

**NATCHITOCHE PARISH CLERK OF COURT
NATCHITOCHE, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

Natchitoches Parish Clerk of Court
Natchitoches, Louisiana

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Natchitoches Parish Clerk of Court

P. O. Box 476
Natchitoches, LA 71458-0476

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2011

The Management's Discussion and Analysis of the Natchitoches Parish Clerk of Court's financial performance presents a narrative overview and analysis of the Clerk's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Clerk's financial statements, which begin on page 11.

Financial Highlights

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

- 1) The Natchitoches Parish Clerk of Court had cash and investments of \$1,216,432 at June 30, 2011, which represents an increase of \$148,633 from the previous year.
- 2) The Natchitoches Parish Clerk of Court had accounts receivable of \$59,402 at June 30, 2011, which represents a decrease of \$10,069 from the prior year end.
- 3) The Natchitoches Parish Clerk of Court had accounts payable and accruals of \$9,909 at June 30, 2011, which represents an increase of \$2,773 from the prior year end.
- 4) The Natchitoches Parish Clerk of Court had total revenues of \$1,295,890 for the year ended June 30, 2011, which represents an increase of \$119,281 from the prior year.
- 5) The Natchitoches Parish Clerk of Court had personnel services expense of \$1,077,897 for the year ended June 30, 2011, which represents an increase of \$28,506 from the prior year.
- 6) The Natchitoches Parish Clerk of Court had operating services expense of \$140,015 for the year ended June 30, 2011, which represents an increase of \$3,994 from the prior year.
- 7) The Natchitoches Parish Clerk of Court had supplies expense of \$137,706 for the year ended June 30, 2011, which represents a decrease of \$13,403 from the prior year.
- 8) The Natchitoches Parish Clerk of Court had capital asset purchases of \$2,178 for the year ended June 30, 2011, which represents a decrease of \$1,478 from the prior year.

Overview of the Financial Statements

The following illustrates the minimum requirements for the Natchitoches 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's 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.

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets (on page 11) and the Statement of Activities (on page 12) provide information about the activities of the Natchitoches Parish Clerk of Court as a whole and present a longer-term view of the Clerk's finances. These statements include all assets and liabilities 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 Assets and the Statement of Activities report the Clerk's net assets and changes in them. You can think of the Clerk's net assets, the difference between assets and liabilities, as one way to measure the Clerk's financial health, or financial position. Over time, increases or decreases in the Clerk's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 14. All of the Clerk's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are 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 statements provide 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.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current and Other Assets, Net of Allowance for Doubtful Accounts	\$1,302,707	\$1,161,931
Capital Assets, Net	<u>49,454</u>	<u>101,042</u>
Total Assets	<u>\$1,352,161</u>	<u>\$1,262,973</u>
LIABILITIES:		
Accounts Payable	\$ 9,909	\$ 7,136
Compensated Absences	19,920	9,848
Net Pension Obligation	<u>360,977</u>	<u>178,678</u>
Total Liabilities	<u>\$ 390,806</u>	<u>\$ 195,662</u>
NET ASSETS:		
Invested in Capital Assets	\$ 49,454	\$ 101,042
Unrestricted	<u>911,901</u>	<u>966,269</u>
Total Net Assets	<u>\$ 961,355</u>	<u>\$1,067,311</u>

Net assets of the Natchitoches Parish Clerk of Court decreased by \$105,956 or 9.93% from the previous fiscal year.

Summary of Statement of Activities

	<u>2011</u>	<u>2010</u>
REVENUES:		
Charges for Services	\$1,254,253	\$1,136,953
General Revenues	<u>41,637</u>	<u>39,656</u>
Total Revenues	\$1,295,890	\$1,176,609
EXPENDITURES:		
Expenses	<u>1,401,846</u>	<u>1,372,699</u>
Change in Net Assets	<u>\$ (105,956)</u>	<u>\$ (196,090)</u>

The Natchitoches Parish Clerk of Court's total revenues increased by \$119,281 or 10.14% from the previous year. The total cost of all programs and services increased by \$29,147 or 2.12%.

Capital Assets and Debt AdministrationCapital Assets

At June 30, 2011, the Natchitoches Parish Clerk of Court had \$49,454, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a net decrease (including additions and deductions) of \$51,588 or 51.06% from the previous year.

Capital Assets at Year End (Net of Depreciation)		
	<u>2011</u>	<u>2010</u>
Furniture, Fixtures and Equipment	\$ <u>49,454</u>	\$ <u>101,042</u>
Total	\$ <u>49,454</u>	\$ <u>101,042</u>

This year's major additions included computer equipment totaling \$2,178.

This year there were no major retirements.

Debt

The Natchitoches Parish Clerk of Court had \$19,920 in compensated absences and \$360,977 in net pension obligation outstanding at year end. This represents differences of \$10,072 and \$182,299, respectively, as compared to the previous year, as shown in the table below.

Outstanding Debt at Year End		
	<u>2011</u>	<u>2010</u>
Compensated Absences	\$ 19,920	\$ 9,848
Net Pension Obligation	<u>360,977</u>	<u>178,678</u>
Total	<u>\$380,897</u>	<u>\$188,526</u>

Variations between Original and Final Budgets

Actual revenues were \$36,390 more than budgeted amounts due to fees being more than expected.

Actual expenditures were \$8,387 more than budgeted amount due to personnel services being more than expected.

Economic Factors and Next Year's Budget

The Natchitoches 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 Natchitoches Parish Clerk of Court does not expect any significant changes in next year's results as compared to the current year.

Contacting the Natchitoches Parish Clerk of Court

This financial report is designed to provide our citizens and creditors with a general overview of the Natchitoches Parish Clerk of Court's finances and to show 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 Natchitoches Parish Clerk of Court at P. O. Box 476, Natchitoches, LA 71458-0476.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Louie Bernard
Natchitoches Parish Clerk of Court
P. O. Box 476
Natchitoches, Louisiana 71458-0476

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds of the Natchitoches Parish Clerk of Court (Clerk), a component unit of the Natchitoches Parish Police Jury, as of and for the year ended June 30, 2011, which collectively comprise the Clerk's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Clerk. Our responsibility is to express an opinion 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 and the *Louisiana Governmental Audit Guide*. 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary funds of the Clerk as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 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, which 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 management's discussion and analysis 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's basic financial statements. The budgetary comparison listed as required supplemental information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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 taken as a whole.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 2, 2011
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Natchitoches Parish Clerk of Court
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash	\$ 318,317
Investments	898,115
Accounts Receivable, Net of Allowance for Doubtful Accounts	59,402
Prepaid Expense	<u>26,873</u>
Total Current Assets	\$1,302,707
Noncurrent Assets	
Capital Assets, Net	<u>49,454</u>
Total Assets	\$1,352,161
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 9,909
Noncurrent Liabilities:	
Compensated Absences	19,920
Net Pension Obligation	<u>360,977</u>
Total Liabilities	\$ <u>390,806</u>
NET ASSETS:	
Invested in Capital Assets	\$ 49,454
Unrestricted	<u>911,901</u>
Total Net Assets	\$ <u>961,355</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
Statement of Activities
June 30, 2011

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial-					
Personnel Services	\$1,077,897	\$ 964,411	\$21,000	\$0	\$ (92,486)
Travel	15,932	14,255	0	0	(1,677)
Operating Services	140,015	125,274	0	0	(14,741)
Supplies	137,706	123,208	0	0	(14,498)
Professional Services	<u>30,296</u>	<u>27,105</u>	<u>0</u>	<u>0</u>	<u>(3,191)</u>
 Total Governmental Activities	 <u>\$1,401,846</u>	 <u>\$1,254,253</u>	 <u>\$21,000</u>	 <u>\$0</u>	 <u>\$ (126,593)</u>
General Revenues:					
					\$ 14,235
					<u>6,402</u>
					\$ <u>20,637</u>
					\$ (105,956)
					<u>1,067,311</u>
					<u>\$ 961,355</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Clerk of Court
Balance Sheet-Governmental Fund
June 30, 2011

ASSETS:

Cash	\$ 318,317
Investments	898,115
Accounts Receivable, Net of Allowance for Doubtful Accounts	59,402
Prepaid Expense	<u>26,873</u>
Total Assets	<u>\$1,302,707</u>

LIABILITIES:

Accounts Payable	\$ 9,909
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FUND BALANCES:

Nonspendable- Prepaid Expense	\$ 26,873
Unassigned	<u>1,265,925</u>
Total Fund Balance	<u>\$1,292,798</u>
Total Liabilities & Fund Balances	<u>\$1,302,707</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2011

Total Fund Balance for the Governmental Fund at June 30, 2011		\$1,292,798
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. Those assets consist of:		
Capital Assets	601,804	
Less Accumulated Depreciation	(552,350)	49,454
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet:		
Compensated Absences		(19,920)
Net Pension Obligation		<u>(360,977)</u>
Total Net Assets of Governmental Activities at June 30, 2011		\$ <u>961,355</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
June 30, 2011

REVENUES:

Licenses & Permits-	
Marriage Licenses	\$ 8,938
Intergovernmental	21,000
Charges for Services-	
Court Costs, Fees & Charges	572,128
Recording Fees	374,796
Photocopying Fees	219,912
Non-support	78,479
Miscellaneous-	
Other	6,402
Interest	<u>14,235</u>
Total Revenues	<u>\$1,295,890</u>

EXPENDITURES:

Current-	
Judicial-	
Personnel Services	\$ 885,525
Travel	15,932
Operating Services	140,015
Supplies	83,941
Professional Services	30,296
Capital Expenditures	<u>2,178</u>
Total Expenditures	<u>\$1,157,887</u>
Excess of Revenues over Expenditures	\$ 138,003
Fund Balance-Beginning of Year	<u>1,154,795</u>
Fund Balance-End of Year	<u>\$1,292,798</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
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, 2011

Total Net Change in Fund Balance at June 30, 2011, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 138,003
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	2,178
Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(53,766)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in compensated absences for the year is	(10,072)
Other Post-employment Benefits are reported in the Government-wide Statement of Activities, but are not reported in the Fund Financial Statements. Current year Net Pension Obligation is	<u>(182,299)</u>
Total Changes in Net Assets at June 30, 2011, per Statement of Activities	<u>\$(105,956)</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Advance Deposit Fund	Registry of Court Fund	Total
ASSETS:			
Cash & Cash Equivalents	\$ 352,590	\$ 962,480	\$1,315,070
Investments	<u>885,002</u>	<u>205,708</u>	<u>1,090,710</u>
Total Assets	<u>\$1,237,592</u>	<u>\$1,168,188</u>	<u>\$2,405,780</u>
LIABILITIES:			
Due to Others	<u>\$1,237,592</u>	<u>\$1,168,188</u>	<u>\$2,405,780</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Clerk of Court
Statement of Changes in Fiduciary Net Assets
for the Year Ended June 30, 2011

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and Successions	\$ 622,666	\$ 380,616	\$1,003,282
Interest Income	<u>3,333</u>	<u>2,492</u>	<u>5,825</u>
Total Additions	\$ <u>625,999</u>	\$ <u>383,108</u>	\$1,009,107
DEDUCTIONS:			
Clerk's Costs (paid to general fund)	\$ 390,790	\$ 0	\$ 390,790
Settlements to Litigants	119,270	240,113	359,383
Sheriff's Fees	48,866	0	48,866
Court Reporters	5,213	0	5,213
Attorneys, Curators, Notary	14,130	0	14,130
Judges' Supplemental Fund	21,360	0	21,360
Judicial Supplemental Fund	14,528	0	14,528
Other Deductions	<u>31</u>	<u>0</u>	<u>31</u>
Total Deductions	\$ <u>614,188</u>	\$ <u>240,113</u>	\$ <u>854,301</u>
Change in Liabilities	\$ 11,811	\$ 142,995	\$ 154,806
Liabilities-Beginning	<u>1,225,781</u>	<u>1,025,193</u>	<u>2,250,974</u>
Liabilities-Ending	<u>\$1,237,592</u>	<u>\$1,168,188</u>	<u>\$2,405,780</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

Introduction:

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Natchitoches Parish 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:

A. BASIS OF PRESENTATION-

The accompanying financial statements of the Natchitoches Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. 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 No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY-

As the governing authority of the parish, for reporting purposes, the Natchitoches Parish Police Jury is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 established criteria for determining which component units should be considered part of the Natchitoches Parish Police Jury 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Natchitoches Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Natchitoches Parish Police Jury.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

3. 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.

Because the Natchitoches Parish Police Jury provides office facilities for the Clerk, the Clerk was determined to be fiscally dependent on the Police Jury and accordingly is considered to be a component unit of the Natchitoches Parish Police Jury, the financial reporting entity. The accompanying basic financial statements present information only on the funds maintained by the Clerk and do not present information on the Natchitoches Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING-

The Natchitoches Parish Clerk of Court 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 of Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk are classified into two categories: governmental and fiduciary, as follows:

Governmental Fund

General Fund - The General Fund (Salary Fund), as provided by Louisiana Revised Statute 13:781, is the principal fund of the Natchitoches Parish 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.

Fiduciary Funds

Agency Funds - The agency funds, the Advance Deposit Fund and Registry of Court Fund, account for assets held by the clerk as an agent for litigants held pending court action. These 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 modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Natchitoches Parish Clerk of Court, except for the fiduciary funds which are reported separately.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

The government-wide financial statements were prepared using 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.

Fund Financial Statements

Governmental funds 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 Balance 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 differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The governmental fund and the agency funds 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 Natchitoches Parish Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-

Fees for certified copies, recording legal documents, marriage licenses, and commissions for services are recorded in the year they are earned. Interest income on time deposits is recorded when the time deposits have matured and the income is available. Interest receivables are accrued in the Advance Deposit Fund; all other revenues are recorded when received.

Expenditures-

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

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

E. BUDGETARY ACCOUNTING-

Formal budgetary accounting is employed as a management control. The Natchitoches Parish Clerk of Court prepares and adopts a budget each year 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 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. All budget appropriations lapse at year end.

F. 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 customer 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. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. INVESTMENTS-

Investments are limited by R. S. 33:2955 and the Natchitoches Parish Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments.

H. RECEIVABLES-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

I. BAD DEBTS-

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2011, \$1,000 was considered uncollectible.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

J. CAPITAL ASSETS-

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Natchitoches Parish Clerk of Court 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 Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

K. COMPENSATED ABSENCES-

Full-time employees of the Natchitoches Parish Clerk of Court earn ten days sick leave annually. Vacation is earned as follows: 1st year – no vacation, 2nd year – 1 week, 3rd year – 2 weeks, 15 years – 3 weeks. Unused vacation and sick leave expires at December 31, however, at June 30, 2011, a total of \$19,920 in accrued leave remained unpaid.

L. ESTIMATES-

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

L. EQUITY CLASSIFICATIONS-

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets”.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

In the fund statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Clerk implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund, the Clerk's only governmental fund, has a nonspendable fund balance of \$26,873 which represents prepaid expense. The remaining fund balance of \$1,265,925 is classified as unassigned.

2. Cash, Cash Equivalents, Investments and Credit Risk:

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. The Clerk may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

At June 30, 2011, the Clerk had cash, cash equivalents (book balances), and investments totaling \$3,622,212 as follows:

Demand Deposits	\$1,034,540
Interest-bearing Demand Deposits	597,797
Time Deposits/Investments	1,988,825
Petty Cash	<u>1,050</u>
 Total	 <u>\$3,622,212</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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, 2011, the Clerk has \$3,661,990 in deposits (collected bank balances). These deposits are secured from risk by \$1,536,380 of federal deposit insurance and \$2,125,610 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3), leaving \$0 unsecured and uncollateralized.

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB, 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.

3. Accounts Receivable:

The following is a summary of receivables at June 30, 2011:

<u>Class of Receivable</u>	<u>Total</u>
Charges for services	\$60,402
Less, allowance for doubtful accounts	<u>(1,000)</u>
 Net Receivables	 <u>\$59,402</u>

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2011, is as follows:

	<u>Balance</u> <u>06-30-10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-11</u>
Furniture fixtures, and equipment	\$ 599,626	\$ 2,178	\$0	\$601,804
Less, accumulated depreciation	<u>(498,584)</u>	<u>(53,766)</u>	<u>0</u>	<u>(552,350)</u>
Total Capital Assets, net	<u>\$ 101,042</u>	<u>\$(51,588)</u>	<u>\$0</u>	<u>\$ 49,454</u>

Depreciation expense of \$53,766 was charged to the judicial function.

5. Accounts Payable and Accruals:

The following is a summary of accounts payable at June 30, 2011:

<u>Class of Payable</u>	<u>Total</u>
Vendor	<u>\$9,909</u>

6. Pension Plan:

Plan Description. Substantially all employees of the Natchitoches Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees 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 a 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 produces 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 benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

Funding Policy. Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Natchitoches Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25 percent of annual covered payroll. Of the 8.25 percent of the member contributions, the Natchitoches Parish Clerk of Court pays all. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of a plan member and the Natchitoches Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the result of the valuation for the prior fiscal year. The Natchitoches Parish Clerk of Court's contribution to the System for the years ending June 30, 2011, 2010, and 2009, were \$121,365, \$115,973 and \$104,483, respectively, equal to the required contribution for each year.

The Natchitoches Parish Clerk of Court also participates in the State of Louisiana Public Employees Deferred Compensation Plan which is defined by Internal Revenue Code Section 457. Employees may contribute up to the greater of (1) 25% of their taxable compensation or (2) \$14,000. The Clerk matches employee contributions up to 5% of the employee's annual salary. The Natchitoches Parish Clerk of Court's contribution to the System for the years ending June 30, 2011, and 2010, were \$13,608, and \$14,976, respectively, equal to the required contribution for each year.

7. Leases:

The Natchitoches Parish Clerk of Court is obligated under several lease agreements accounted for as operating leases. Operating leases do not give rise to property rights of lease obligations, and therefore, the results of the lease agreements are not reflected in the capital assets. These leases are for copiers and a vehicle.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms as of June 30, 2011:

Fiscal Year Ending <u>June 30</u>	<u>Equipment</u>
2012	\$28,893
2013	24,760
2014	16,527
2015	5,862
2016	<u>3,908</u>
Total	<u>\$79,950</u>

The Natchitoches Parish Clerk of Court was not obligated under any capital lease agreements at June 30, 2011.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

8. Risk Management:

The Natchitoches Parish Clerk of Court 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 of Court 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.

9. Other Post-Employment Benefits:

On July 1, 2009, the Natchitoches Parish Clerk of Court implemented Governmental Accounting Standards Board Statement No. 45 entitled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). The major change under GASB 45 is to attribute the cost of postretirement benefits (medical, dental and life insurance) to the time which the employee is working for the employer. This standard does not require the funding of these benefits, but it does require recognizing the liability and expense in the financial statements. The Clerk recognized a noncurrent liability of \$360,977 for 2011 in the Statement of Net Assets. A \$182,299 expense is included in personnel services and related benefits expense in the Statement of Activities.

Plan Description. The Natchitoches Parish Clerk of Court provides certain continuing health and dental care and life insurance benefits for its retired employees. Eligibility for medical coverage is based on the following:

- 55 years old and 12 years of service, or
- 30 years of service at any age

Funding Policy. These benefits for the retirees are provided through an insurance company on a pay-as-you-go basis. The Clerk contributes 100% of the cost of current-year premiums for the two retirees. The Clerk recognizes the cost of providing these benefits (Clerk's cost of premiums) as an expenditure when the monthly premiums are paid. For the year ended June 30, 2011, the total amount of premiums paid for retirees totaled \$2,546.

Annual OPEB Cost and Net OPEB Obligation. The Clerk's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Clerk has elected to calculate the ARC and related information using the Unit Credit Actuarial Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan for year ended June 30, 2011:

<u>DISCOUNT RATE</u>	<u>2.00%</u>
Determination of Annual Required Contribution-	
Normal Cost at Fiscal Year End	\$120,500
Amortization of UAAL	<u>60,772</u>
Annual Required Contribution (ARC)	<u>\$181,272</u>
Determination of Net OPEB Obligation-	
Annual Required Contribution	\$181,272
Interest on Prior Year Net OPEB Obligation	3,573
Adjustment to ARC	<u>0</u>
Annual OPEB Cost	\$184,845
Assumed Contributions Made	<u>(2,546)</u>
Estimated Increase in Net OPEB Obligation	\$182,299
Net OPEB Obligation - Beginning of Year	<u>178,678</u>
Estimated Net OPEB Obligation - End of Year	<u>\$360,977</u>

The Clerk's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation for year ended 2011 and the two preceding fiscal years assuming the plan is not prefunded (2% discount rate):

<u>Fiscal Year Ended</u>	<u>Discount Rate</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2009	N/A	N/A	N/A	N/A
06/30/2010	2.00%	\$181,272	1.4%	\$178,678
06/30/2011	2.00%	\$182,299	1.4%	\$360,829

Funded Status and Funding Progress. The Clerk's actuarial accrued liability for benefits was \$2,365,758, all of which was unfunded for the year ended 2011. The covered payroll (annual payroll of active employees covered by the plan) was \$516,926, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 458 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of interest, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Natchitoches Parish Clerk of Court
Notes to Financial Statements
June 30, 2011

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

The unit credit actuarial cost method was used with the estimates based to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. In the current valuation, the actuarial assumptions used for the calculation of costs and liabilities are:

MEASUREMENT DATE

Benefit liabilities are valued as of July 1, 2009

DISCOUNT RATE FOR VALUING LIABILITIES

Without prefunding - 2.0% per annum, compounded annually

MORTALITY RATES

Male - RP 2000 system table with floating Scale AA projections for Males

Female - RP 2000 system table with floating Scale AA projections for Females

11. Expenditures of the Clerk of Court Paid by the Parish Police Jury:

Certain expenses of the Natchitoches Parish Clerk of Court's office are paid by the Natchitoches Parish Police Jury. The Jury furnishes the building where the Clerk's office is located and pays all utility bills.

12. Subsequent Events:

Management has evaluated events through December 2, 2011, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Natchitoches Parish Clerk of Court
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:				
Fees & Charges for Services	\$1,175,300	\$1,222,500	\$1,254,253	\$ 31,753
Intergovernmental	19,800	21,000	21,000	0
Interest Income	24,000	10,000	14,235	4,235
Miscellaneous	<u>5,400</u>	<u>6,000</u>	<u>6,402</u>	<u>402</u>
Total Revenues	<u>\$1,224,500</u>	<u>\$1,259,500</u>	<u>\$1,295,890</u>	<u>\$ 36,390</u>
EXPENDITURES:				
Current-				
Judicial-				
Personnel Services	\$ 912,000	\$ 890,200	\$ 885,525	\$ 4,675
Travel	17,000	16,500	15,932	568
Operating Services	142,800	144,000	140,015	3,985
Supplies	89,000	66,000	83,941	(17,941)
Professional Services	26,500	32,800	30,296	2,504
Capital Expenditures	<u>37,000</u>	<u>0</u>	<u>2,178</u>	<u>(2,178)</u>
Total Expenditures	<u>\$1,224,300</u>	<u>\$1,149,500</u>	<u>\$1,157,887</u>	<u>\$ (8,387)</u>
Excess of Revenues over Expenditures	\$ 200	\$ 110,000	\$ 138,003	\$ 28,003
Fund Balance-Beginning of Year	<u>1,154,795</u>	<u>1,154,795</u>	<u>1,154,795</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,154,995</u>	<u>\$1,264,795</u>	<u>\$1,292,798</u>	<u>\$ 28,003</u>

See accountant's report.

SUPPLEMENTARY INFORMATION

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
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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*

Honorable Louie Bernard
Natchitoches Parish Clerk of Court
P. O. Box 476
Natchitoches, Louisiana 71458-0476

We have audited the financial statements of the governmental activities, major fund and fiduciary funds of the Natchitoches Parish Clerk of Court, as of and for the year ended June 30, 2011, which collectively comprise the Natchitoches Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 2, 2011. 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, and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Parish Clerk of Court's internal control over financial reporting as 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 Natchitoches Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Natchitoches Parish Clerk of Court's internal control over financial reporting.

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 Clerk's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Natchitoches Parish Clerk of Court and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 2, 2011
Natchitoches, Louisiana

Natchitoches Parish Clerk of Court
Schedule of Audit Findings
Year Ended June 30, 2011

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unqualified opinion was issued on the financial statements of the Natchitoches Parish Clerk of Court as of and for the year ended June 30, 2011.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No findings.

III. PRIOR YEAR FINDINGS

None.