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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2018**



Postlethwaite & Netterville

A Professional Accounting Corporation

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1 – 3
<u>REQUIRED SUPPLEMENTARY INFORMATION – PART I</u>	
Management's Discussion and Analysis	4 – 8
<u>BASIC FINANCIAL STATEMENTS</u>	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet - Governmental Fund	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	14
Combined Statement of Fiduciary Assets and Liabilities	15
Notes to Financial Statements	16 – 31
<u>REQUIRED SUPPLEMENTARY INFORMATION – PART II</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund - Budget (GAAP Basis) and Actual	32
Schedule of Changes in the Total OPEB Liability and Related Ratios	33
Schedule of Proportionate Share of the Net Pension Liability – Louisiana Clerks' of Court Retirement and Relief Fund	34
Schedule of Employer Contributions – Louisiana Clerks' of Court Retirement and Relief Fund	35
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Combined Statement of Changes in Fiduciary Assets and Liabilities	36
Schedule of Compensation, Benefits and Other Payments to the Clerk of Court	37

TABLE OF CONTENTS

	<u>PAGE</u>
<u>OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
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 <i>Government Auditing Standards</i>	38 – 39
Schedule of Findings and Questioned Costs	40
Summary Schedule of Prior Year Findings	41

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, 2018, 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.

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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 5 to the financial statements, the Clerk adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard requires the Clerk to recognize and report its total other postemployment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in total OPEB liability and related ratios, the schedule of proportionate share of the net pension liability, and the schedule of employer contributions on pages 4 through 8, 32, 33, 34, and 35, 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, 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, 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 solely 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 effectiveness of the Clerk's 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 20, 2018

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. 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 9.

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 \$269,286 in the current year compared to an increase in net position of \$45,624 in the prior year. Approximately \$213,000 of the current year increase was the result of a restatement due to the implements of GASB 75.
- The General fund reported a surplus of revenues over expenditures of \$305,915, improving fund balance to \$5,785,216. This improvement is higher than the prior year surplus of \$116,063 due to increased recording fee revenue.
- Total expenditures in the general fund increased by \$106,000. This is primarily due to increase in personnel services following entity-wide pay increases. Revenues increased during the current year by approximately \$295,000. 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*.

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

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, 2018**

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 9 and 10) 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 11. 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		
	<u>2018</u>	<u>(Restated) 2017</u>
Current and Other Assets	\$ 5,858,168	\$ 5,558,402
Capital Assets, Net	<u>32,461</u>	<u>45,132</u>
Total Assets	<u>5,890,629</u>	<u>5,603,534</u>
Deferred Outflows of Resources	<u>391,917</u>	<u>561,859</u>
Current Liabilities	72,952	79,101
Noncurrent Liabilities:		
Other Post-Employment Benefits Payable	549,185	508,326
Net Pension Liability	<u>1,183,683</u>	<u>1,368,716</u>
Total Liabilities	<u>1,805,820</u>	<u>1,956,143</u>
Deferred Inflows of Resources	<u>72,425</u>	<u>74,235</u>
Net Investment in Capital Assets	32,461	45,132
Unrestricted Net Position	<u>4,371,840</u>	<u>4,089,883</u>
Total Net Position	<u>\$ 4,404,301</u>	<u>\$ 4,135,015</u>

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Net position of the DeSoto Parish Clerk of Court increased by \$269,286, or 6.51%, from the previous fiscal year (2017). The 2017 net position was restated due to the implementation of a new accounting standard which changed the way other post-employment benefit obligations are recognized. See the explanation of the current year adoption of Governmental Accounting Standards Board Statement No. 75 (GASB 75) within the New Accounting Standards Section of footnote 1 to the financial statements. The effects of this new accounting standard can also be observed in the condensed statements of net position presented on page 5, through the line item entitled Other Post-Employment Benefits Payable. The increase in net position is the result of revenues exceeding operating and non-operating expenses during the fiscal year ended June 30, 2018.

The condensed statement of activities below compares operating results for 2018 and 2017.

Statement of Activities
For the Year Ended

	2018	2017
General Revenue	\$ 106,107	\$ 90,622
Charges for Service	1,913,270	1,635,671
Operating Grants	103,200	94,708
Total Revenue	2,122,577	1,821,001
General Government Expenses	(1,853,291)	(1,775,377)
Change in Net Position	\$ 269,286	\$ 45,624

The DeSoto Parish Clerk of Court's total revenues increased by approximately \$301,600, or 16.56%, from the previous year. The total costs of all programs and services increased by approximately \$77,900 or 4.39%.

Capital Assets

At June 30, 2018, the DeSoto Parish Clerk of Court had \$32,461, net of depreciation, invested in capital assets (see table below). This amount represents a net decrease of \$12,671, including depreciation.

Capital Assets at Year End
(Net of Depreciation)

	2018	2017
Furniture, fixtures and equipment	\$ 32,461	\$ 45,132
Total	\$ 32,461	\$ 45,132

The decrease is due to depreciation of \$12,671 in the current year.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 \$549,185 in other post-employment benefits payable at year end compared to \$508,326 (restated) at the previous year end, an increase of \$40,859 or 8.04% as shown in the table below. Pension benefits payable at year end were \$1,183,683 compared to \$1,368,716 at the previous year end, a decrease of \$185,033 or 13.52% as also shown below. The decrease in pension liability is primarily due to an overall decrease in pension liability at the system level.

Long-Term Debt at Year End

	2018	2017
Other post-employment benefits obligation (restated)	\$ 549,185	\$ 508,326
Net pension liability	1,183,683	1,368,716
Total	\$ 1,732,868	\$ 1,877,042

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$187,077 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 \$10,612 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 \$190,960 increase in revenue due to an anticipated increase in recording fees. Expenditures were not amended.

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,148,864
Investments	4,570,199
Accounts receivable (net of allowance of \$23,578)	135,587
Prepays	3,518
Total current assets	<u>5,858,168</u>

Noncurrent Assets:

Capital assets, net of depreciation	<u>32,461</u>
Total assets	<u>5,890,629</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to pension liability	362,108
Deferred amounts related to other post-employment benefit obligation	<u>29,809</u>
Total deferred outflows of resources	<u>391,917</u>

LIABILITIES

Current Liabilities:

Accounts payable	17,296
Accrued expenses	27,078
Unearned revenue	28,578
Total current liabilities	<u>72,952</u>

Noncurrent Liabilities:

Other post-employment benefits	549,185
Net pension liability	<u>1,183,683</u>
Total liabilities	<u>1,805,820</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to pension liability	44,937
Deferred amounts related to post-employment benefits	<u>27,488</u>
Total deferred inflows on resources	<u>72,425</u>

NET POSITION

Net investment in capital assets	32,461
Unrestricted	<u>4,371,840</u>
Total net position	<u>\$ 4,404,301</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, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
<u>Functions/Programs</u>				
Governmental activities				
General government	\$ 1,853,291	\$ 1,913,270	\$ 103,200	\$ 163,179
Total governmental activities	<u>\$ 1,853,291</u>	<u>\$ 1,913,270</u>	<u>\$ 103,200</u>	<u>163,179</u>
General revenues:				
Miscellaneous				60,895
Interest				<u>45,212</u>
Total general revenues				<u>106,107</u>
Change in net position				269,286
Net position, beginning of year (restated)				<u>4,135,015</u>
Net position, end of year				<u>\$ 4,404,301</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, 2018

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,148,864
Investments	4,570,199
Accounts receivable (net of allowance of \$23,578)	135,587
Prepays	<u>3,518</u>
Total Assets	<u>5,858,168</u>
<u>LIABILITIES</u>	
Accounts payable	17,296
Accrued expenses	27,078
Unearned revenue	<u>28,578</u>
Total Liabilities	<u>72,952</u>
<u>FUND BALANCE</u>	
Nonspendable - prepaids	3,518
Unassigned	<u>5,781,698</u>
Total Fund Balance	<u>5,785,216</u>
Total Liabilities and Fund Balance	<u><u>\$ 5,858,168</u></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, 2018

Total fund balance - Governmental Fund		\$ 5,785,216
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 (\$89,758), in the current period.		32,461
Total post-employment benefit obligation recorded in accordance with GASB 75		
Deferred outflow of resources - related to post-employment benefit obligation	29,809	
Post-employment benefit obligation	(549,185)	
Deferred inflow of resources - related to post-employment	<u>(27,488)</u>	
		<u>(546,864)</u>
Net pension obligation balances recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	362,108	
Net pension liability	(1,183,683)	
Deferred inflow of resources - related to net pension liability	<u>(44,937)</u>	
		<u>(866,512)</u>
Total net position - Governmental Activities		<u><u>\$ 4,404,301</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, 2018

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Licenses & permits	
Marriage licenses	\$ 4,288
Charges for services	
Court costs, fees and charges	1,003,173
Recording fees	858,519
Copy fees	47,290
Intergovernmental	
Supplemental compensation fund	19,450
Miscellaneous	
Interest	45,212
Other	60,895
Total revenues	<u>2,038,827</u>
<u>EXPENDITURES</u>	
Current	
Personnel services and benefits	1,268,834
Operating	464,078
Total expenditures	<u>1,732,912</u>
<u>EXCESS OF REVENUES</u>	
<u>OVER EXPENDITURES</u>	<u>305,915</u>
Fund balance - beginning of year	<u>5,479,301</u>
Fund balance - end of year	<u>\$ 5,785,216</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, 2018

Net change in fund balance - governmental fund	\$ 305,915
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 (\$12,671) exceeds capital outlay (\$0) in the current period.	(12,671)
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:	
Change in post-employment benefits and deferred inflows and outflows in accordance with GASB 75.	(38,538)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68.	<u>14,580</u>
Change in net position - governmental activities	<u><u>\$ 269,286</u></u>

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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,593,397
Investments	<u>157,029</u>
Total assets	<u><u>\$ 3,750,426</u></u>
<u>LIABILITIES</u>	
Due to others	<u>\$ 3,750,426</u>
Total liabilities	<u><u>\$ 3,750,426</u></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, 2018**

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, 2018**

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, 2018**

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 \$23,578.

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Current Year Adoption of New Accounting Standard and Restatement of Net Position

The Entity adopted Government Accounting Standards Board (GASB) Statement Number 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net effect to the Entity's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total Net Position, June 30, 2017 as previously reported	\$ 3,921,206
Reverse post-employment benefit obligation June 30, 2017	722,135
Record total post-employment benefit liability June 30, 2017	(508,326)
Net effect	213,809
Total Net Position, June 30, 2017, Restated	\$ 4,135,015

Current Accounting Standards Scheduled to be Implemented

The Governmental Accounting Standards Board recently issued GASB Statement No. 84 Fiduciary Activities, which supersedes accounting standards that currently exist regarding fiduciary activities. Under the new standard, governments will recognize a liability to the beneficiaries in a fiduciary fund when an event occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The standard is effective for annual reporting periods beginning after December 15, 2018. The Clerk is currently assessing the impact of this pronouncement on its financial statements.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

At June 30, 2018, the Clerk had cash (book balance) totaling \$7,408,649. Deposits including cash and cash equivalents and investments on the balance sheet at June 30, 2018, are as follows:

	<u>General Fund</u>	<u>Agency Funds</u>
Cash and Cash Equivalents		
Cash on hand (petty cash)	\$ 2,975	\$ -
Time and savings deposits	300,472	-
Demand deposits	<u>845,417</u>	<u>3,593,397</u>
	1,148,864	3,593,397
Investments		
Certificates of deposit	<u>2,509,359</u>	<u>157,029</u>
Total deposits	<u>\$ 3,658,223</u>	<u>\$ 3,750,426</u>

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, 2018, the Clerk's bank balance of these deposits and certificates of deposit included in investments totaled \$7,533,394 and was fully collateralized or FDIC insured and therefore not exposed to custodial credit risk.

Investments

As of June 30, 2018, the Clerk had the following investments and maturities:

Investment Type	Investment Maturities (in years)		
	<u>Carry Value</u>	<u>Less than 1</u>	<u>1 to 5</u>
Louisiana Asset Management Pool	\$ 2,060,840	\$ 2,060,840	\$ -
Certificates of Deposit	<u>2,666,388</u>	<u>2,666,388</u>	<u>-</u>
Total Investments	<u>\$ 4,727,228</u>	<u>\$ 4,727,228</u>	<u>\$ -</u>

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Investments (continued)

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.

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, 2018.

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.

The \$2,060,840 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 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 90 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 47 days as of June 30, 2018.
- Foreign currency risk: Not applicable.

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. Certificates of deposit are carried at cost.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

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.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, includes charges for services revenue of \$159,165 less an allowance for uncollectible accounts of \$23,578.

4. CAPITAL ASSETS

A summary of the DeSoto Parish Clerk of Court's capital assets as of June 30, 2018, is as follows:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Capital Assets				
Furniture, fixtures and equipment	\$ 122,219	\$ -	\$ -	\$ 122,219
Less accumulated depreciation	<u>(77,087)</u>	<u>(12,671)</u>	<u>-</u>	<u>(89,758)</u>
Total Capital Assets, net	<u>\$ 45,132</u>	<u>\$ (12,671)</u>	<u>\$ -</u>	<u>\$ 32,461</u>

Depreciation expense of \$12,671 was charged to general government activities.

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan description – The DeSoto Parish Clerk of Court provides certain continuing health care and life insurance benefits for its retirees. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that the Clerk administers. The Clerk has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 13 Sections 783. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

General Information about the OPEB Plan (continued)

Benefits Provided – 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 as follows: Attainment of age 55 and 25 years of service; or, attainment of age 60 and 12 years of service; employees hired on and after July 1, 2011 are not able to retire or enter D.R.O.P. until age 60 without actuarial reduction in benefits.

Life insurance coverage is available to retirees at the same rate as before retirement to be reduce by 50% at age 70 up to a maximum of \$150,000. The premium is based on a blended rate (based on age specific rates) for both active retired employees. The employer pays 50% of the cost of the retiree medical, dental, and life insurance based on the blended rates. Since GASB 75 requires the use of "unblended" rates, we have used the SOA RP-2000 mortality table described below to "unblend" the rates 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.

Employees covered by benefit terms – The June 30, 2018 total OPEB liability was determined using the July 1, 2017 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	16
	21

Total OPEB Liability

The Clerk’s total OPEB liability of \$549,185 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and other inputs – The total OPEB liability as of June 30, 2018 was based on an actuarial valuation dated July 1, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.87%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the value of the Bond-Buyer 20-year general obligation municipal bond index as of June 30, 2018. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Total OPEB Liability (continued)

Mortality rates were based on the RP-2000 Table without projection based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$	508,326
Changes for the year:			
Service cost			27,812
Interest			20,749
Differences between expected and actual experience			31,299
Changes in assumptions			(28,862)
Benefit payments			(10,139)
Net changes			40,859
Balance at June 30, 2018		\$	549,185

The amount of total OPEB liability estimated to be due and payable within one year is \$11,000.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Clerk, as well as what the Clerk’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB liability	\$ 669,533	\$ 549,185	\$ 456,813

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Entity, as well as what the Entity’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 475,221	\$ 549,185	\$ 650,198

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

For the year ended June 30, 2018, the Entity recognized OPEB expense of \$48,667. At June 30, 2018, the Entity reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,809	\$ -
Changes in assumptions	-	(27,488)
Total	\$ 29,809	\$ (27,488)

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

Years ending June 30:		
2019	\$	116
2020		116
2021		116
2022		116
2023		116
Thereafter		1,741

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.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. PENSION PLAN (continued)

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, 2018 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, 2018, 2017, and 2016, were \$137,961, \$129,554, and \$128,315, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the Clerk reported a liability of \$1,183,683 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement period, June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the 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, 2017, the Clerk's proportion was 0.7824%, which was an increase of 0.0425% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Clerk recognized pension expense of \$203,274 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued) – At June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,847	\$ (31,060)
Changes of assumptions	51,624	-
Net difference between projected and actual earnings on pension plan investments	16,211	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	117,392	(13,823)
Contributions in excess (deficiency) of required amount	3,073	(54)
Employer contributions subsequent to the measurement date	137,961	-
Total	<u>\$ 362,108</u>	<u>\$ (44,937)</u>

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. PENSION PLAN (continued)

The Clerk reported a total of \$137,961, as deferred outflow of resources, related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

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

Years ending June 30		
2019	\$	47,693
2020		101,977
2021		59,079
2022		<u>(29,539)</u>
	<u>\$</u>	<u>179,210</u>

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

Valuation Date	June 30, 2017
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 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males) 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, 2018**

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 7.60% as of June 30, 2017. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.0%	1.8%
Core plus fixed income	15.0%	2.3%
Domestic Equity:		
Large cap domestic equity	21.0%	5.3%
Non-large cap domestic equity	7.0%	5.0%
International Equity:		
Large cap international equity	14.0%	5.3%
Small cap international equity	6.5%	5.3%
Emerging markets	6.5%	7.3%
Real Estate	10.0%	4.5%
Master Limited Partnerships	5.0%	7.0%
Hedge Funds	10.0%	3.0%
	<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 Public Retirement System's Actuary Committee (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, 2018**

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%
DPCC Share of NPL	\$ 1,811,460	\$ 1,183,683	\$ 650,723

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, 2018, the Clerk's matching funds totaled \$45,216.

9. FACILITIES

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

REQUIRED SUPPLEMENTARY INFORMATION

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses & permits				
Marriage licenses	\$ 4,000	\$ 3,800	\$ 4,288	\$ 488
Charges for services				
Court costs, fees and charges	995,840	990,000	1,003,173	13,173
Recording fees	520,000	720,000	858,519	138,519
Copy fees	52,500	50,000	47,290	(2,710)
Intergovernmental				
Supplemental compensation fund	15,950	15,950	19,450	3,500
Miscellaneous				
Interest	32,000	32,000	45,212	13,212
Other	40,500	40,000	60,895	20,895
Total Revenues	<u>1,660,790</u>	<u>1,851,750</u>	<u>2,038,827</u>	<u>187,077</u>
<u>EXPENDITURES</u>				
Current:				
Personnel services and benefits	1,229,450	1,229,450	1,268,834	(39,384)
Operating	487,850	487,850	464,078	23,772
Capital outlay	5,000	5,000	-	5,000
Total Expenditures	<u>1,722,300</u>	<u>1,722,300</u>	<u>1,732,912</u>	<u>(10,612)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>				
	<u>(61,510)</u>	<u>129,450</u>	<u>305,915</u>	<u>176,465</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>5,308,378</u>	<u>5,489,301</u>	<u>5,479,301</u>	<u>(10,000)</u>
End of year	<u>\$ 5,246,868</u>	<u>\$ 5,618,751</u>	<u>\$ 5,785,216</u>	<u>\$ 166,465</u>

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS

Financial statement reporting date	Measurement date	Service cost	Interest	Differences between expected and actual experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered- employee payroll	Total OPEB liability as a percentage of covered- employee payroll
6/30/2018	6/30/2018	\$ 27,812	\$ 20,749	\$ (28,862)	\$ 31,299	\$ (10,139)	\$ 40,859	\$ 508,326	\$ 549,185	\$ 765,185	71.77%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2018.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

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

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, 2018 (*)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.7824%	0.7398%	0.6739%	0.6588%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,183,683	\$ 1,368,716	\$ 1,010,909	\$ 888,664
Employer's Covered-Employee Payroll	705,813	675,345	647,865	608,568
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	167.70%	202.67%	156.04%	146.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.69%	74.17%	78.13%	79.37%

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, 2016 as it relates to the measurement period June 30, 2017.

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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution ¹	\$ 137,961	\$ 129,554	\$ 128,315	\$ 115,628
Contributions in Relation to Contractually Required Contribution ²	<u>137,961</u>	<u>129,554</u>	<u>128,315</u>	<u>115,628</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employer's Covered Employee Payroll	723,951	705,813	675,345	608,568
Contributions as a % of Covered Employee Payroll	19.06%	18.36%	19.00%	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:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

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

OTHER SUPPLEMENTARY INFORMATION

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

COMBINED STATEMENT OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Agency Funds</u>
<u>ADDITIONS</u>	
Suits and successions	\$ 1,034,629
Interest income	<u>10,347</u>
Total additions	<u>1,044,976</u>
<u>DEDUCTIONS</u>	
Clerk's costs (paid to general fund)	407,405
Settlements to litigants	743,833
Sheriff's fees	65,223
Other deductions	<u>62,942</u>
Total deductions	<u>1,279,403</u>
Changes in assets and liabilities	(234,427)
Assets and liabilities - beginning of year	<u>3,984,853</u>
Assets and liabilities - end of year	<u>\$ 3,750,426</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, 2018

Clerk of Court Jeremy Evans

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 146,909
Vote custodian	2,100
Benefits-insurance	15,848
Benefits-retirement	49,033
Car allowance	20,033
Cell phone	<u>1,200</u>
	<u>\$ 235,123</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, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control over Financial Reporting

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

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 20, 2018

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

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, 2018.
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 noted.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2017**

FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

DESOTO PARISH CLERK OF COURT
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Observations and Associated Findings	2 - 13
Management's Response and Corrective Action Plan	14

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

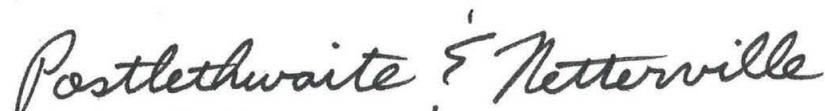
We have performed the procedures enumerated in Schedule A, which were agreed to by DeSoto Parish Clerk of Court (the Clerk of Court) and the Louisiana Legislative Auditor (LLA) (the specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs)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


Baton Rouge, Louisiana
December 20, 2018

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

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. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, the results will read “*procedure was not performed due to no exceptions occurring for this procedure in the prior year*” is indicated.

Written Policies and Procedures

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

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

No exceptions noted.

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 Entity has written policies for purchasing; however, the policies do not contain attributes (1) regarding how purchases are initiated, (2) regarding how vendors are added to the vendor list and (5) documentation required to be maintained for all bids and price quotes.

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

No exceptions noted.

d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Clerk does have written policies for receipts; however, the policies do not contain attribute (1) regarding positions and responsibilities associated with receiving receipts.

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

No exceptions noted.

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.

No exceptions noted.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Written Policies and Procedures (continued)

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity has written policies for credit cards; however, the policies do not contain attributes (2) regarding allowable business uses, (3) documentation requirements, (4) regarding required approvers of statements, and (5) regarding monitoring card usage.

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

The Entity does have written policies for travel and expense reimbursement; however, the policies do not contain attribute (3) documentation requirements.

- 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 Entity does have written policies for ethics; however, the policies do not contain attribute (4) regarding requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

The Entity does have written policies for debt service; however, the policies do not contain attribute (2) regarding continuing disclosure/EMMA reporting requirements.

The Entity does not currently and has not historically had debt.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure is not applicable to entities managed by a single elected official. The Clerk is a single elected official who manages the Clerk of Court. As such, this procedure is not applicable to the Clerk of Court.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Board or Finance Committee (continued)

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure is not applicable to entities managed by a single elected official. The Clerk is a single elected official who manages the Clerk of Court. As such, this procedure is not applicable to the Clerk of Court.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure is not applicable to entities managed by a single elected official. The Clerk is a single elected official who manages the Clerk of Court. As such, this procedure is not applicable to the Clerk of Court.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of sixty-seven (67) bank accounts. Management identified the entity's main operating account. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected five (5) bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2017, resulting in five (5) bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (c.g., initialed and dated, electronically logged);

One (1) of the five (5) bank reconciliations was not prepared within two months of the related statement closing date. Three (3) of the five (5) bank reconciliations were not prepared.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (c.g., initialed and dated, electronically logged); and

Three (3) of the five (5) bank reconciliations were not prepared. As such, we were unable to perform the procedures for those three (3) bank reconciliations.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Bank Reconciliations (continued)

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

One (1) of the five (5) bank reconciliations had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that the reconciling items were researched for proper disposition. Three (3) of the five (5) bank reconciliations were not prepared. As such, we were unable to perform the procedures for these three (3) bank reconciliations.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of two (2) deposit sites. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the two (2) deposit sites and performed the procedures below.

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of five (5) collection locations. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected one (1) collection location for each of the two (2) deposit sites. Review of the Entity's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Collections (continued)

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two (2) deposit dates for each of the five (5) bank accounts selected in procedure #3. Of the five (5) bank accounts selected, two (2) bank accounts did not have deposits during the month randomly selected for procedure #3, or the entire year. We obtained supporting documentation for deposits related to each of the three (3) bank accounts and performed the procedures below.

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

No exceptions were noted for the General Fund. The Entity does not maintain sequentially pre-numbered receipts for collections related to the Advance Deposit or Registry Funds.

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

No exceptions noted.

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

No exceptions noted.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Collections (continued)

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

Two (2) of the six (6) deposits were not made within one business day of receipt at the collection location.

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

No exceptions noted.

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

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

The listing of locations that process payments for the fiscal period was provided and included a total of one (1) location. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the one (1) payment processing location selected in procedure #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

Review of the Entity's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

The Entity does not prepare and approve purchase orders / purchase requisitions.

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

No exceptions noted.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

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

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

No exceptions noted.

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

No exceptions noted.

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

A listing of non-payroll disbursements for the one (1) payment processing location selected in procedures #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) disbursements and performed the procedures below.

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

No exceptions noted.

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

No purchase order / requisition was initiated and approved for one (1) of the five (5) disbursements. Purchase orders / requisitions are not utilized for four (4) of the five (5) disbursements due to the nature of the fund (fiduciary) - considered not applicable.

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

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

A listing of cards was provided and included a total of three (3) credit cards. A signed representation by management was obtained on the completeness of the listing provided.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we selected the all three (3) credit cards used in the fiscal period. We randomly selected one (1) monthly statement for each of the three (3) cards selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

One (1) of the three (3) monthly credit card statements did not contain evidence of review by someone other than the card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finance charges and late fees were assessed on all three (3) monthly credit card statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We randomly selected ten (10) transactions for the three (3) cards selected in procedure #12 and performed the specified procedures.

- 1) *Three (3) of the thirty (30) transactions tested either did not have an itemized receipt supporting the charge or the supporting receipt was not itemized.*
- 2) *No exceptions noted.*
- 3) *No exceptions noted.*

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

A listing of travel and travel-related expense reimbursements was provided for the fiscal period and included a total of eleven (11) reimbursements. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) reimbursements and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

An active vendor list for the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the four (4) contracts and performed the procedures below.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Contracts (continued)

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We noted no exceptions for three (3) of the four (4) service agreements. There was no formal/written contract for one (1) of the four (4) service agreements. As such, we were unable to perform the procedures for that service agreement.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

We noted no exceptions for one (1) of the four (4) service agreements. Two (2) of the four (4) service agreements did not have amendments and as such the procedure was not applicable. There was no formal/written contract for one (1) of the four (4) service agreements. As such, we were unable to perform the procedures for that service agreement.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We noted no exceptions for three (3) of the four (4) service agreements. There was no formal/written contract for one (1) of the four (4) service agreements. As such, we were unable to perform the procedures for that service agreement.

Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected one (1) pay period during the fiscal period and performed the procedures below for the five (5) employees/officials selected in procedure #16.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Payroll and Personnel (continued)

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided and included a total of one (1) employee. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) employee and performed the specified procedures. No exceptions noted.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Ethics (continued)

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Debt Service

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

Not applicable as the Entity did not issue bonds/notes in the fiscal period.

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

Not applicable as the Entity did not have any bonds/notes outstanding at the end of the fiscal period.

Other

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

**DESOTO PARISH CLERK OF COURT
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2018**

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

The Clerk plans to develop/write policies and procedures to address the findings noted in this section by March 1, 2019.

Bank Reconciliations

The Clerk will implement new documentation standards to address the findings noted in this section by March 1, 2019.

Collections

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, 2019.

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

The Clerk will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2019.

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

The Clerk will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2019.

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, 2019.

DeSoto Parish Clerk of Court

REPORT TO MANAGEMENT

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

December 20, 2018

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, 2018 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.

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 20, 2018, on the financial statements, compliance and internal controls of the Clerk.

Current Year

MLC2018-001 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 escrowed balances by case number in the case management software to the respective cash and investment balances available for settlement of these cases.

Condition:

The total balance of the escrowed balances by case number are not reconciled to the respective cash and investment balances available for settlement of these cases.

Recommendation:

We recommend that the Clerk implement a procedure of reconciling the total balance of escrowed balances by case number to the respective cash and investment balances available for settlement of these cases.

Management's Response:

Management concurs with this finding. Management will continue to investigate old entries in the case management software, and is currently investigating software that will provide the necessary information to perform these reconciliations. Management anticipates implementing a solution by June 30, 2019.

Prior 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 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 2018-001.

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.

Status:

No similar finding was noted.

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 20, 2018 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