

ST. BERNARD PARISH CLERK OF COURT
CHALMETTE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/7/07

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

Annual Financial Statements
Year Ended June 30, 2006

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**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

Our discussion and analysis of the St. Bernard Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended June 30, 2006. Please read these comments in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated in all material respects. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided on these reports.

Government Wide Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets reflects the financial position of the Clerk's office. The unrestricted fund balance for the General Fund as reflected in this statement consists of funds available for future spending to meet the needs of the Clerk's office.

The Statement of Activities reflects the changes in net assets, Net assets, the difference between assets and liabilities, is one measure of the financial health or financial position of an entity. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating.

Fund Financial Statements

The Clerk of Court manages monies and maintains accounting records for several distinct and separate funds. The segregation of activity is based on the source of the monies and their designated purposes. Some funds are established as mandated by State law.

The Clerk of Court maintains governmental funds for basic office operations. Governmental funds focus on how money flows into and out of the operating accounts and reflects the year-end balances available for spending. These funds are reported under the modified accrual accounting method, which measures cash, and all other financial assets that can readily be converted to cash.

The Governmental Fund Statements provide a detailed short-term view of the general government operations and the basic services provided. Governmental fund information helps to determine whether there are more or fewer financial resources available in the near future to finance the Clerk of Court's programs.

The Governmental Fund - General Fund Statement of Revenues, Expenditures and Changes in Fund Balance provides information about the Clerk's activities as a whole and presents a view of the current year operations of the office. Substantially all of the current year's program revenues and expenses are taken into account regardless of when cash is received or paid.

In analyzing these reports, one of the more important considerations is the financial outcome of the current year operations. The current year activity is reflected in this statement and provides the data necessary to address this concern.

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

Fund Financial Statements – (Continued)

The Clerk of Court is the trustee, or fiduciary, for funds reserved by the Court and for Advance Costs collected in payment for court expenses. All of these fiduciary activities are reported separately. These activities are excluded from the General Fund Statements of activity because the Clerk of Court cannot access these funds to finance the operations of the office. The Clerk of Court is responsible for safeguarding these assets and ensuring that these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year operations summarized as follows:

- Net assets of governmental activities decreased by \$139,015 or approximately a 9% decrease from the prior year.
- During the year, the Clerk had expenditures of \$2,053,536 that were \$139,015 more than the \$1,914,521 generated in fees and other revenues for governmental programs.
- Net Assets at year-end totals \$1,426,282, a decrease of \$139,015 over the prior year balance of \$1,565,297.

The Statement of Net Assets and the Statement of Activities reports only one type of activity – governmental activities. All basic governmental services are reported as this type. Fees and court costs charged to the public finance most of these activities.

Our analysis below focuses on the net assets of the governmental-type activities.

Condensed Statement of Net Assets

	2006	2005	Dollar Change	Total % Change
Current and other assets	\$ 1,287,592	\$ 1,455,832	\$ (168,240)	(11.6)%
Capital assets	<u>235,698</u>	<u>222,713</u>	<u>12,985</u>	<u>5.8</u>
Total Assets	1,523,290	1,678,545	(155,255)	(9.2)
Current liabilities	97,008	113,248	16,240	14.3
Investment in capital assets	235,698	222,713	12,985	5.8
Unrestricted	<u>1,190,584</u>	<u>1,342,584</u>	<u>(152,000)</u>	<u>(11.3)</u>
Total Net Assets	<u>\$ 1,426,282</u>	<u>\$ 1,565,297</u>	<u>\$ (139,015)</u>	<u>(8.8)%</u>

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

FINANCIAL HIGHLIGHTS - (Continued)

Condensed Statement of Activities

	2006	2005	Dollar Change	Total % Change
Total program expenses	\$ 2,053,536	\$ 2,492,758	\$ (439,222)	(17.6)%
Total program revenues	<u>1,447,129</u>	<u>2,215,219</u>	<u>(768,090)</u>	<u>(34.7)</u>
Excess Expenses	(606,407)	(277,539)	(328,868)	118.5
General revenues	<u>467,392</u>	<u>97,738</u>	<u>369,654</u>	<u>378.2</u>
Change in Net Assets	(139,015)	(179,801)	40,786	22.7
Net Assets:				
Beginning of year	<u>1,565,297</u>	<u>1,745,098</u>	<u>(179,801)</u>	<u>(10.3)</u>
End of year	<u>\$ 1,426,282</u>	<u>\$ 1,565,297</u>	<u>\$ (139,015)</u>	<u>(8.9)%</u>

ST. BERNARD PARISH CLERK OF COURT AS A WHOLE

The Clerk of Court's net assets decreased by \$139,015 as a result of this year's operations. The overall financial position declined during the fiscal year ended June 30, 2006.

Unrestricted net assets, the assets used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal obligations, created most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations. It means that if we had to meet all of our obligations today, including all non-capital liabilities, we would have \$1,190,584 left. The Clerk of Court's total revenues for the year in governmental activities were \$1,914,521 (\$1,447,129 in charges for services, \$369,753 in grant funds received and \$97,369 in general revenues). The total cost of all judicial programs and services was \$1,804,101, with no new programs added this year. In addition, the Clerk incurred expenses of \$411,312 directly attributable to the restoration of records and facilities and disaster losses after Hurricane Katrina devastated St. Bernard Parish.

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

ST. BERNARD PARISH CLERK OF COURT AS A WHOLE – (Continued)

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As noted earlier, the Clerk uses funds to control and manage money for particular purposes. Analyzing these funds helps to determine whether the Clerk is using her resources in a responsible manner and maintaining the financial integrity of the office.

At the year ended June 30, 2006, the governmental fund reported a fund balance of \$1,146,200, a decrease of \$124,652 over last year. This decrease is a result of major expenditures to restore the operations of the office to pre-Katrina standards, restore records damaged by flood waters and for the continuing effort to archive all parish records. Although the balance has decreased over the past year, it is due to circumstances beyond human control. Even with the enormous restoration costs directly attributable to the storm damage, the clerk is in a position to meet current expenses without compromising future ability to perform the duties of the Clerk's office.

GENERAL FUNDS BUDGETARY HIGHLIGHTS

The original budget for the General Funds was amended February 28, 2006. A summary of the changes follows:

Summary of Budget Changes

	Original Budget	Amended Budget	Increase (Decrease)	%
Revenues:				
Program Revenues	\$ 2,184,500	\$ 992,300	\$ (1,192,200)	-53.35%
Non-Program Revenues	50,000	75,000	25,000	1.12%
Total Revenues	<u>2,234,500</u>	<u>1,067,300</u>	<u>(1,167,200)</u>	<u>-52.23%</u>
Expenditures				
Salaries	1,350,000	980,000	(370,000)	-16.59%
Employee Benefits	662,800	523,850	(138,950)	-6.23%
Office Expense	163,000	93,100	(69,900)	-3.13%
Auto/Travel	3,000	4,500	1,500	0.07%
Clerks Supplemental Compensation	11,000	4,000	(7,000)	-0.31%
Permanent Records	10,000	45,000	35,000	1.57%
Capital Outlay	30,000	95,000	65,000	2.92%
Katrina Recovery (non-reimbursed)	-	35,000	35,000	1.57%
Total Expenditures	<u>2,229,800</u>	<u>1,780,450</u>	<u>(449,350)</u>	<u>-20.13%</u>
Excess of Revenue over Expenditures	4,700	(713,150)	(717,850)	-32.10%
Beginning Fund Balance	<u>1,262,939</u>	<u>1,270,852</u>	<u>7,913</u>	<u>0.63%</u>
Ending Fund Balance	<u>\$ 1,267,639</u>	<u>\$ 557,702</u>	<u>\$ (709,937)</u>	<u>-31.48%</u>

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

GENERAL FUNDS BUDGETARY HIGHLIGHTS – (Continued)

The original budget for the year ended June 30, 2006 was prepared before Hurricane Katrina hit St. Bernard Parish and was therefore based on normal operational projections. In actuality, the year has been anything but normal and the budget varies hugely from actual revenue and expenditures.

Substantially all of the decrease in program revenues can be attributed to the devastation of Hurricane Katrina. Virtually all businesses and most homes were destroyed in the flood. The population of the parish was nil for many months after the storm. Even now, almost fifteen months after the destruction, the population is estimated at only 20% of pre-Katrina. The judicial processes have been slowed; many lawyers have left the area, often the parties involved in litigation cannot be located and it is difficult to seat a jury due to the lack of available individuals to serve. The reduction in Court activity naturally results in decreased revenue for the Clerk's office.

Recording receipts decreased only about 10.5%. Although normal recording decreased, there were other storm-related factors that served to offset the reduction in fees. Many individuals paid off mortgages and made new loans as they settled with their insurance companies. Mineral Rights Lease filings have also held steady throughout the fiscal year.

The reduction in general revenues has also been somewhat offset by increased copy fees as citizens replace documents lost in the storm, increased interest rates, grant funds received, and contributions from companies who rely on the services of the office.

Expenditures associated with the normal activity of the Clerk's office are down significantly. Staff reduction and decreases in associated benefits account for an actual dollar decrease of \$432,137. At June 30, 2005, there were thirty-nine full-time employees and one part-time employee in the Clerk's office. When the Court house reopened October 11, 2005, eleven employees returned to work. The staff has gradually increased but there are still only twenty-six employees as of June 30, 2006. Office supplies, postage and other general expenses have also decreased. There are two categories of expenses that have offset the reductions to a significant degree. The first is the cost to recover from the storm. All areas of the office received 3 to 7 feet of water; virtually all furnishings and equipment were a total loss and had to be scrapped. Almost \$400,000 in expenditures is directly related to the cost to recover wet records, restore the facilities and replace capital assets. Imaging expense is up as the Clerk accelerates the process of digitizing all parish records. This is necessary to safeguard the documents of the citizenry from any future disasters.

CAPITAL ASSETS

Capital Assets include furniture and fixtures, and office equipment recorded at a historical cost of \$379,689. Assets were recorded in the Governmental Fund as of July 1, 2003 per GASB 34 requirements. The Clerk's capitalization policy is based on parish guidelines and states that only assets over \$500 will be capitalized.

Capital Assets, net of accumulated depreciation, for governmental activities as of June 30, 2006 was \$235,698. There were \$152,577 of additions to Capital Assets and deletions of \$276,230 in the current year. Depreciation expense was recorded at \$39,561. A Summary of Activity for Fixed Assets is presented in the notes to the financial statements.

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

Management's Discussion and Analysis
Year Ended June 30, 2006

LONG-TERM OBLIGATIONS

The Clerk of Court entered into contracts with Cott, Inc. in June 2004 for the acquisition of Resolution Software, installation and maintenance. These contracts totaled \$208,869 with payments over 48 months. At June 30, 2006 the balance due on these contracts is \$60,447 with the final payment due June 2008.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Clerk must consider many variables when budgeting for the coming fiscal year. Historical trends are no longer reliable indicators of activity as it will probably be many years before the parish recovers. The budget for the coming fiscal year is based on known changes in activity as experienced over the past fifteen months and the projections of parish officials as to the expected recovery.

A summary of the current budget for the year ending June 30, 2007 follows:

Condensed Summary of Budgeted Finances

	Year Ending <u>6/30/2007</u>
Anticipated Revenue	\$ <u>1,289,500</u>
Anticipated Expenditures:	
Current	1,586,500
Katrina Recovery	650,000
Permanent Records	40,000
Capital Outlay	<u>150,000</u>
	<u>2,426,500</u>
Excess (Deficit) of Revenues over Expenditures	(1,137,000)
Beginning Fund Balance	938,693
Ending Fund Balance (Deficit)	<u>\$ (198,307)</u>

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Management's Discussion and Analysis
Year Ended June 30, 2006

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the St. Bernard Clerk of Court and to show the accountability for all funds managed by this office. If you have questions about this report or need additional financial information, contact:

Honorable Lena R. Torres
St. Bernard Parish Clerk of Court
P.O. Box 1746
Chalmette, LA 70044
(504) 271-3434



SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

Honorable Lena R. Torres
St. Bernard Parish Clerk of Court
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities of the St. Bernard Parish Clerk of Court as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the management of the St. Bernard Parish Clerk of Court. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects the financial position of the St. Bernard Parish Clerk of Court as of June 30, 2006, and the results of its operations and its changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis and other required supplementary information, as listed in the foregoing table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2006, on our consideration of the St. Bernard Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral report of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sagona, Bourg, Lee, Matthew & Co., LLC

Certified Public Accountants
November 29, 2006

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Statement of Net Assets
June 30, 2006

	General Fund
Assets	
Cash and cash equivalents	\$ 1,145,458
Receivables	128,574
Prepaid expenses	13,560
Capital Assets, net of accumulated depreciation	235,698
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Total Assets	1,523,290
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Liabilities	
Accounts payable	73,009
Accrued accumulated compensated absences	23,999
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Total Liabilities	97,008
<hr/>	
Net Assets	
Investment in capital assets	235,698
Unrestricted	1,190,584
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Total Net Assets	1,426,282
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	\$ 1,523,290

See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Statement of Activities
June 30, 2006

Expenses

General government:

Personnel services and related benefits	\$ 1,489,277
Operating services	101,374
Travel and other charges	4,860
Depreciation	39,561
Permanent records	3,797
Intergovernmental	3,355
Disaster losses, recovery and remediation costs	411,312

Total Expenses 2,053,536

Program Revenues

Licenses and permits	1,850
Fees, charges, and commissions for services:	
Court costs, fees and charges	488,065
Fees for recording legal documents	819,733
Fees for copies of documents	93,478
Miscellaneous	44,003

Total Program Revenues 1,447,129

General Revenues

Use of money and property – interest earnings	80,369
Contributed support	17,270
Grants	369,753

Total General Revenues 467,392

Net Assets

Change in Net Assets	(139,015)
Beginning of year	1,565,297
End of year	\$ 1,426,282

See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Balance Sheet - Governmental Fund
June 30, 2006

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 1,145,458
Receivables	128,574
Prepaid expenses	13,560
Total Assets	1,287,592
Liabilities	
Accounts payable	73,009
Contracts payable	68,383
Total Liabilities	141,392
Fund Equity	
Fund balance - unreserved - undesignated	1,146,200
Total Liabilities and Fund Equity	\$ 1,287,592

See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

*Reconciliation of the Balance Sheet – Governmental Fund
To the Statement of Net Assets
June 30, 2006*

Total fund balance – governmental fund (fund financial statements)	\$ 1,146,200
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Amounts reported for *governmental activities* in the statement of net assets
(government-wide financial statements) are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds:

Cost of assets capitalized	\$ 379,689
Accumulated depreciation	(143,991)

235,698

Contracts payable are not accrued on the government-wide
financial statements because they were not payable at June 30, 2006. 68,383

Accrued compensated absences are not recorded on fund financials
because they are not due and payable at June 30, 2006. (23,999)

Total net assets (government-wide financial statements)	\$ 1,426,282
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See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2006

Revenues

Licenses and permits	\$	1,850
Fees, charges, and commissions for services:		
Court costs, fees, and charges		488,065
Fees for recording legal documents		819,733
Fees for copies of documents		93,478
Miscellaneous		137,481
Use of money and property – interest earnings		80,369
Grants		369,753
Total Revenues		1,990,729

Expenditures

General government:		
Personnel services and related benefits		1,487,025
Operating services		169,757
Travel and other charges		4,860
Capital outlay		135,307
Permanent records		3,797
Intergovernmental		3,355
Disaster losses, recovery and remediation costs		311,280
Total Expenditures		2,115,381
Excess of expenditures over revenues		(124,652)
Fund balance at beginning of year		1,270,852
Fund balance at end of year	\$	1,146,200

See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund to the Statement of Activities
Year Ended June 30, 2006

Net change in fund balance (fund financial statements)		\$ (124,652)
Amounts reported for governmental activities in the statement of activities (government-wide financial statements) are different because:		
Governmental funds report capital outlays as expenditures in the individual fund.		
Governmental activities report depreciation expense to allocate the cost of those capital assets over the estimated useful lives of the assets.		
Asset purchases capitalized during the year	\$ 152,577	
Depreciation expense for the year	(39,561)	
		113,016
Amounts not accrued for contracts payable on government-wide financials due to difference in fund accounting & GAAP.		68,383
Current year addition to compensated absences are not recorded on fund financials because they are not due and payable in the current year.		(2,252)
Payments on contracts payable by other agencies on behalf of the Clerk's Office and reduction of contracts payable balance for computer maintenance related to destroyed computer hardware which amounts Were reported as income in the fund financial statements.		(93,478)
Net book value of capital assets destroyed		(100,032)
Changes in net assets (government-wide financial statements)		\$ (139,015)

See notes to financial statements

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Statement of Fiduciary Net Assets – Agency Funds
June 30, 2006

	Advance Deposit Fund	Registry of Court Fund	Total
Assets			
Cash and cash equivalents	\$ 1,736,697	\$ 50,554,189	\$ 52,290,886
Liabilities			
Unsettled deposits	\$ 1,736,697	\$ 50,554,189	\$ 52,290,886

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

*Statement of Changes in Fiduciary Net Assets – Agency Funds
Year Ended June 30, 2006*

	Advance Deposit Fund	Registry of Court Fund	Total
Unsettled deposits, beginning of year	\$ 1,557,191	\$ 40,495,762	\$ 42,052,953
Additions:			
Deposits:			
Suits and successions	931,871		931,871
Judgments		8,607,596	8,607,596
Interest earnings on investments	1,425	1,580,167	1,581,592
Total additions	933,296	10,187,763	11,121,059
Subtotal	2,490,487	50,683,525	53,174,012
Reductions:			
Clerk's costs (transferred to General Fund)	468,127		468,127
Settlements to litigants		125,735	125,735
Attorney, curator, and notary fees	16,066		16,066
Sheriff's fees	83,073		83,073
Judges' supplemental compensation fund	30,095		30,095
Judicial Clerk's fund	45,330		45,330
Other reductions	111,099	3,601	114,700
Total reductions	753,790	129,336	883,126
Unsettled deposits, end of year	\$ 1,736,697	\$ 50,554,189	\$ 52,290,886

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court 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 of Court is elected for a four-year term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The accompanying financial statements of the St. Bernard Parish Clerk of Court have been prepared in conformity with generally accepted accounting principles (GAAP) 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. The accompanying basic financial statements have been prepared in conformity with GASB, Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

Reporting entity - As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of (a) the primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the St. Bernard Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- A. Appointing a voting majority of an organization's governing body, and
 1. The ability of the council to impose its will on that organization and/or
 2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
- B. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
- C. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Reporting entity - Continued

Because the parish council pays certain operating expenditures of the Clerk's office as required by Louisiana law, the Clerk of Court was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the council, the general government services provided by that governmental unit, or the other government units that comprise the financial reporting entity.

Fund accounting - The Clerk of Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the clerk of court are classified into two categories: governmental (General Fund) and fiduciary (Agency Funds). These funds are described as follows:

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

Agency Funds

The Advance Deposit and Registry of Court Agency Funds account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of accounting - Fund Financial Statements (FFS) - The amounts reflected in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (FFS), are accounted for using a 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 fund balances reports on the sources (i.e., revenues and other financing sources) 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 operations.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of accounting - Continued

The amounts reflected in these statements (FFS), use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Recordings, cancellations, court attendance, criminal cost, etc., are recorded in the year in which they are earned. Interest income on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recorded under the modified accrual basis of accounting when the related fund liability is incurred.

Basis of accounting - Government-Wide Financial Statements (GWFS) - The Statement of Net Assets and the Statement of Activities (GWFS) display information about the St. Bernard Parish Clerk of Court as a whole. These statements include all the financial activities of the St. Bernard Parish Clerk of Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Reconciliations

On pages 13 and 15 are the reconciliations of the items reflected in the fund financial statements to the government-wide financial statements.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Budget practices - The proposed budget for the 2006 fiscal year was made available for public inspection at the Clerk's office on June 9, 2005. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 7 days prior to the public hearing. The budget hearing was held at the Clerk's office on June 10, 2005. The budget is legally adopted and amended, as necessary, by the Clerk. The budget for the 2006 fiscal year was amended, adopted and published in the official journal on May 5, 2006. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and cash equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Uncollectible accounts receivable - The Clerk of Court uses the allowance method to account for uncollectible accounts receivable. The allowance for uncollectible accounts is based on prior years experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The Clerk of Court considers all accounts receivable at June 30, 2006 to be fully collectible. Accordingly, no allowance for uncollectible accounts is required.

Capital assets - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in their Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Office Equipment	5 years
Furniture & Fixtures	5 years
Automobiles	5 years
Leasehold Improvements	20 years

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Compensated absences - Employees of the Clerk of Court's office earn two weeks vacation leave and up to four weeks sick leave each year. The leave time accrues on a calendar year basis and must be used in the calendar year earned and is not payable upon separation from service. The accrued accumulated leave which had been unused by employees at June 30, 2006 has been included in the government - wide financial statements.

Fund equity - Reserves represent those portions of fund equity not appropriable for expenditure or are legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

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

2. DISASTER IMPACT AND UNCERTAINTY OF FUTURE MARKET CONDITIONS

On August 29, 2005, the region which the Clerk of Court serves was impacted by Hurricane Katrina and the area, inclusive of the Clerk's Office, experienced significant destruction as a result of wide spread flooding. As a result of the flooding, the Clerk's Office suffered the loss of a substantial portion of its accounting and financial records. The Office of Legislative Auditor for the State of Louisiana issued a policy statement to address the annual reporting requirement for agencies in this situation allowing those affected agencies to execute an affidavit stating that an audit could not be submitted due to the destruction of records and submit the affidavit in lieu of an audit. The Clerk complied with this policy statement and submitted the required affidavit along with agency-prepared financial statements for the year ended June 30, 2005.

Management has estimated the adverse impact of this catastrophe upon the Clerk of Court's 2006 financial statements, including disaster response costs and casualty losses, and those effects have been reported in the accompanying financial statements. However, the long-term viability of the devastated areas depends greatly on the extent of rebuilding and repopulation of these areas. At this time, plans for that rebuilding and repopulation have not been finalized. Therefore, the outlook for the affected areas' economic future is at this time uncertain, as is the manner in which that uncertainty could affect the Clerk of Court's future financial condition.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

3. CASH AND CASH EQUIVALENTS

At June 30, 2006, the Clerk of Court has cash and cash equivalents (book balances) totaling \$53,436,344 as follows:

	Governmental Fund	Agency Fund	Total
Checking accounts	\$ 745,458	\$ 897,191	\$ 1,642,649
Time deposits	400,000	850,000	1,250,000
Savings passbooks	-	50,543,695	50,543,695
Total deposits	\$ 1,145,458	\$ 52,290,886	\$ 53,436,344

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2006, the clerk has \$53,538,987 in deposits (collected bank balances). These deposits are secured from risk by \$2,013,170 of federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with a par value of \$56,690,020 and a market value of \$55,065,756 at June 30, 2006.

Even though the pledged securities are not considered collateral under the provisions of GASB Statement 3 (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

4. RECEIVABLES

The receivables of \$128,574 at June 30, 2006, are as follows:

		Governmental Fund- General Fund
Regular	\$	12,287
Court Attendance		1,620
Criminal Court Costs		2,424
Grants (expended not reimbursed at June 30, 2006)		74,874
Other		37,369
	\$	128,574

5. CAPITAL ASSETS

As previously noted, the St. Bernard Parish Clerk of Court adopted a capitalization policy during this fiscal year in accordance with the implementation of GASB 34. This adoption required an adjustment be made to adjust for assets previously carried at historical cost under \$500.

A schedule of changes in capital assets follows:

Governmental Activities	Balance 6/30/05	Additions	Deletions	Balance 6/30/06
Automobiles	\$ 17,366	\$ -	\$ (17,366)	\$ -
Equipment & Furniture	465,107	152,577	(258,864)	358,820
Building Improvements	20,869	-	-	20,869
Totals	\$ 503,342	\$ 152,577	\$ (276,230)	\$ 379,689

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

5. CAPITAL ASSETS - (Continued)

Less accumulated depreciation:

Governmental Activities	Balance 6/30/05	Additions	Deletions	Balance 6/30/06
Automobiles	\$ 4,920	\$ -	\$ (4,920)	\$ -
Equipment & Furniture	272,760	38,565	(171,278)	140,047
Building Improvements	2,948	996	-	3,944
Totals	\$ 280,628	\$ 39,561	\$ (176,198)	\$ 143,991
Capital assets, net	\$ 222,714			\$ 235,698

The depreciation expense charged for June 30, 2006 amounted to \$39,561.

6. GRANT REVENUES

During the year ended June 30, 2006, the Clerk's office reported revenues from grants, which were received or receivable at June 30, 2006 and expended during the year as follows:

<u>Federal Funds</u>	
Received and expended for services in connection with disaster recovery and remediation	\$ 291,879
Expended and receivable for replacement of destroyed equipment	41,023
Expended and receivable for personnel and fringe benefit costs	33,851
Receivable and Expended by the Clerk's Office	74,874
Total Federal Funds Received or Receivable and Expended	366,753
<u>Other Sources</u>	3,000
	\$ 369,753

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

7. PENSION PLAN

Plan Description. Substantially all employees of the St. Bernard Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system provides retirement, survivor, disability and terminated benefits to plan members and beneficiaries.

Funding Policy. All regular employees earning at least \$500 per month who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to an annual retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the full benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. Contributions to the System include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer's 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.

Annual Pension Cost. For 2006, the Clerk's annual pension cost of \$146,408 agreed with the Clerk's required contribution of \$146,408. The required contribution was determined as part of the June 30, 2005 actuarial valuation. The actuarial assumptions included a 8% investment rate of return (net of administrative expenses) and a projected salary increase of 6% per year.

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

7. PENSION PLAN - (Continued)

Three year trend information for the St. Bernard Parish Clerk of Court

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2003	\$170,114	79%	\$44,605
06/30/2004	\$202,208	71%	\$82,592
06/30/2005	\$286,848	71%	\$117,163

Required supplemental information – Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
06/30/2003	\$206,768,548	\$285,970,629	\$79,202,081	72%	\$67,515,714	117%
06/30/2004	\$218,345,837	\$298,703,485	\$80,357,648	73%	\$70,699,191	114%
06/30/2005	\$241,537,822	\$322,897,404	\$81,359,582	75%	\$73,542,403	111%

The following provides certain additional disclosures for the Clerk and the retirement system:

<u>St. Bernard Parish Clerk of Court</u>	<u>Year Ended June 30, 2006</u>
Total current-year payroll	\$ 963,487
Total current-year covered payroll – employer	953,392
Total current-year covered payroll – employees (excluding DROP wages)	929,572
Actuarially required contribution: Dollar amount	223,098
Percentage of total actuarially required contribution of all participating employers and employees	1.22%

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

7. PENSION PLAN - (Continued)

	Required by Statute	Actual Contribution
Contributions:		
Employees	8.25% \$ 76,690	8.25% \$ 76,690
Employer	15.75% 146,408	15.75% 146,408
	24.00% \$ 223,098	24.00% \$ 223,098

Actuarial information about the System for its most recent year available, the year ended June 30, 2005, is presented below.

Louisiana Clerks of Court Retirement and Relief Fund

Estimated payroll for current year	\$ 75,214,900
Actuarially required contributions:	
Actuarially required contribution for dedicated taxes:	
Dollar amount	\$ 5,264,449
Percent of estimated payroll	7.00%
Actuarially required contribution for employers and employees:	
Dollar amount	\$ 13,034,919
Percent of estimated payroll	17.33%
Total actuarially required contribution:	
Dollar amount	\$ 18,299,318
Percent of estimated payroll	24.33%
Net assets, fair value	\$ 261,821,679
Pension benefit obligation	361,850,179
Unfunded benefit obligation	\$ 100,028,500

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

7. PENSION PLAN - (Continued)

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's comprehensive annual financial report. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B-1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

The St. Bernard Parish Clerk of Court does not guarantee the benefits granted by the System.

8. OTHER POST-EMPLOYMENT BENEFITS

The St. Bernard Parish Clerk of Court provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and the Clerk of Court. The Clerk of Court recognizes the cost of providing these benefits (the Clerk's portion of the premiums) as an expenditure when the monthly premiums are due. The cost of such premiums borne by the Clerk of Court for both active and retired participants amounted to \$235,698 for 2006. These benefits are provided in accordance with the provisions of the Louisiana Clerks of Court Retirement and Relief System in which the St. Bernard Parish Clerk of Court's office participates as described in note 5.

The cost of providing these benefits for the 11 retired participants for the year ended June 30, 2006 is as follows:

Retirees' contributions	\$	26,284
Clerk of Court's contributions		26,284
<hr/>		
<u>Total contributions</u>	<u>\$</u>	<u>52,568</u>

(Continued)

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Notes to Financial Statements
Year Ended June 30, 2006
(Continued)

9. EXCESS FUND BALANCE

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund balance that exceeds one-half of the revenues of the last year of the Clerk's term of office. At June 30, 2006, there was no amount due the parish treasurer.

10. LITIGATION AND CLAIMS

There were no litigation or claims outstanding at June 30, 2006, in which the Clerk of Court's office was involved.

11. EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH COUNCIL

Certain operating expenditures of the Clerk's office are paid by the parish council and are not included in the accompanying financial statements. These expenditures are summarized as follows:

Operating services less court attendance	\$ 302,420
Disaster recovery and remediation costs	87,366
Total	\$ 389,786

The source of the above amount reported as disaster recovery and remediation costs expended by the Parish on behalf of the Clerk's office was from federal funds provided to the Parish.

12. COMMITMENTS

The Clerk of Court entered into contracts for the acquisition of Resolution Software, installation and maintenance. These contracts totaled \$208,869 with payments over 48 months. At June 30, 2006 the balance due on these contracts is \$60,447 with the final payment due June 2008.

Payments on these contracts amount to \$35,205 for 2007 and \$25,242 for 2008.

ST. BERNARD PARISH CLERK OF COURT
CHALMETTE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2006

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Licenses and permits	\$ 7,000	\$ 1,500	\$ 1,850	350
Fees, charges, and commissions for services:				
Court costs, fees, and charges	1,295,000	397,400	488,065	90,665
Fess for recording legal documents	798,000	499,500	819,733	320,233
Fess for copies of documents	60,000	60,000	93,478	33,478
Miscellaneous	24,500	33,900	212,355	69,681
Use of money and property – interest earnings	50,000	75,000	80,369	5,369
Total Revenues	\$ 2,234,500	\$ 1,067,300	\$ 1,695,850	628,550
Expenditures				
General government:				
Personnel services and related benefits	\$ 2,012,800	\$ 1,503,850	\$ 1,487,025	16,825
Operating services	174,000	97,100	169,757	(72,657)
Travel and other charges	3,000	4,500	4,860	(360)
Capital outlay	30,000	95,000	135,307	(40,307)
Permanent records	10,000	45,000	3,797	41,203
Intergovernmental	-	-	3,355	(3,355)
Disaster losses, recovery and remediation costs - net	-	35,000	16,401	18,599
Total Expenditures	\$ 2,229,800	\$ 1,780,450	\$ 1,820,502	(40,052)
Excess of expenditures over revenues	4,700	(713,150)	(124,652)	588,498
Fund balance at beginning of year	1,262,939	1,270,852	1,270,852	-
Fund balance at end of year	\$ 1,267,639	\$ 557,702	\$ 1,146,200	588,498

See notes to financial statements

ST. BERNARD PARISH CLERK OF COURT
CHALMETTE, LOUISIANA

REPORTS REQUIRED BY GAO

YEAR ENDED JUNE 30, 2006

**St. Bernard Parish Clerk of Court
Chalmette, Louisiana**

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

We have audited the basic financial statements of the St. Bernard Parish Clerk of Court as of and for the year ended June 30, 2006 and have issued our report thereon dated November 29, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses _____ Yes X No Reportable Conditions _____ Yes X No

Compliance:

Compliance Issues Material to Financial Statements _____ Yes X No

- b. Federal Awards – Reports not required; less than \$500,000 of federal funds expended during the year.
- c. Identification of Major Programs – None

Section II Financial Statement Findings – No matters were reported

Section III Federal Award Findings and Questioned Costs – None

ST. BERNARD PARISH CLERK OF COURT
CHALMETTE, LOUISIANA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

YEAR ENDED JUNE 30, 2006



SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting Based on
an Audit of Basic Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Lena R. Torres
St. Bernard Parish Clerk of Court
Chalmette, Louisiana.

We have audited the basic financial statements of the St. Bernard Parish Clerk of Court (the Clerk) as of and for the year ended June 30, 2006, and have issued our report thereon dated November 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.

Sagona, Bourg, Lee, Matthew + Co., LLC

Certified Public Accountants
November 29, 2006