detailed short term view of the Clerk's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's activities as well as what remains for future spending.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Position  
As of Year End

	2017	2016
Current and Other Assets	\$ 5,558,402	\$ 5,443,689
Capital Assets, Net	<u>45,132</u>	<u>63,855</u>
Total Assets	<u>5,603,534</u>	<u>5,507,544</u>
 Deferred Outflows of Resources	 <u>561,859</u>	 <u>265,278</u>
Current Liabilities	79,101	80,451
Noncurrent Liabilities:		
Other Post-Employment Benefits Payable	722,135	674,561
Net Pension Liability	<u>1,368,716</u>	<u>1,010,909</u>
Total Liabilities	<u>2,169,952</u>	<u>1,765,921</u>
 Deferred Inflows of Resources	 <u>74,235</u>	 <u>131,319</u>
Net Investment in Capital Assets	45,132	63,855
Unrestricted Net Position	<u>3,876,074</u>	<u>3,811,727</u>
Total Net Position	<u>\$ 3,921,206</u>	<u>\$ 3,875,582</u>

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Net position of the DeSoto Parish Clerk of Court increased by \$45,624, or 1.2%, from the previous fiscal year. The increase in net position is the result of revenues exceeding operating and non-operating expenses during the fiscal year ended June 30, 2017.

The condensed statement of activities below compares operating results for 2016 and 2017.

Statement of Activities  
For the Year Ended

	2017	2016
General Revenue	\$ 90,622	\$ 55,973
Charges for Service	1,635,671	1,561,513
Operating Grants	94,708	76,481
Total Revenue	1,821,001	1,693,967
General Government Expenses	(1,775,377)	(1,796,705)
Change in Net Position	\$ 45,624	\$ (102,738)

The DeSoto Parish Clerk of Court's total revenues increased by approximately \$127,000, or 7.5%, from the previous year. The total costs of all programs and services decreased by approximately \$21,000 or 1.2%.

Capital Assets

At June 30, 2017, the DeSoto Parish Clerk of Court had \$45,132, net of depreciation, invested in capital assets (see table below). This amount represents a net decrease of \$18,723, including depreciation.

Capital Assets at Year End  
(Net of Depreciation)

	2017	2016
Furniture, fixtures and equipment	\$ 45,132	\$ 63,855
Total	\$ 45,132	\$ 63,855

The decrease is due to depreciation of \$21,272 offset by capital outlay of \$2,549 in the current year.

Long-Term Debt

The DeSoto Parish Clerk of Court's long-term debt consists of its other post-employment benefits liabilities and its net pension liability. The DeSoto Parish Clerk of Court had \$722,135 in other post-employment benefits payable at year end compared to \$674,561 at the previous year end, an increase of \$47,575 or 7.1% as shown in the table below. Pension benefits payable at year end were \$1,368,716 compared to \$1,010,909 at the previous year end, an increase of \$357,807 or 35.4% as also shown below. The increase in pension liability is primarily due to an overall increase in pension liability at the system level.

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Long-Term Debt (continued)

Long-Term Debt at Year End

	2017	2016
Other post-employment benefits obligation	\$ 722,135	\$ 674,561
Net pension liability	1,368,716	1,010,909
Total	\$ 2,090,851	\$ 1,685,470

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Actual revenues were \$85,803 more than budgeted amounts due to charges for services including court costs, fees and charges, and recording fees being more than expected.

Actual expenditures were \$85,120 less than budgeted amounts primarily due to expenditures associated with operations being less than expected.

The budget was amended in anticipation of charges for services being more than expected. The budget was amended through a \$149,590 increase in revenue due to an anticipated increase in court costs, fees and charges and recording fees. The expenditures were also amended with an overall anticipated decrease of approximately \$54,550 due mainly to operating costs and capital outlay.

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

The DeSoto Parish Clerk of Court's elected official considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

1. Fees
2. Interest income
3. Miscellaneous revenues
4. Personnel costs
5. Other costs

The DeSoto Parish Clerk of Court is continuing to expand its services to Clerks of Court in surrounding parishes and is optimistic this will result in a positive impact on its net position.

**CONTACTING THE DESOTO PARISH CLERK OF COURT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the DeSoto Parish Clerk of Court's finances and to demonstrate the Clerk of Court's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the DeSoto Parish Clerk of Court, Attention: Jeremy M. Evans, Clerk of Court, at Post Office Box 1206, Mansfield, Louisiana 71052.

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 616,740
Investments	4,830,965
Accounts receivable (net of allowance of \$10,000)	107,182
Prepays	3,515
Total current assets	<u>5,558,402</u>

Noncurrent Assets:

Capital assets, net of depreciation	<u>45,132</u>
Total assets	<u>5,603,534</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts related to pension liability	<u>561,859</u>
Total deferred outflows of resources	<u>561,859</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	14,234
Accrued expenses	42,826
Unearned revenue	22,041
Total current liabilities	<u>79,101</u>

Noncurrent Liabilities:

Other post-employment benefits	722,135
Net pension liability	<u>1,368,716</u>
Total liabilities	<u>2,169,952</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred amounts related to pension liability	<u>74,235</u>
Total deferred inflows on resources	<u>74,235</u>

**NET POSITION**

Net investment in capital assets	45,132
Unrestricted	<u>3,876,074</u>
Total net position	<u>\$ 3,921,206</u>

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
<b><u>Functions/Programs</u></b>				
Governmental activities				
General government	\$ 1,775,377	\$ 1,635,671	\$ 94,708	\$ (44,998)
Total governmental activities	<u>\$ 1,775,377</u>	<u>\$ 1,635,671</u>	<u>\$ 94,708</u>	<u>(44,998)</u>
General revenues:				
Miscellaneous				66,357
Interest				<u>24,265</u>
Total general revenues				<u>90,622</u>
Change in net position				45,624
Net position, beginning of year				<u>3,875,582</u>
Net position, end of year				<u>\$ 3,921,206</u>

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**GOVERNMENTAL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2017**

	<b><u>GENERAL FUND</u></b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 616,740
Investments	4,830,965
Accounts receivable (net of allowance of \$10,000)	107,182
Prepays	<u>3,515</u>
Total Assets	<u>\$ 5,558,402</u>
 <b><u>LIABILITIES</u></b>	
Accounts payable	\$ 14,234
Accrued expenses	42,826
Unearned revenue	<u>22,041</u>
Total Liabilities	<u>79,101</u>
 <b><u>FUND BALANCE</u></b>	
Nonspendable - prepaids	3,515
Unassigned	<u>5,475,786</u>
Total Fund Balance	<u>5,479,301</u>
Total Liabilities and Fund Balance	<u>\$ 5,558,402</u>

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Total fund balance - Governmental Fund		\$ 5,479,301
Amounts reported in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. This is the amount of capital assets, net of accumulated depreciation (\$77,087), in the current period.		45,132
Net post-employment benefit obligation recorded in accordance with GASB 45		(722,135)
Net pension obligation balances recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	561,859	
Net pension liability	(1,368,716)	
Deferred inflow of resources - related to net pension liability	<u>(74,235)</u>	
		<u>(881,092)</u>
Total net position - Governmental Activities		<u><u>\$ 3,921,206</u></u>

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b><u>GENERAL FUND</u></b>
<b><u>REVENUES</u></b>	
Licenses & permits	
Marriage licenses	\$ 3,833
Charges for services	
Court costs, fees and charges	1,053,649
Recording fees	523,664
Copy fees	54,525
Intergovernmental	
Supplemental compensation fund	17,100
Miscellaneous	
Interest	24,265
Other	66,357
Total revenues	<u>1,743,393</u>
<b><u>EXPENDITURES</u></b>	
Current	
Personnel services and benefits	1,200,200
Operating	424,581
Capital outlay	2,549
Total expenditures	<u>1,627,330</u>
<b><u>EXCESS OF REVENUES</u></b>	
<b><u>OVER EXPENDITURES</u></b>	<u>116,063</u>
Fund balance - beginning of year	<u>5,363,238</u>
Fund balance - end of year	<u>\$ 5,479,301</u>

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, 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**

Net change in fund balance - governmental fund \$ 116,063

Amounts reported in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$21,272) exceeds capital outlay (\$2,549) in the current period. (18,723)

Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenditures consist of:

Net post-employment benefits earned by participants in excess of contributions made by the employer. (47,574)

Change in net pension liability and deferred inflows and outflows in accordance with GASB 68. (4,142)

Change in net position - governmental activities \$ 45,624

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

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**COMBINED STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2017**

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 3,828,291
Investments	<u>156,566</u>
Total assets	<u>\$ 3,984,857</u>
<b><u>LIABILITIES</u></b>	
Due to others	<u>\$ 3,984,857</u>
Total liabilities	<u>\$ 3,984,857</u>

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

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the DeSoto Parish Clerk of Court (the Clerk) serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk is elected for a four-year term.

Basis of Presentation

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

Reporting Entity

For financial reporting purposes, the Clerk's basic financial statements include all funds that are controlled by the Clerk as an independently elected Parish Official. As an independently elected official, the Clerk is solely responsible for the operations of his office. Fiscally independent means that the Clerk may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Clerk also has no component units as other legally separate organizations for which the Clerk is financially accountable. There are no other primary governments with which the Clerk has a significant relationship. Accordingly, the Clerk is a primary government for reporting purposes. The criteria for including organizations as component units within the Clerk's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include items such as whether the organization is legally separate.

Fund Accounting

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for most of the Clerk's governmental activities. These funds focus on the sources, uses, and balances of current financial resources. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk. The following is the clerk's governmental fund:

General Fund

The General fund is the primary operating fund of the Clerk and it's considered to be the Clerk's only major fund. It is used to account for all financial resources except those required to be accounted for in other funds. The General fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Clerk's policy.

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Accounting (continued)

*Fiduciary Funds*

Fiduciary fund reporting focuses on resources held for other parties. The only funds accounted for in this category by the clerk are agency funds. The agency funds are used to account for assets held by the Clerk as an agent for litigants pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the full accrual basis of accounting. The following agency funds are utilized by the Clerk:

- The Advance Deposit Fund- provided for under LRS 13:842, is used to account for advance deposits in suits filed by litigants.
- The Registry of Court Fund- provided by LRS 13:475, is used to account for funds held by order of the court until judgment is rendered by the judiciary.

Basis of Accounting / Measurement Focus

*Government-wide financial statements (GWFS)*

The statement of net position and the statement of activities display information about the primary government (the Clerk). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Clerk's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of 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 are presented as general revenues.

The GWFS and fiduciary fund statements are reported using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Clerk gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Basis of Accounting / Measurement Focus (continued)

*Fund Financial Statements (FFS)*

The fund financial statements provide information about the Clerk's funds, including its fiduciary funds. Separate statements for each fund category- governmental and fiduciary- are presented. The emphasis of fund financial statements is on major governmental funds. The General Fund is the Clerk's only major governmental fund.

The amounts reflected in the General Fund are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in net fund balances reports on the sources (i.e., revenues and other financing resources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of clerk operations.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Clerk considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Copies, fees, recording, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Clerk prepares and submits for public inspection a budget each year prior to June 15, for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase/decrease therein for the current year, using the modified accrual basis of accounting. The Clerk amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. The budget was amended during this year. All budget appropriations lapse at year end.

Cash and Cash Equivalents

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the Clerk may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Investments

Investments are limited by R. S. 33:2955 and the Clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Receivables

All receivables are reported at their gross value. The Clerk expects to collect all balances due but has recorded an allowance for bad debts of \$10,000.

Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Clerk is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 5 to 15 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to expenditures as incurred. Major expenditures for renewals and betterments are capitalized. The Clerk maintains a threshold level of \$1,000 or more for capitalizing assets.

Compensated Absences

The Clerk employees earn annual and sick leave at various rates depending on the number of years of service. Leave does not carry over or accumulate from one year to the next, and there are no vesting privileges. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

Pension Plans

The Clerk is a participating employer in the Louisiana Clerks' of Court Retirement and Relief Fund (Fund) as described in Note 6. 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 Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

Estimates

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

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Position

For the government-wide statement of net position, net position amount is classified and displayed in three components:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Clerk.

Fund Balance of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

- Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- Restricted – represents balances where constraints have been established by parties outside the Clerk's office or imposed by law through constitutional provisions or enabling legislation.
- Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Clerk's highest level of decision-making authority.
- Assigned – represents balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to be specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Clerk's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for committed, assigned, and unassigned amounts are available, the Clerk's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Current Accounting Standards Scheduled to be Implemented

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which supersedes accounting standards that currently exist regarding these retiree benefits. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Clerk does not currently have a trust to offset this liability. The standard is effective for annual reporting periods beginning after June 15, 2017. The Clerk expects that this new standard will have a material negative effect on its net position and a material increase to the post-employment benefit liability for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

2. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Deposits

At June 30, 2017, the Clerk had cash (book balance) totaling \$7,100,246. Deposits including cash and cash equivalents and investments on the balance sheet at June 30, 2017, are as follows:

	<u>General Fund</u>	<u>Agency Funds</u>
Cash and Cash Equivalents		
Cash on hand (petty cash)	\$ 2,800	\$ -
Demand deposits	<u>613,940</u>	<u>3,828,291</u>
	616,740	3,828,291
Investments		
Certificates of deposit	<u>2,498,649</u>	<u>156,566</u>
Total deposits	<u>\$ 3,115,389</u>	<u>\$ 3,984,857</u>

Cash and cash equivalents and investments, include savings, demand deposits, and time deposits at local financial institutions with a carrying value of \$7,100,246 at June 30, 2017. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the Clerk's deposits may not be returned to them. The Clerk does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2017, the Clerk's bank balance of these deposits and certificates of deposit included in investments totaled \$7,161,368. Of this balance, approximately \$18,000 was not fully collateralized or FDIC insured and therefore was exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS  
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**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

Investments

As of June 30, 2017, the Clerk had the following investments and maturities:

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5
U.S. Treasury Securities	\$ 99,832	\$ 99,832	\$ -
FHLB Securities	199,926	199,926	
Louisiana Asset Management Pool	2,032,558	2,032,558	-
Certificates of Deposit	2,655,215	2,655,215	-
<b>Total Investments</b>	<b>\$ 4,987,531</b>	<b>\$ 4,987,531</b>	<b>\$ -</b>

The Clerk categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Clerk has the following recurring fair value measurements as of June 30, 2017:

*Level 2 inputs* – U.S. Treasury Securities totaling \$99,832 and FHLB Securities totaling \$199,926 are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities’ relationship to other benchmark quoted securities.

**Interest Rate Risk** – One of the indicators of interest rate risk is the duration of the investment; the shorter the duration, the lesser the risk. The table above shows the maturities of the Clerk’s investments. The Clerk’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – Under Louisiana R.S. 33:2955, as amended, the Clerk may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The Clerk’s investment policy does not further limit its investment choices. As of June 30, 2017, the Clerk’s investment in Louisiana Municipal Bonds was rated A3 by Moody’s Investor Service and A- by Standard & Poor’s and the investment in Louisiana Asset Management Pool is rated AAAM by Standard & Poor’s.

**Concentration of Credit Risk** – The Clerk’s investment policy does not limit the amount the Clerk may invest in any one issuer. The Clerk did not have a concentration of credit risk at June 30, 2017.

**Custodial credit risk-investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Clerk does not have an investment policy for custodial credit risk; however, state law described in a preceding paragraph is designed to limit this risk.

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2. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (continued)

Investments (continued)

The \$2,032,558 in money market investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

LAMP is a government investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirements.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 39 days as of June 30, 2017.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

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**3. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017, includes charges for services revenue of \$117,182 less an allowance for uncollectible accounts of \$10,000.

**4. CAPITAL ASSETS**

A summary of the DeSoto Parish Clerk of Court's capital assets as of June 30, 2017, is as follows:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Capital Assets				
Furniture, fixtures and equipment	\$ 184,069	\$ 2,549	\$ (64,399)	\$ 122,219
Less accumulated depreciation	<u>(120,214)</u>	<u>(21,272)</u>	<u>64,399</u>	<u>(77,087)</u>
Total Capital Assets, net	<u>\$ 63,855</u>	<u>\$ (18,723)</u>	<u>\$ -</u>	<u>\$ 45,132</u>

Deletions in the current year of \$64,399 represent fully depreciated assets that were no longer in service. Depreciation expense of \$21,272 was charged to general government activities.

**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Description

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

Employees are covered by the Louisiana Clerks' of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: completion of 25 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Employees first becoming members of the retirement system on and after January 1, 2011 must be at least age 60 to receive unreduced retirement benefits. Based on historical experience, most employees wait until 25 years of service or until age 60 to enter D.R.O.P.

Dental insurance coverage is provided to retirees and the dental portion is included with the medical insurance in this valuation. The employer pays 50% of the cost of the dental insurance for the retirees only (not dependents). The actuary has used the unblended rates provided and included the dental premiums in the medical portion of the valuation. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

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**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

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

Contribution Rates

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

Fund Policy

Until 2009, DeSoto Parish Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (DeSoto Parish Clerk of Court's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, DeSoto Parish Clerk of Court's portion of health care and life insurance funding cost for retired employees totaled \$21,292 and \$19,715, respectively.

Effective July 1, 2009, DeSoto Parish Clerk of Court implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB Codification Section P50) and began recognizing the expense as the benefit was earned over the term of employment. The amount was then applied toward the Net OPEB Benefit Obligation as shown in the following tables.

Annual Required Contribution

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

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 45,162	\$ 43,425
30-year UAL amortization amount	35,732	34,358
Annual required contribution (ARC)	<u>\$ 80,894</u>	<u>\$ 77,783</u>

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**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

Net Post-employment Benefit Obligation (Asset)

The table below shows DeSoto Parish Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 674,561	\$ 627,685
Annual required contribution	80,894	77,783
Interest on Net OPEB Obligation	26,982	25,107
ARC Adjustment	<u>(39,010)</u>	<u>(32,299)</u>
OPEB Cost	68,866	66,591
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(21,292)</u>	<u>(19,715)</u>
Change in Net OPEB Obligation	<u>47,574</u>	<u>46,876</u>
Ending Net OPEB Obligation	<u>\$ 722,135</u>	<u>\$ 674,561</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 68,867	30.92%	\$ 722,135
June 30, 2016	\$ 66,591	29.61%	\$ 674,561

Funded Status and Funding Progress

In 2017 and 2016, DeSoto Parish Clerk of Court made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$617,916 which is defined as that portion, as determined by a particular actuarial cost method (DeSoto Parish Clerk of Court uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 617,916	\$ 594,150
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 617,916</u>	<u>\$ 594,150</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 735,688	\$ 710,169
UAAL as a percentage of covered payroll	83.99%	83.66%

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**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

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

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7.5%.

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

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

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**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

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

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

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 50% of the cost of the medical and dental for the retirees only (not dependents). Since blended rates (active and retired) were provided before Medicare eligibility, the unblended rates were estimated and were used pursuant to GASB Codification Section P50's mandate. It was estimated that the pre-Medicare total retiree unblended rates were 130% of the blended rate. The post-Medicare rates provided were unblended and used as is.

Inflation Rate

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

Projected Salary Increases

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

Post-retirement Benefit Increase

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

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**6. PENSION PLAN**

Substantially all employees of the Desoto Parish Clerk of Court are members of the Louisiana Clerks' of Court Retirement and Relief Fund (Fund), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The Louisiana Clerks' of Court Retirement and Relief Fund (the Fund) was established and provided for by R.S. 111:1501 of the Louisiana Revised Statutes (LRS). In accordance with this law, the Fund is administered by a board of trustees made up of ten members composed of the president, first vice-president, treasurer, second vice-president, and immediate past president of the Clerks' Association, one retired clerk elected by the Clerks' Association, two additional members elected by the Clerks' Association, the chairman of the Retirement Committee of the Louisiana House of Representatives, and the chairman of the Finance Committee of the Senate, or their designees.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund. The report may be obtained by writing to the Louisiana Clerks' of Court Retirement and Relief Fund, 10202 Jefferson Highway, Bldg. A., Baton Rouge, Louisiana 70809, or by calling (225) 293-1162.

*Funding Policy* - The contribution requirements of plan members and the Clerk are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:105, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Clerk is required to contribute at an actuarially determined rate. The employer's and employee's rate for the year ended June 30, 2017 was 19.0 and 8.25 percent, respectively of annual covered payroll. The Clerk's contributions to the Plan, for the years ending June 30, 2017, 2016, and 2015, were \$129,554, \$128,315, and \$116,096, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2017, the Clerk reported a liability of \$1,368,716 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement period, 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's proportion of the net pension liability was based on the Clerk's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2016, the Clerk's proportion was .7399%, which was an increase of .0659% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$211,304 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

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**6. PENSION PLAN** (continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)* – At June 30, 2017, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,968	\$ (46,588)
Changes of assumptions	84,296	-
Net difference between projected and actual earnings on pension plan investments	236,149	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,844	(27,647)
Contributions in excess of required amount	6,048	
Employer contributions subsequent to the measurement date	<u>129,554</u>	<u>-</u>
Total	<u>\$ 561,859</u>	<u>\$ (74,235)</u>

The Clerk reported a total of \$129,554, as deferred outflow of resources, related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year		
2017	\$	73,759
2018		73,759
2019		125,688
2020		<u>84,864</u>
	<u>\$</u>	<u>358,070</u>

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**6. PENSION PLAN (continued)**

*Actuarial Assumptions* – A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	5 Years
Investment Rate of Return	7.00%, net of investment expense
Projected salary increases	5.00% (2.50% inflation, 2.50% merit)
Mortality	RP-2000 Combined Healthy Mortality Table (set back 3 years for males and 1 year for females) RP-2000 Disabled Lives Mortality Table
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 projected benefit payments 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.

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**6. PENSION PLAN (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 are 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% as of June 30, 2016. 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 are summarized in the following table on the next page:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected portfolio real rate of return</u>
Fixed income:		
Core fixed income	5.0%	1.00%
Core plus income	15.0%	1.50%
Domestic equity:		
Large cap domestic equity	21.0%	4.25%
Non-large cap domestic equity	7.0%	4.00%
International equity:		
Large cap international equity	15.5%	5.25%
Small cap international equity	5.0%	5.00%
Emerging markets	6.5%	7.25%
Real estate	10.0%	4.75%
Mater limited partnerships	5.0%	6.50%
Hedge funds	10.0%	3.50%
Total	<u>100.0%</u>	

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

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**6. PENSION PLAN** (continued)

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following table presents the Clerk's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement Fund as well as what the Clerk's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Fund:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.00%	7.00%	8.00%
DPC Share of NPL	\$ 1,947,658	\$ 1,368,716	\$ 877,311

**7. RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court.

**8. DEFINED CONTRIBUTION PLAN**

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

The participants may choose the amount to contribute with the maximums defined by the Internal Revenue Code and the investment options(s). The Clerk agreed to match each participant's contributions up to a maximum of 7% of the employee's annual salary. During the year ended June 30, 2017, the Clerk's matching funds totaled \$41,674.

**9. FACILITIES**

The Clerk's office space and utilities are provided by the DeSoto Parish Police Jury.

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE**  
**GENERAL FUND - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Licenses & permits				
Marriage licenses	\$ 5,000	\$ 3,800	\$ 3,833	\$ 33
Charges for services				
Court costs, fees and charges	917,000	994,840	1,053,649	58,809
Recording fees	459,000	520,000	523,664	3,664
Copy fees	55,000	52,500	54,525	2,025
Intergovernmental				
Supplemental compensation fund	11,000	15,950	17,100	1,150
Miscellaneous				
Interest	20,000	30,000	24,265	(5,735)
Other	41,000	40,500	66,357	25,857
<b>Total Revenues</b>	<u>1,508,000</u>	<u>1,657,590</u>	<u>1,743,393</u>	<u>85,803</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel services and benefits	1,218,000	1,220,250	1,200,200	20,050
Operating	534,000	487,850	424,581	63,269
Capital outlay	15,000	4,350	2,549	1,801
<b>Total Expenditures</b>	<u>1,767,000</u>	<u>1,712,450</u>	<u>1,627,330</u>	<u>85,120</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>				
<b><u>OVER EXPENDITURES</u></b>				
	<u>(259,000)</u>	<u>(54,860)</u>	<u>116,063</u>	<u>170,923</u>
<b><u>FUND BALANCE</u></b>				
Beginning of year	<u>5,188,000</u>	<u>5,363,238</u>	<u>5,363,238</u>	<u>-</u>
End of year	<u>\$ 4,929,000</u>	<u>\$ 5,308,378</u>	<u>\$ 5,479,301</u>	<u>\$ 170,923</u>

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**JUNE 30, 2017**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a Percentage of Covered Payroll</u>
6/30/2014	7/1/2012	-	\$ 653,511	\$ 653,511	0.0%	\$ 740,320	88.3%
6/30/2015	7/1/2012	-	\$ 679,651	\$ 679,651	0.0%	\$ 668,300	101.7%
6/30/2016	7/1/2015	-	\$ 594,150	\$ 594,150	0.0%	\$ 710,169	83.7%
6/30/2017	7/1/2015	-	\$ 617,916	\$ 617,916	0.0%	\$ 735,688	84.0%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>(a) Annual OPEB Cost</u>	<u>(b) Annual Contributed</u>	<u>(b/a) Percentage of Annual OPEB Costs Contributed</u>	<u>(a-b) Increase (Decrease) to Net OPEB Obligation</u>	<u>(PY + (a-b)) Net OPEB Obligation</u>
6/30/2014	\$ 60,626	\$ 29,107	48.01%	\$ 31,519	\$ 596,229
6/30/2015	\$ 62,892	\$ 31,436	49.98%	\$ 31,456	\$ 627,685
6/30/2016	\$ 66,591	\$ 19,715	29.61%	\$ 46,876	\$ 674,561
6/30/2017	\$ 68,867	\$ 21,292	30.92%	\$ 47,575	\$ 722,135

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017 (\*)**

	2017	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.7398%	0.6739%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,368,716	\$ 1,010,909
Employer's Covered-Employee Payroll	\$ 675,345	\$ 647,865
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	202.67%	166.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.17%	78.13%

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

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

Note: The discount rate used to measure total pension liability did not change from the 7.00% used for the measurement period June 30, 2015 as it relates to the measurement period June 30, 2016.

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
Contractually Required Contribution <sup>1</sup>	\$ 129,554	\$ 128,315
Contributions in Relation to Contractually Required Contribution <sup>2</sup>	<u>129,554</u>	<u>128,315</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Employee Payroll	\$ 702,269	\$ 675,345
Contributions as a % of Covered Employee Payroll	18.45%	19.00%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by employer's covered employee payroll*

<sup>2</sup> *Actual employer contributions remitted to the Clerks' of Court Retirement and Relief Fund*

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**COMBINED STATEMENT OF CHANGES IN FIDUCIARY**  
**ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Agency Funds</u>
<b><u>ADDITIONS</u></b>	
Suits and successions	\$ 1,419,276
Interest income	<u>11,176</u>
Total additions	<u>1,430,452</u>
<b><u>DEDUCTIONS</u></b>	
Clerk's costs (paid to general fund)	382,675
Settlements to litigants	788,121
Sheriff's fees	64,915
Other deductions	<u>59,480</u>
Total deductions	<u>1,295,191</u>
Changes in assets and liabilities	135,261
Assets and liabilities - beginning of year	<u>3,849,596</u>
Assets and liabilities - end of year	<u><u>\$ 3,984,857</u></u>

**DESOTO PARISH CLERK OF COURT**  
**MANSFIELD, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO THE CLERK OF COURT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Clerk of Court Jeremy Evans

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 151,874
Vote custodian	2,181
Benefits-insurance	12,997
Benefits-retirement	38,202
Car allowance	22,678
Cell phone	<u>1,200</u>
	<u>\$ 229,132</u>

OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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

DeSoto Parish Clerk of Court  
Mansfield, 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 DeSoto Parish Clerk of Court (the Clerk), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated December 30, 2017.

**Internal Control over Financial Reporting**

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 30, 2017

**DESOTO PARISH CLERK OF COURT  
MANSFIELD, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the DeSoto Parish Clerk of Court as of and for the year June 30, 2017.
2. No significant deficiencies or material weaknesses in internal controls were reported relating to the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the DeSoto Parish Clerk of Court were reported.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

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**DESOTO PARISH CLERK OF COURT**  
**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE**  
**AGREED-UPON PROCEDURES REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Postlethwaite & Netterville

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the  
DeSoto Parish Clerk of Court and the  
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by DeSoto Parish Clerk of Court (Clerk of Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The School Board's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 30, 2017

**DESOTO PARISH CLERK OF COURT**  
**AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS**  
**JUNE 30, 2017**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "No exception noted". If not, then a description of the exception ensues.

***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.

*The Clerk does not have a written policy for budgeting.*

- 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.

*The Clerk does not have a written policy for purchasing.*

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

*The Clerk does not have a written policy for disbursements.*

- d) ***Receipts***, including receiving, recording, and preparing deposits

*The Clerk does not have a written policy for Receipts.*

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Clerk has an employee handbook, but it does not address payroll processing or reviewing and approving time and attendance records, including leave and overtime worked.*

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Clerk does not have a written policy for contracting.*

- 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.

*The Clerk does not have a written policy for credit cards.*

**DESOTO PARISH CLERK OF COURT  
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS  
JUNE 30, 2017**

Schedule A

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The Clerk does not have a written policy for travel and expense reimbursements.*

- 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.

*The Clerk does not have a written policy for ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable.*

***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.

*For purposes of this procedure, we considered the managing board meetings to be those between the Clerk and his senior ranking staff and his third party accounts. No charter or legislation dictates the frequency of those meetings; therefore the benchmark applied for purposes of this comparison was quarterly. We were informed that the meetings occur on a regular basis but they are not documented.*

- b) Report whether the minutes referenced are including 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). 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.

*We were informed that budget-to-actual comparisons are discussed as needed, but there is no documentation evidencing the meetings other than the actual budget and amended budget.*

- 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.

*There were no minutes so this procedure was not performed.*

**DESOTO PARISH CLERK OF COURT  
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS  
JUNE 30, 2017**

Schedule A

***Bank Reconciliations***

---

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

*A listing of bank accounts was provided and included a total of sixty-six (66) bank accounts. A signed representation by management was obtained on the completeness of the listing provided.*

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). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

*From the listing provided, P&N selected twenty-two (22) accounts and obtained the bank reconciliations for each of the twelve months ending June 30, 2017, resulting in one hundred thirty-three (133) bank statements and bank reconciliations subjected to the below procedures.*

- a) Bank reconciliations have been prepared;

*Of the 133 bank statements obtained one hundred and nine (109) did not have documentation evidencing that the bank balance was reconciled to the general ledger. It should be noted that all 109 were registry fund accounts which typically have very few transactions.*

- 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

*Of the 133 bank statements selected 24 bank reconciliations were obtained. None of the bank reconciliations contained evidence of review by a member of management. It should be noted that the bank reconciliations were prepared by 3<sup>rd</sup> party accountants.*

- 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.

*Of the 133 bank statements selected 24 bank reconciliations were obtained. Twelve (12) of those bank reconciliations had reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period. None of them had documentation reflecting that they were researched.*

***Collections***

---

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

**DESOTO PARISH CLERK OF COURT  
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS  
 JUNE 30, 2017**

Schedule A

*A listing of cash collection locations was provided and included a total of four (4) cash collection locations. A signed representation by management was obtained on the completeness of the listing provided.*

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). **For each cash collection location selected:**

*From the listing provided, P&N selected 4 of the locations and performed the procedures noted below.*

- 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, (2.1) not responsible for depositing the cash in the bank, (2.2) recording the related transaction, or (2.3) 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.

*Of the 4 collection locations selected, P&N noted the total number of collection locations with exceptions and the respective total number of exceptions noted pertaining to procedure 6a) as follows:*

# Collection Locations with <u>Exceptions</u>	# of People Responsible for <u>Collection Cash</u>	Criteria Not Met (see reference in 6a above)				
		<u>6a)1</u>	<u>6a)2.1</u>	<u>6a)2.2</u>	<u>6a)2.3</u>	<u>6a)3</u>
4	39	39	29	19	0	0

- 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.

*There is no 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 locations selected.*

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

*Using the collection data, P&N determined the highest collection week during the year ending June 30, 2017 for each respective collection location and performed the procedures noted below.*

1. 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

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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.

*Of the 4 collection locations and 250 deposits selected, there were no exceptions noted.*

2. 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.

*Of the 4 collection locations and 250 deposits selected, there were no exceptions noted.*

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 of receipt number sequences, etc.) by a person who is not responsible for collections.

*There is no written policy or procedure that specifically defines a process to determine completeness of all collections.*

**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.

*The listing of general ledger activity for all disbursements during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.*

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:

*P&N randomly selected 25 disbursements and performed the procedures below.*

- 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.

*Of the 25 disbursements tested, 13 exceptions were noted.*

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

*Of the 25 disbursements tested, 14 exceptions were noted.*

- c) Payments for purchases were not processed without 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.

*Of the 25 disbursements tested, 6 exceptions were noted.*

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 25 disbursements selected in procedure 9 were from 2 bank accounts. For the General Fund account, the 3<sup>rd</sup> party accountant who processes payments is prohibited from setting up vendors. For the Advanced Deposit fund, the 3<sup>rd</sup> party accountant is not prohibited from setting up vendors.*

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.

*One of two people with signatory authority initiate and record disbursements.*

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.

*No exceptions noted.*

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.

*No exceptions noted.*

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

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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.

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*A listing of cards was provided and included a total of seven cards. A signed representation by management was obtained on the completeness of the listing provided.*

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. 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 perform the procedures below.

*P&N selected one (1) credit card and performed the procedures noted below.*

- 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.

*For the month selected, there was no evidence that the monthly statement was reviewed and approved by someone other than the authorized card holder.*

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

*No exceptions noted.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for the 3 card selected (i.e. each of the cards should have one month of transactions subject to testing).

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

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

*No exceptions noted.*

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

*No exceptions noted.*

3. 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.

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*There is no written purchasing policy so this procedure was not performed.*

- 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***

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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.

*A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.*

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*There is no written policy pertaining to travel and expense reimbursement, so this procedure was not performed.*

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.

*No exceptions noted.*

- b) Report whether each expense is supported by:
4. An original itemized receipt that identifies precisely what was purchased.
  5. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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6. 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 (1) of the three (3) expense reimbursements selected, had no written evidence of approval. The expense was for a monthly cell phone allowance.*

***Contracts***

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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.

*A listing of general ledger activity for all in effect during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.*

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 were 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 (bid law) and:

7. 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)

*Not applicable.*

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

*None of the contracts selected for testing were subject to bid law. In procurement of these contracts, the Clerk did not solicit quotes 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.

*None of the contracts selected for testing were amended.*

- 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 exceptions 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.*

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***Payroll and Personnel***

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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:

*A random sample of five employees was selected and subjected the procedures below.*

- 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.

*Not applicable.*

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.)

*Of the six (6) employees selected, 1 employee did not have documentation of time and attendance. This employee is the Clerk of Court (elected official), who's compensation is statutorily determined.*

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

*Of the six (6) employees selected, 1 employee did not have documentation of time and attendance. This employee is the Clerk of Court (elected official), who's compensation is statutorily determined.*

- 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.*

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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 was no evidence that the termination payments were approved by the employee's supervisor either electronically or in writing.*

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)***

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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.

*No ethics violations reported. No exceptions noted.*

***Debt Service***

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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.*

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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***

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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.

*No exceptions noted.*

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.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions noted.*

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.*

**DESOTO PARISH CLERK OF COURT  
AGREED-UPON PROCEDURES  
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN  
JUNE 30, 2017**

Schedule B

The Desoto Parish Clerk of Court (Clerk) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

***Written Policies and Procedures***

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The Clerk plans to develop/write policies and procedures to address the findings noted in this section by March 1, 2018.

***Board (or Finance Committee, if applicable)***

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The Clerk will start the process of including budget to actual comparisons in all monthly financial meetings starting with the January 2018 meeting.

***Bank Reconciliations***

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The Clerk will implement new documentation standards to address the findings noted in this section by March 1, 2018.

***Collections***

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The Clerk will develop/write policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

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

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The Clerk will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

***Contracts***

---

The Clerk will develop/write policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

***Payroll and Personnel***

---

The Clerk will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

DeSoto Parish Clerk of Court

REPORT TO MANAGEMENT

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

December 30, 2017

Jeremy Evans, Clerk of Court  
DeSoto Parish Clerk of Court  
Mansfield, Louisiana

We have audited the financial statements of the DeSoto Parish Clerk of Court (the Clerk), for the year ended June 30, 2016 and have issued our report thereon. As part of our audit, we evaluated the internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 30, 2017, on the financial statements, compliance and internal controls of the Clerk.

### **Current Year**

#### **MLC2017-001 Advance Deposit Reconciliation**

##### **Criteria:**

The Advanced Deposit Fund bank account is used as a depository for advance deposits in suits filed by litigants. Control procedures should be in place that reconcile receipts and disbursements in that bank account to authorized entries to docket numbers recorded and escrowed balances by case number in the case management software to the balance in the bank account.



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**Condition:**

The receipts and disbursements in the bank account appear to be reconciled to authorized entries to docket numbers recorded in the case management software. However, the total balance of the escrowed balances by case number are not reconciled to the bank balance.

**Recommendation:**

We recommend that the Clerk implement a procedure of reconciling the total balance of escrowed balances by case number to the bank balance.

**Management's Response:**

*Management concurs with this finding. Management will continue to investigate old entries in the case management software, and anticipates implementing a process whereby the depository balance is reconciled to the open case balances maintained in the case management software by June 30, 2018.*

**MLC2017-002 Collateral on Deposits**

**Criteria:**

Louisiana law requires deposits over \$250,000, the FDIC insured limit, to be secured by collateral (R.S. 39:1218 through R.S. 39:1221). The fiscal agent bank is required to deposit and maintain with an unaffiliated bank that security.

**Condition:**

Collateral and FDIC insurance were deficient by approximately \$18,000 for accounts with a bank at June 30, 2017.

**Recommendation:**

We recommend that the Clerk implement a procedure collateral coverage is reviewed quarterly.

**Management's Response:**

*Management concurs with this finding. Management will implement a procedure where collateral is reviewed quarterly. This will be implemented by January 31, 2018.*

Prior Year

MLC2016-001 Advance Deposit Reconciliation

Criteria:

The Advanced Deposit Fund bank account is used as a depository for advance deposits in suits filed by litigants. Control procedures should be in place that reconcile receipts and disbursements in that bank account to authorized entries to docket numbers recorded in the case management software.

Condition:

The receipts and disbursements in the bank account are not reconciled to docket numbers recorded in the case management software.

Status:

Progress made. See MLC 2017-001.

We have already discussed these matters with the Clerk's management. Their views on these matters and plans for corrective action are identified herein. This letter does not affect our report dated December 26, 2016 on the financial statements of the Clerk, and furthermore, this letter is intended for use only by the Clerk's management and is not intended to be used, and should not be used, by anyone other than these specified parties.

This letter is intended solely for the information and use of the DeSoto Parish Clerk of Court and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*