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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

DeSoto Parish Clerk of Court
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the DeSoto Parish Clerk of Court (Clerk), as of and for the year ended June 30, 2020, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Clerk, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of Changes in Other Post-Employment Benefits Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Employer Contributions on pages 3 through 6, 30, 31, 32, and 33, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2020, 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
November 20, 2020

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 7.

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 decreased by \$345,863 in the current year compared to an increase in net position of \$42,855 in the prior year.
- The General fund reported a deficiency of revenues over expenditures of \$191,725, reducing fund balance to \$5,692,009. The deficiency is in comparison to the surplus of \$98,518 provided for in the prior year. The deficiency is a result of a reduction in revenues due to the negative impact of the COVID-19 pandemic, whereby the Clerk provided reduced services to customers as well as operated on reduced hours for several months in the latter part of the year. Increases in personnel services and benefits also contributed to the deficiency.
- Total expenditures in the general fund increased by \$88,094. This is attributed to an increase in personnel services and benefits following a full year of personnel services and benefits expense for the 2 full-time employees hired in fiscal year 2019 as well as the addition of 1 new full-time employee in fiscal year 2020. Revenues decreased during the current year by approximately \$202,000. Recording fees, copy fees and courts costs, fees and charges revenue streams all experience decreases in the latter part of year due the negative impact of the COVID-19 pandemic.

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, 2020**

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 7 and 8) 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 9. 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		
	2020	2019
Current assets	\$ 5,826,451	\$ 5,957,960
Noncurrent assets:		
Capital assets, net	35,557	35,230
Total assets	5,862,008	5,993,190
Deferred outflows of resources	740,160	521,472
Current liabilities	143,806	85,653
Noncurrent liabilities:		
Other post-employment benefits liability	590,694	643,985
Net pension liability	1,530,961	1,293,617
Total liabilities	2,265,461	2,023,255
Deferred inflows of resources	235,414	44,251
Net investment in capital assets	35,557	35,230
Unrestricted net position	4,065,736	4,411,926
Total net position	\$ 4,101,293	\$ 4,447,156

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Net position of the DeSoto Parish Clerk of Court decreased by \$345,863, or 7.78%, from the previous fiscal year (2019). The decrease in net position is the result of a decline in fee revenues due to the negative impact of the COVID-19 pandemic and increased personnel and operating expenses during the fiscal year ended June 30, 2020.

The condensed statement of activities below compares operating results for 2020 and 2019.

Statement of Activities For the Year Ended		
	2020	2019
General revenue	\$ 201,522	\$ 184,342
Charges for service	1,756,296	1,970,188
Operating grants	24,600	22,650
Total revenue	1,982,418	2,177,180
General government expenses	(2,328,281)	(2,134,325)
Change in net position	\$ (345,863)	\$ 42,855

The DeSoto Parish Clerk of Court's total revenues decreased by approximately \$195,000, or 8.95%, from the previous year. The decrease is a primarily due to the negative impact of the COVID-19 pandemic, whereby the Clerk provided reduced services to customers as well as operated on reduced hours for several months in the latter part of the year. The total costs of all programs and services increased by approximately \$194,000, or 9.09% primarily due to increases in personnel services and benefits.

Capital Assets

At June 30, 2020, the DeSoto Parish Clerk of Court had \$35,557, net of depreciation, invested in capital assets (see table below). This amount represents a net increase of \$327, including depreciation.

Capital Assets at Year End (Net of Depreciation)		
	2020	2019
Furniture, fixtures and equipment	\$ 35,557	\$ 35,230
Total	\$ 35,557	\$ 35,230

The increase is due to capital outlay of \$14,618 offset by depreciation of \$14,291 in the current year.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Long-Term Liabilities

The DeSoto Parish Clerk of Court's long-term debt consists of its other post-employment benefits liability and net pension liability. The other post-employment benefits liability decreased by \$55,354, or 8.45%. The decrease is due to the change in actuary assumptions. The net pension liability increased by \$237,344, or 18.35%. The increase is due to an overall increase in pension liability at the system level. See table detailing long-term liabilities below.

Long-Term Liabilities at Year End

	2020	2019
Other post-employment benefits liability	\$ 600,058	\$ 655,412
Net pension liability	1,530,961	1,293,617
Total	\$ 2,131,019	\$ 1,949,029

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$40,319 more than budgeted amounts due to recording fees and miscellaneous income being more than expected.

Actual expenditures were \$50,444 more than budgeted amounts primarily due to expenditures associated with personnel services and benefits and capital outlay being more than expected.

The budget was amended in anticipation of charges for services being less than expected and personnel services and benefits expenditures being more than expected. The budget was amended through a \$69,900 decrease in revenue due to an anticipated decrease in recording fees, marriage licenses and copy fees. Expenditures were increased \$116,000 due to an anticipated increases in personnel services and benefits and operating costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

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

CONTACTING THE DESOTO PARISH CLERK OF COURT

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

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 1,034,639
Investments	4,693,277
Accounts receivable (net of allowance of \$18,643)	92,327
Prepays	6,208
Total current assets	<u>5,826,451</u>
Noncurrent Assets:	
Capital assets, net of depreciation	<u>35,557</u>
Total assets	<u>5,862,008</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to other post-employment benefit obligation	195,500
Deferred outflow amounts related to pension liability	<u>544,660</u>
Total deferred outflows of resources	<u>740,160</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	31,086
Accrued expenses	67,361
Unearned revenue	35,995
Current portion of other post-employment benefits liability	9,364
Total current liabilities	<u>143,806</u>
Noncurrent Liabilities:	
Other post-employment benefits liability, net of current portion	590,694
Net pension liability	<u>1,530,961</u>
Total liabilities	<u>2,265,461</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to other post-employment benefits	231,011
Deferred inflow amounts related to pension liability	<u>4,403</u>
Total deferred inflows on resources	<u>235,414</u>
<u>NET POSITION</u>	
Net investment in capital assets	35,557
Unrestricted	<u>4,065,736</u>
Total net position	<u>\$ 4,101,293</u>

The accompanying notes are an integral part of this financial statement.

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense and Changes in Net Position
<u>Functions/Programs</u>				
Governmental activities				
General government	\$ 2,328,281	\$ 1,756,296	\$ 24,600	\$ (547,385)
Total governmental activities	\$ 2,328,281	\$ 1,756,296	\$ 24,600	(547,385)
General revenues:				
Miscellaneous				46,829
Grants and contributions, not restricted				92,699
Interest				61,994
Total general revenues				201,522
Change in net position				(345,863)
Net position, beginning of year				4,447,156
Net position, end of year				\$ 4,101,293

The accompanying notes are an integral part of this financial statement.

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2020

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,034,639
Investments	4,693,277
Accounts receivable (net of allowance of \$18,643)	92,327
Prepays	6,208
	<hr/>
Total Assets	\$ 5,826,451
	<hr/> <hr/>
<u>LIABILITIES</u>	
Accounts payable	\$ 31,086
Accrued expenses	67,361
Unearned revenue	35,995
	<hr/>
Total Liabilities	134,442
	<hr/> <hr/>
<u>FUND BALANCE</u>	
Nonspendable - prepaids	6,208
Unassigned	5,685,801
	<hr/>
Total Fund Balance	5,692,009
	<hr/> <hr/>
Total Liabilities and Fund Balance	\$ 5,826,451
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance - Governmental Fund		\$ 5,692,009
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 (\$116,070), in the current period.		35,557
Other post-employment benefits (OPEB) liability and deferrals recorded in accordance with GASB 75		
Deferred outflow of resources - related to OPEB	195,500	
Other post-employment benefits obligation	(600,058)	
Deferred inflow of resources - related to OPEB	<u>(231,011)</u>	
		(635,569)
Net pension liability and deferrals recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	544,660	
Net pension liability	(1,530,961)	
Deferred inflow of resources - related to net pension liability	<u>(4,403)</u>	
		<u>(990,704)</u>
Total net position - Governmental Activities		<u>\$ 4,101,293</u>

The accompanying notes are an integral part of this financial statement.

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Licenses & permits	
Marriage licenses	\$ 2,695
Charges for services	
Court costs, fees and charges	978,478
Recording fees	754,550
Copy fees	20,573
Intergovernmental	
Supplemental compensation fund	24,600
Miscellaneous	
Interest	61,994
Other	46,829
Total revenues	<u>1,889,719</u>
<u>EXPENDITURES</u>	
Current	
Personnel services and benefits	1,488,387
Operating	578,439
Capital outlay	14,618
Total expenditures	<u>2,081,444</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>	
<u>OVER EXPENDITURES</u>	<u>(191,725)</u>
Fund balance - beginning of year	<u>5,883,734</u>
Fund balance - end of year	<u>\$ 5,692,009</u>

The accompanying notes are an integral part of this financial statement.

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, 2020

Net change in fund balance - governmental fund \$ (191,725)

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 capital outlay (\$14,618) exceeds depreciation (\$14,291) in the current period. 327

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 other post-employment benefits liability and deferred inflows and outflows in accordance with GASB 75. (45,637)

Change in net pension liability and deferred inflows and outflows in accordance with GASB 68. (108,828)

Change in net position - governmental activities \$ (345,863)

The accompanying notes are an integral part of this financial statement.

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

COMBINED STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,951,599
Investments	<u>159,375</u>
Total assets	<u><u>\$ 5,110,974</u></u>
<u>LIABILITIES</u>	
Due to others	<u>\$ 5,110,974</u>
Total liabilities	<u><u>\$ 5,110,974</u></u>

The accompanying notes are an integral part of this financial statement.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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.

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:

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Fund Accounting (continued)

Governmental Funds (continued)

Fiduciary Funds (continued)

- The Advance Deposit Fund – provided for under Louisiana Revised Statute 13:842, is used to account for advance deposits in suits filed by litigants.
- The Registry of Court Fund – provided for under Louisiana Revised Statute 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 are generally 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 when 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.

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 the Clerk's operations.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Basis of Accounting / Measurement Focus (continued)

Fund Financial Statements (FFS) (continued)

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.

Investments

Investments are limited by Louisiana 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 \$18,643.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and as such will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 5 for additional information on deferred outflows of resources related to other post-employment benefits and Note 6 for additional information on deferred outflows of resources related to defined benefit pension plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and as such will not be recognized as an inflow of resources (revenues) until that time. See Note 5 for additional information on deferred inflows of resources related to other post-employment benefits and Note 6 for additional information on deferred inflows of resources related to defined benefit pension plans.

Estimates

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

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MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 of 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 the purposes of which committed, assigned and unassigned amounts are available, the Clerk’s office reduces committed amounts first followed by assigned amounts and then unassigned amounts.

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MANSFIELD, LOUISIANA
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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Clerk's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Clerk controls the assets in a fiduciary activity and (2) if there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The Clerk will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. The effect of this standard or its applicability to the Clerk are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Clerk will include the requirements of this standard, as applicable, in its June 30, 2022 financial statement. All of the Clerk's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Clerk are unknown at this time.

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

Deposits

At June 30, 2020, the Clerk had cash (book balance) totaling \$8,696,129. Deposits including cash and cash equivalents and investments on the balance sheet at June 30, 2020, 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	307,881	-
Demand deposits	<u>723,783</u>	<u>4,951,599</u>
	1,034,639	4,951,599
Investments		
Certificates of deposit	<u>2,550,514</u>	<u>159,375</u>
Total deposits	<u>\$ 3,585,153</u>	<u>\$ 5,110,974</u>

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

Deposits (continued)

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, 2020, the Clerk's bank balance of demand deposit accounts was \$5,774,638 was fully collateralized or FDIC insured and therefore not exposed to custodial credit risk. As of June 30, 2020, time and savings deposits (money market accounts and certificates of deposit) of \$3,017,867 are held with local banks and with an investment management company. Time and savings bank deposits are covered by FDIC insurance and time and savings deposits held with the investment management company are covered by Security Investor Protection Corporation (SIPC) insurance of \$500,000. All time and savings deposits were either FDIC insured, SIPC insured or fully collateralized at June 30, 2020. Holdings with investment companies are not required to be collateralized.

Investments

The Clerk maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Clerk may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions as noted in Louisiana R.S. 33:2955. Investments in time certificates of deposit can be placed with state banks, national banks or federal credit unions as permitted in state statute.

As of June 30, 2020, the Clerk had its assets in money market instruments and certificates of deposit. The below schedule identifies the investments by type:

Type of Investment	Carrying Value	Remaining Maturity		Credit Rating (S&P's)
		Less than 1 year	1 – 5 years	
Investments measured at net asset value (NAV)				
External investment pool	\$ 2,142,763	\$ 2,142,763	\$ -	AAAm
Total investments measured at fair value	2,142,763	2,142,763	-	
Investments reports at cost				
Certificates of deposit	2,709,889	2,586,316	123,573	
Total investments	\$ 4,852,652	\$ 4,729,079	\$ 123,573	

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

Credit Risk – Under Louisiana R.S. 33:2955, as amended, the Clerk may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions. The Clerk's investment policy does not further limit its investment choices.

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

Investments (continued)

Concentration of Credit Risk – The Clerk’s investment policy does not limit the amount the Clerk may invest in any one issuer. The Clerk does not have any concentration of credit risk as of June 30, 2020.

Custodial credit risk-investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Clerk will not be able to recover the value of its investments 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 \$2,142,763 in the external investment pool 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 Louisiana 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 or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is 47 days as of June 30, 2020.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. 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 net asset value of the pool shares.

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

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

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street Suite 2220, New Orleans, LA 70130.

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3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, includes charges for services revenue of \$110,970 less an allowance for uncollectible accounts of \$18,643.

4. CAPITAL ASSETS

A summary of the DeSoto Parish Clerk of Court's capital assets as of June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets				
Furniture, fixtures & equipment	\$ 137,009	\$ 14,618	\$ -	\$ 151,627
Less accumulated depreciation	(101,779)	(14,291)	-	(116,070)
Total capital assets, net	\$ 35,230	\$ 327	\$ -	\$ 35,557

Depreciation expense of \$14,291 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 (the Clerk) provides certain continuing health care and life insurance benefits for its retired employees. The DeSoto Parish Clerk of Court's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Clerk. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Clerk. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

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 are 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 January 1, 2011 are not able to retire or enter DROP until age 60 without actuarial reduction in benefits.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70.

Retiree Premiums – Retire premiums provided from the Louisiana Clerks' of Courts Association were used to determine retiree cost projections. The "value of benefits" has been assumed to be the portion of the premium after the retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The active employees and pre-Medicare retirees are assigned the same rate, a blended rate. Thus, since GASB 74/75 mandates that "unblended" rates be used, we have estimated the "unblended" rates for retired members before Medicare eligibility to be 130% of the blended rates. The unblended rates provided are those for Medicare eligible retirees.

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

General Information about the OPEB Plan (continued)

Participation - Employees who receive active benefits are assumed to also receive retiree benefits. We also assume that the same percentage of employees with spouse coverage would also have spouse coverage as retirees.

Contribution rates - Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. Retirees contribute to the cost of the Medical and life plans offered. The plan provisions and contribution rates are contained in the official plan documents.

Employees covered by benefit terms – At June 30, 2020, the following employees were 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	19
	24

Total OPEB Liability

The Clerk’s total OPEB liability of \$600,058 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The following actuarial assumptions and other inputs were applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, including inflation
Prior discount rate	3.50%, annually
Discount rate	2.21%, annually
Healthcare cost trend rates	5.50%, annually until year 2030, then 4.50%
Mortality	SOA RP-2014 Combined Mortality Table

The discount rate was based on the value of the Bond Buyers’ 20-year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

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

Changes in the Total OPEB Liability

Balance at June 30, 2019		\$ 655,412
Changes for the year:		
Service cost		36,359
Interest		23,576
Differences between expected and actual experience		(225,024)
Changes in assumptions		118,611
Benefit payments and net transfers		(8,876)
Net changes		(55,354)
 Balance at June 30, 2020		 \$ 600,058

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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease (1.21%)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 727,187	\$ 600,058	\$ 501,956

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

	1.0% Decrease (4.5%)	Current Healthcare Cost Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 524,801	\$ 600,058	\$ 698,898

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

For the year ended June 30, 2020, the Clerk recognized OPEB expense of \$54,513. At June 30, 2020, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,607	\$ (206,272)
Changes in assumptions	146,893	(24,739)
Total	\$ 195,500	\$ (231,011)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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:	
2021	\$ (5,421)
2022	(5,421)
2023	(5,421)
2024	(5,421)
2025	(5,421)
Thereafter	(8,406)
	<u>\$ (35,511)</u>

6. PENSION PLAN

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

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

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

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Clerk is required to contribute at an actuarially determined rate. The employer's and employee's rate for the year ended June 30, 2020 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, 2020, 2019, and 2018, were \$165,968, \$155,316, and \$137,961, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. **PENSION PLAN** (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Clerk reported a liability of \$1,530,961 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement period, June 30, 2019 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, 2019, the Clerk’s proportion was 0.8430%, which was an increase of 0.0653% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Clerk recognized pension expense of \$367,495 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, 2020, 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	\$ 42,987	\$ -
Changes of assumptions	97,864	-
Net difference between projected and actual earnings on pension plan investments	118,608	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,012	(3,950)
Contributions in excess (deficiency) of required amount	221	-
Employer contributions subsequent to measurement date	165,968	(453)
Total	\$ 544,660	\$ (4,403)

The Clerk reported a total of \$165,968, as deferred outflow of resources, related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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:		
2021	\$	156,180
2022		62,195
2023		94,989
2024		60,925
	\$	374,289

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6. **PENSION PLAN** (continued)

Actuarial Assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	5 Years
Investment Rate of Return	6.75%, net of investment expense
Projected salary increases	5.00%
Inflation Rate	2.5% per annum
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) and projected to 2030 using Scale AA for males and females
Cost of living adjustments	None. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 and ending June 30, 2014.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 and ending June 30, 2014.

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 6.75% as of June 30, 2019. 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, 2019, are summarized in the following table:

Asset class	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income:		
Domestic bonds	20.00%	2.50%
International bonds		3.50%
Domestic equity	33.00%	7.50%
International equity	27.00%	8.50%
Real estate	10.00%	4.50%
Hedge funds	10.00%	6.60%
Total	<u>100.00%</u>	

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6. PENSION PLAN (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. 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 Board of Trustees and 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 6.75% 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 (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
DeSoto Parish Clerk of Court share of NPL	\$ 2,274,754	\$ 1,530,961	\$ 899,966

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, 2020, the Clerk's matching funds totaled \$45,732.

9. FACILITIES

The Clerk’s office is located in the parish courthouse. Expenditures for maintenance and operation of the parish courthouse, as required by state statute, are paid the DeSoto Parish Police Jury and are not included in the accompanying financial statements.

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

10. SUBSEQUENT EVENTS

The Clerk has evaluated subsequent events through November 20, 2020, the date the financial statements were available to be issued, and determined that that following item required additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In March, 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. The spread of the virus has adversely affected global business activities and has resulted in significant uncertainty in the global economy. The impact of the COVID-19 continues to evolve and has been marked by rapid changes and developments. The impact of the outbreak may be short-term or may last for an extended period of time. The extent to which the COVID-19 pandemic may directly or indirectly impact the Clerk's financial condition or results of operations cannot be reasonably estimated at this time.

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses & permits				
Marriage licenses	\$ 3,800	\$ 2,800	\$ 2,695	\$ (105)
Charges for services				
Court costs, fees and charges	990,000	1,005,000	978,478	(26,522)
Recording fees	800,000	700,000	754,550	54,550
Copy fees	30,000	20,000	20,573	573
Intergovernmental				
Supplemental compensation fund	16,500	24,600	24,600	-
Miscellaneous				
Interest	54,000	62,000	61,994	(6)
Other	25,000	35,000	46,829	11,829
Total Revenues	<u>1,919,300</u>	<u>1,849,400</u>	<u>1,889,719</u>	<u>40,319</u>
<u>EXPENDITURES</u>				
Current:				
Personnel services and benefits	1,350,000	1,440,000	1,488,387	(48,387)
Operating	545,000	584,000	578,439	5,561
Capital outlay	20,000	7,000	14,618	(7,618)
Total Expenditures	<u>1,915,000</u>	<u>2,031,000</u>	<u>2,081,444</u>	<u>(50,444)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER EXPENDITURES</u>				
	<u>4,300</u>	<u>(181,600)</u>	<u>(191,725)</u>	<u>(10,125)</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>5,623,051</u>	<u>5,623,051</u>	<u>5,883,734</u>	<u>260,683</u>
End of year	<u>\$ 5,627,351</u>	<u>\$ 5,441,451</u>	<u>\$ 5,692,009</u>	<u>\$ 250,558</u>

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

SCHEDULE OF CHANGES IN
OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

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
6/30/2020	6/30/2020	\$ 36,359	\$23,576	\$(225,024)	\$ 118,611	\$ (8,876)	\$ (55,354)	\$ 655,412	\$ 600,058	\$ 819,790	73.20%
6/30/2019	6/30/2019	\$ 28,646	\$21,808	\$ 24,198	\$ 42,407	\$ (10,832)	\$ 106,227	\$ 549,185	\$ 655,412	\$ 829,731	78.99%
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%

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

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

Changes in assumptions -

Discount rate as of 6/30/2017 was 3.58%.

Discount rate as of 6/30/2018 was 3.87%.

Discount rate as of 6/30/2019 was 3.50%.

Discount rate as of 6/30/2020 was 2.21%.

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, 2020 (*)

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.8430%	\$ 1,530,961	\$ 817,011	187.39%	77.93%
2019	0.7777%	1,293,617	723,951	178.69%	79.07%
2018	0.7824%	1,183,683	705,813	167.70%	79.69%
2017	0.7398%	1,368,716	675,345	202.67%	74.17%
2016	0.6739%	1,010,909	608,568	166.11%	78.13%
2015	0.6588%	888,664	647,865	137.17%	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 June 30th of the previous year-end.

No changes in assumptions - 2020

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, 2020

Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2020	\$ 165,968	\$ 165,968	-	\$ 862,891	19.23%
2019	155,316	155,316	-	817,011	19.01%
2018	137,961	137,961	-	723,951	19.06%
2017	129,554	129,554	-	705,813	18.36%
2016	128,315	128,315	-	675,345	19.00%
2015	115,628	115,628	-	608,568	19.00%

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

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*

³ *Employer's covered payroll amount for the fiscal year ended June 30*

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, 2020

	<u>Agency Funds</u>
<u>ADDITIONS</u>	
Suits and successions	\$ 1,792,882
Interest income	<u>13,197</u>
Total additions	<u>1,806,079</u>
<u>DEDUCTIONS</u>	
Clerk's costs (paid to general fund)	416,578
Settlements to litigants	433,039
Sheriff's fees	81,588
Other deductions	<u>49,219</u>
Total deductions	<u>980,424</u>
Changes in assets and liabilities	825,655
Assets and liabilities - beginning of year	<u>4,285,319</u>
Assets and liabilities - end of year	<u><u>\$ 5,110,974</u></u>

DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CLERK OF COURT
FOR THE YEAR ENDED JUNE 30, 2020

Clerk of Court, Jeremy Evans

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 148,229
Vote custodian	2,100
Benefits - insurance	12,644
Benefits - retirement	37,164
Car allowance	19,943
Cell phone	100
	<hr/>
	\$ 220,180
	<hr/> <hr/>

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, 2020, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated November 20, 2020.

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
November 20, 2020

**DESOTO PARISH CLERK OF COURT
MANSFIELD, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020**

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, 2020.
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 AUDIT FINDINGS
JUNE 30, 2019**

FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

DeSoto Parish Clerk of Court

REPORT TO MANAGEMENT

JUNE 30, 2020

November 20, 2020

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, 2020 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 of matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. The Clerk's response to the matters identified below were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. This letter does not affect our reports dated November 20, 2020, on the financial statements, compliance and internal controls of the Clerk.

Current Year

MLC2020-001 Advance Deposit Reconciliation (repeat)

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 and progress has been made. Management will continue to investigate old entries in the case management software. The Clerk has entered into a Cooperative Endeavor Agreement (CEA) with other Clerks of Court for the purpose of acquiring or developing software that will provide the necessary information to perform these reconciliations. One of the Clerks of Court that is part of the CEA began software transition and testing in 2020. Subsequent to testing and any necessary software fixes, DeSoto Parish Clerk of Court anticipates implementation and utilization of the software by June 30, 2021.

MLC2020-002 Cybersecurity Risks

Criteria:

Cybersecurity risks exists with respect to information technology. Training and education with regard to cybersecurity risks (i.e. phishing emails, data security, encryption, etc.) should be completed by all personnel.

Condition:

Personnel are not formally educated and trained with regard to the threats of cybersecurity risks.

Recommendation:

We recommend that the Clerk implement annual training and education with regard to cybersecurity risks for all personnel.

Management's Response:

Management concurs with this finding. Management will conduct cybersecurity training and education for all personnel. Management anticipates implementing a solution by June 30, 2021.

Prior Year

MLC2019-001 Advance Deposit Reconciliation (repeat)

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.

Status:

Progress but pending. See MLC 2020-001.

MLC2019-002 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 \$78,500 for accounts with a bank at June 30, 2019.

Status:

Resolved.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the Clerk's staff for their patience and cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Desoto Parish Clerk of Court and its management and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana
November 20, 2020