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ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

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 2/2/05

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

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INDEPENDENT AUDITORS' REPORT

**Mr. Cliff Dressel
St. Mary Parish Clerk of Court
Post Office Box 1231
Franklin, LA 70538**

We have audited the accompanying financial statements of the governmental activities and major fund of the St. Mary Parish Clerk of Court, a component unit of the St. Mary Parish Government, as of and for the years ended June 30, 2004, and for each of the years then ended in the two year period, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Mary Parish Clerk of Court's management. 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. 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 of 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 and major fund of the St. Mary Parish Clerk of Court as of June 30, 2004, and the respective changes in financial position for the two years 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 a report dated December 21, 2004, on our consideration of the St. Mary Parish Clerk of Court's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part 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.

The budgetary comparison information on pages 25 and 26 is 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 them.

Mr. Cliff Dressel
Page Two

The St. Mary Parish Clerk of Court has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Guidry, Chauvin & Taylor, CPA's

Franklin, Louisiana
December 21, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT – WIDE FINANCIAL STATEMENTS (GWFS)

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Statement of Net Assets
June 30, 2004

| ASSETS | June 30, 2004 | June 30, 2003 |
|-------------------------------------------------|----------------------|----------------------|
| Cash | \$ 560,067 | \$ 679,352 |
| Investments | 154,251 | 152,775 |
| Receivables | | |
| Accounts | 39,019 | 46,041 |
| Accrued interest | 1,188 | 1,601 |
| Other governments | 5,670 | 5,684 |
| Due from advance deposit fund | 168,578 | 146,497 |
| Prepaid expenditures | 3,611 | - |
| Capital assets, net of accumulated depreciation | <u>634,233</u> | <u>366,410</u> |
| Total assets | <u>1,566,617</u> | <u>1,398,360</u> |
| LIABILITIES | | |
| Accounts payable | 128,809 | 9,813 |
| Compensated absences payable | 14,552 | - |
| Deferred revenue | <u>104,195</u> | <u>100,196</u> |
| Total liabilities | <u>247,556</u> | <u>110,009</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 634,233 | 366,410 |
| Unrestricted | <u>684,828</u> | <u>921,941</u> |
| Total net assets | <u>\$ 1,319,061</u> | <u>\$ 1,288,351</u> |

The notes to the financial statements are an integral part of this statement.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Statement of Activities
For the Years Ended June 30, 2004 and 2003

| <u>EXPENSES</u> | <u>June 30, 2004</u> | <u>June 30, 2003</u> |
|--------------------------------------------|-----------------------------|-----------------------------|
| Current-Judiciary: | | |
| Personal service and related benefits | \$ 1,214,404 | \$ 1,137,334 |
| Operating services | 106,916 | 91,914 |
| Materials and supplies | 20,402 | 9,240 |
| Travel and other charges | 26,688 | 20,547 |
| Depreciation | <u>85,051</u> | <u>72,913</u> |
| Total expenditures | <u>1,453,461</u> | <u>1,331,948</u> |
| <u>PROGRAM REVENUES</u> | | |
| Marriage licenses | 5,998 | 5,726 |
| Fees, charges and commissions for services | | |
| Court costs, fees and charges | 747,868 | 670,346 |
| Fees for recording legal documents | 619,378 | 551,920 |
| Fees for certified copies of documents | 75,908 | 75,778 |
| Miscellaneous | <u>23,933</u> | <u>8,610</u> |
| Total program revenues | <u>1,473,085</u> | <u>1,312,380</u> |
| <u>GENERAL REVENUES</u> | | |
| Interest earned | <u>11,086</u> | <u>17,222</u> |
| Total revenues | <u>1,484,171</u> | <u>1,329,602</u> |
| Change in net assets | 30,710 | (2,346) |
| NET ASSETS, beginning of year | <u>1,288,351</u> | <u>1,290,697</u> |
| NET ASSETS, end of year | <u>\$ 1,319,061</u> | <u>\$ 1,288,351</u> |

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Balance Sheet-Governmental Fund
June 30, 2004

| | <u>June 30, 2004</u> GENERAL FUND (SALARY) | <u>June 30, 2003</u> GENERAL FUND (SALARY) |
|----------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 560,067 | \$ 679,352 |
| Investments | 154,251 | 152,775 |
| Receivables: | | |
| Accounts | 39,019 | 46,041 |
| Accrued interest | 1,188 | 1,601 |
| Due from other governments | 5,670 | 5,684 |
| Due from advance deposit fund | 168,578 | 146,497 |
| Prepaid Expenditures | <u>3,611</u> | <u>-</u> |
| Total assets | <u>\$ 932,384</u> | <u>\$ 1,031,950</u> |
| LIABILITIES & FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | \$ 128,809 | \$ 9,813 |
| Compensated absences payable | 14,552.00 | - |
| Deferred revenue | <u>104,195</u> | <u>100,196</u> |
| Total liabilities | <u>247,556</u> | <u>110,009</u> |
| Fund balance: | | |
| Unreserved - undesignated | <u>684,828</u> | <u>921,941</u> |
| Total Fund Equity | <u>684,828</u> | <u>921,941</u> |
| Total liabilities and fund balance | <u>\$ 932,384</u> | <u>\$ 1,031,950</u> |

The notes to the financial statements are an integral part of this statement.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Assets
June 30, 2004

| | <u>June 30, 2004</u> | <u>June 30, 2003</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Total fund balance-governmental fund (fund financial statement) | \$ 684,828 | \$ 921,941 |
| <p>Amounts reported for governmental activities in the statement of net assets (government-wide financial statements) are different because</p> | | |
| <p><i>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of the assets is \$1,071,137 and \$718,262 and the accumulated depreciation is \$436,904 and \$351,852</i></p> | | |
| | <u>634,233</u> | <u>366,410</u> |
| Total net assets of governmental activities (government-wide financial statements) | <u>\$ 1,319,061</u> | <u>\$ 1,288,351</u> |

The notes to the financial statements are an integral part of this statement

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Years Ended June 30, 2004 and June 30, 2003

| | <u>June 30, 2004</u> | <u>June 30, 2003</u> |
|----------------------------------------------------------|-------------------------|-------------------------|
| | GENERAL FUND | GENERAL FUND |
| REVENUES | | |
| Marriage licenses | \$ 5,998 | \$ 5,726 |
| Fees, Charges and commissions for services: | | |
| Court costs, fees and charges | 747,868 | 670,346 |
| Fees for recording legal documents | 619,378 | 551,920 |
| Fees for certified copies of documents | 75,908 | 75,778 |
| Use of money and property - interest earnings | 11,086 | 17,222 |
| Miscellaneous | <u>23,933</u> | <u>8,610</u> |
| Total revenues | <u>1,484,171</u> | <u>1,329,602</u> |
| EXPENDITURES | | |
| General Government: | | |
| Personal service and related benefits | 1,214,404 | 1,137,334 |
| Operating services | 106,916 | 91,914 |
| Materials and supplies | 20,402 | 9,240 |
| Travel and other charges | 26,688 | 20,547 |
| Capital outlay | 352,874 | - |
| Intergovernmental | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,721,284</u> | <u>1,259,035</u> |
| Excess (deficiency) of revenues over expenditures | (237,113) | 70,567 |
| Fund balance, beginning of year | <u>921,941</u> | <u>851,374</u> |
| Fund balance, end of year | <u>\$ 684,828</u> | <u>\$ 921,941</u> |

The notes to the financial statements are an integral part of this statement

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Reconciliation of the Statement Revenues, Expenditures
and Changes in Fund Balance - Governmental Fund
to the Statement of Activities
For the Years Ended June 30, 2004 and June 30, 2003

| | <u>June 30, 2004</u> | <u>June 30, 2003</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Net change in fund balance-governmental fund (fund financial statement) | \$ (237,113) | \$ 70,567 |
| <p>Amounts reported for governmental activities in the statement of activities (government-wide financial statements) are different because:</p> <p>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 asset.</p> | | |
| Capital outlay | 352,874 | - |
| Depreciation | <u>(85,051)</u> | <u>(72,913)</u> |
| | <u>267,823</u> | <u>(72,913)</u> |
| Change in net assets of governmental activities (government- wide financial statements) | <u>\$ 30,710</u> | <u>\$ (2,346)</u> |

The notes to the financial statements are an integral part of this statement

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Statement of Agency Assets and Liabilities – Fiduciary Funds
June 30, 2004

| | <u>ADVANCE DEPOSIT FUND</u> | <u>REGISTRY OF COURT FUND</u> | <u>TOTAL</u> |
|---------------------------|-------------------------------------|---------------------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 248,306 | \$ 3,724,863 | \$ 3,973,169 |
| Investments | 231,377 | - | 231,377 |
| Receivables | <u>121,010</u> | <u>-</u> | <u>121,010</u> |
| TOTAL ASSETS | <u>\$ 600,693</u> | <u>\$ 3,724,863</u> | <u>\$ 4,325,556</u> |
| <u>LIABILITIES</u> | | | |
| Due to General Fund | \$ 168,578 | \$ - | \$ 168,578 |
| Unsettled deposits | 432,115 | - | 432,115 |
| Due to litigants | <u>-</u> | <u>3,724,863</u> | <u>3,724,863</u> |
| TOTAL LIABILITIES | <u>\$ 600,693</u> | <u>\$ 3,724,863</u> | <u>\$ 4,325,556</u> |

The notes to the financial statements are an integral part of this statement

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Statement of Agency Assets and Liabilities – Fiduciary Funds
June 30, 2003

| | <u>ADVANCE DEPOSIT FUND</u> | <u>REGISTRY OF COURT FUND</u> | <u>TOTAL</u> |
|---------------------------|-------------------------------------|---------------------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 199,947 | \$ 23,546,505 | \$ 23,746,452 |
| Investments | 229,162 | 100 | 229,262 |
| Receivables | <u>117,687</u> | <u>-</u> | <u>117,687</u> |
| TOTAL ASSETS | <u>\$ 546,796</u> | <u>\$ 23,546,605</u> | <u>\$ 24,093,401</u> |
| LIABILITIES | | | |
| Due to General Fund | \$ 146,497 | \$ - | \$ 146,497 |
| Unsettled deposits | 400,299 | - | 400,299 |
| Due to litigants | <u>-</u> | <u>23,546,605</u> | <u>23,546,605</u> |
| TOTAL LIABILITIES | <u>\$ 546,796</u> | <u>\$ 23,546,605</u> | <u>\$ 24,093,401</u> |

The notes to the financial statements are an integral part of this statement

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

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

Financial Reporting Entity

The clerk of court is an independently elected official; however, the clerk of court is fiscally dependent on the St. Mary Parish Government. The parish government maintains and operates the parish courthouse in which the clerk of court's office is located and provides funds for equipment and furniture of the clerk of court's office. Because the clerk of court is fiscally dependent on the parish government, the clerk of court was determined to be a component unit of the St. Mary Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the St. Mary 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 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government*, issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the St. Mary Parish Clerk as a whole. These statements include all the financial activities of the St. Mary Parish Clerk. 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, expense, 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*.

The statement of activities presents a comparison between direct expenses and program revenues for the clerk's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

include (a) fees and charges paid by the recipients of services offered by the clerk, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The clerk uses funds to maintain its financial records and results of 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 defined as a separate accounting entity with a self-balancing set of accounts. Funds of the clerk of court are classified into two categories: governmental (General Fund) and fiduciary (Agency Fund). Since the resources in the fiduciary funds cannot be used for clerk operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds. The General Fund of the clerk is considered to be a major fund. The funds of the clerk are described as follows:

Governmental Fund

General Fund-This fund is the primary operating fund of the Clerk and it accounts for the operations of the Clerk's office. The General Fund is available for any purpose provided it is extended or transferred in accordance with state and federal laws and according to the Clerk's policy.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for cash deposits that are held by the clerk of court as an agent for litigants that are 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. The agency funds are as follows:

Advance Deposit Fund – The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Registry of the Court Fund – The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded with the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Measurement Focus

On the government-wide statement of net assets and statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given year. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Clerk.

The clerk has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, the clerk may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

Prepaid items

The clerk's policy regarding prepaid expenditures is to record the portion of insurance premiums and maintenance agreements that is paid during the current fiscal year for future periods.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance are repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. 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. Depreciation is provided using the straight-line method of depreciation over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|------------------------|-------------------------------|
| Furniture and fixtures | 10 |
| Office equipment | 5-10 |
| Leasehold improvements | 10 |

Compensated absences

Employees of the Clerk of Court's office earn 5 – 20 days of leave each year depending on length of service. Such leave is to be used for vacation, sickness, or emergencies. Vacation leave must be taken in the year earned. Sick leave is granted at the discretion of the clerk of court. At June 30, 2004, the estimated amount that could possibly be paid for unused authorized time off was \$14,552. An accrual has been made for such compensated absences.

Restricted net assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

R.S. 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's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office. At June 30, 2004, there was no amount due the parish treasurer because the fund balance did not exceed one-half of the revenues earned during the fiscal year ending June 30, 2004.

Revenues, Expenditures and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the Clerk is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function and in the funds financial statements, expenditures are classified by type.

Budgetary and Budgetary Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court. Such amendments were not material in relation to the original appropriations.

The following procedures apply to establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of the fiscal year.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Accounts Receivable

The clerk records its fees in the month the services are rendered. At June 30, 2004 and 2003, accounts receivable were recorded as \$39,019 and \$46,041 respectively.

Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts utilizing the direct write-off method. Although this method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2004.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INTEREST BEARING DEPOSITS

Under state law, the clerk may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana the laws of any other state in the union, or the laws of the United States. The clerk may invest in United States bonds, treasury notes or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the clerk of court has cash and cash equivalents (book balances) totaling \$4,533,236 as follows:

| | <u>Governmental Fund</u> | <u>Fiduciary Funds</u> | <u>Total Book Balance</u> | <u>Bank Balance</u> |
|-----------------|------------------------------|----------------------------|-------------------------------|-------------------------|
| Cash | \$ 100 | \$ - | \$ 100 | \$ - |
| Demand deposits | 259,967 | 3,973,169 | 4,233,136 | 3,462,540 |
| Time deposits | <u>300,000</u> | <u>-</u> | <u>300,000</u> | <u>300,000</u> |
| Total | <u>\$ 560,067</u> | <u>\$ 3,973,169</u> | <u>\$ 4,533,236</u> | <u>\$ 3,762,540</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 Clerk of Court in a holding or custodial bank that is mutually acceptable to both parties.

These deposits (bank balances) are secured from risk by \$612,489 of federal deposit insurance and \$7,814,876 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2004

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

3. INVESTMENTS

The Clerk can invest in securities of the United States Government unless such an investment is expressly prohibited by law. The carrying amounts and approximate market values of investments are summarized as follows:

| | <u>Description</u> | <u>Interest Rate</u> | <u>Amount</u> | <u>June 30, 2004 Market Value/ Carrying Cost</u> |
|-----------------|---------------------------------|----------------------|-------------------|--------------------------------------------------------------|
| General Fund | Louisiana Asset Management Pool | Various | \$ 154,251 | \$ 154,251 |
| Fiduciary Funds | Louisiana Asset Management Pool | Various | <u>231,377</u> | <u>231,377</u> |
| Total | | | <u>\$ 385,628</u> | <u>\$ 385,628</u> |

Investments in the amount of \$385,628 at June 30, 2004 are in the Louisiana Asset Management Pool. In accordance with GASB Codification Section 1150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to note more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balance.

4. DUE FROM OTHER GOVERNMENTAL UNITS

Individual balances due from other governments are as follows:

| | |
|-----------------------------------------------|-----------------|
| St. Mary Parish Sheriff (Criminal fees) | \$ 4,870 |
| St. Mary Parish Government (Court attendance) | <u>800</u> |
| | <u>\$ 5,670</u> |

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2004

5. CAPITAL ASSETS

As previously noted, the St. Mary 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 to be made to adjust for assets previously carried at historical cost under \$1,000.

Capital assets and depreciation activity for the year follows:

| | Beginning Balance | Additions | Adjustments | Ending Balance |
|--------------------------------|----------------------|--------------------|---------------------|-------------------|
| Furniture and fixtures | \$ 338,605 | \$ - | \$ (15,024) | \$ 323,581 |
| Office equipment | 291,382 | - | (11,092) | 280,290 |
| Leasehold improvements | <u>116,297</u> | - | <u>(1,905)</u> | <u>114,392</u> |
| Total | 746,284 | - | (28,021) | 718,263 |
| Less: accumulated depreciation | <u>-</u> | <u>(72,913)</u> | <u>(278,940)</u> | <u>(351,853)</u> |
| Net capital assets at 06-30-03 | <u>\$ 746,284</u> | <u>\$ (72,913)</u> | <u>\$ (306,961)</u> | <u>\$ 366,410</u> |
| | | | | |
| Furniture and fixtures | \$ 323,581 | \$ - | \$ - | \$ 323,581 |
| Office equipment | 280,290 | 334,754 | - | 615,044 |
| Leasehold improvements | <u>114,392</u> | <u>18,120</u> | - | <u>132,512</u> |
| Total | 718,263 | 352,874 | - | 1,071,137 |
| Less: accumulated depreciation | <u>(351,853)</u> | <u>(85,051)</u> | - | <u>(436,904)</u> |
| Net capital assets at 06-30-04 | <u>\$ 366,410</u> | <u>\$ 267,823</u> | <u>\$ -</u> | <u>\$ 634,233</u> |

6. PENSION PLAN

Plan Description. The St. Mary Parish Clerk of Court contributes to the Clerks of Court Retirement and Relief Fund (Retirement System), a cost-sharing multiple-employer defined benefit pension plan administered by the Clerk of Court Retirement and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:1501-1540 to provide retirement, disability and survivor benefits to members throughout the State of Louisiana. The Clerk of Court Retirement and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Clerk of Court Retirement and Relief Fund, 11745 Bricksome Ave., Suite B-1, Baton Rouge, Louisiana 70816.

Funding Policy. Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the St. Mary Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. The contribution requirements of plan members and the St. Mary 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 results of the valuation for the prior fiscal year. The St. Mary Parish Clerk of Court's contributions to

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2004

the System for the years ending June 30, 2004, 2003, and 2002, were \$116,458, \$110,318, and \$124,280, respectively, equal to the required contributions for each year.

7. POSTRETIREMENT BENEFITS

The St. Mary 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 employee and by the clerk of court. The clerk of court recognizes the cost of providing these benefits (the clerk's portion of premiums) as an expenditure when the monthly premiums are due, which was \$41,547 for 2004 and \$39,450 for 2003.

8. DEFERRED COMPENSATION PLAN

The St. Mary Parish Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with the Internal Revenue Code Section 457. The plan is reported as an agency fund in the State of Louisiana's financial statements. The plan, available to all Clerk of Court employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or proof of hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State of Louisiana (without being restricted to the provisions of benefits under the plan) subject only to the claims of the general creditors of the State of Louisiana. Participants' rights under the plan are equal to those of general creditors of the State of Louisiana in an amount equal to the fair market value of the deferred account for each participant.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2004

9. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

| | <u>Advance Deposit Fund</u> | <u>Registry of Court Fund</u> | <u>Total</u> |
|----------------------------------------|-------------------------------------|---------------------------------------|---------------------|
| Unsettled deposits at July 1, 2002 | \$ 570,882 | \$ 5,489,637 | \$ 6,060,519 |
| Additions | 1,120,804 | 18,386,874 | 19,507,678 |
| Reductions | <u>(1,144,890)</u> | <u>(329,906)</u> | <u>(1,474,796)</u> |
| Unsettled deposits at June 30, 2003 | 546,796 | 23,546,605 | 24,093,401 |
| Additions | 1,118,506 | 7,950,096 | 9,068,602 |
| Reductions | <u>(1,064,609)</u> | <u>(27,771,838)</u> | <u>(28,836,447)</u> |
| Unsettled deposits as June 30, 2004 | <u>\$ 600,693</u> | <u>\$ 3,724,863</u> | <u>\$ 4,325,556</u> |

10. RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended June 30, 2004.

11. RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Clerk is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2004. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

12. LITIGATION AND CLAIMS

There is no litigation pending against the clerk's office at June 30, 2004.

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

The clerk's office is located in the St. Mary Parish Courthouse, which is owned by the St. Mary Parish Government. The parish government provides utilities and maintenance for operation of the courthouse. These expenditures are not reflected in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2004

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Marriage licenses | \$ 7,000 | \$ 6,316 | \$ 5,998 | \$ (318) |
| Fees, Charges and commissions for services: | | | | |
| Court costs, fees and charges | 662,500 | 736,821 | 747,868 | 11,047 |
| Fees for recording legal documents | 525,000 | 636,353 | 619,378 | (16,975) |
| Fees for certified copies of documents | 76,000 | 78,128 | 75,908 | (2,220) |
| Use of money and property - interest earnings | 10,500 | 5,685 | 11,086 | 5,401 |
| Miscellaneous | 9,500 | 9,350 | 23,933 | 14,583 |
| Total Revenues | <u>1,290,500</u> | <u>1,472,653</u> | <u>1,484,171</u> | <u>11,518</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Personal service and related benefits | 1,144,403 | 1,153,442 | 1,214,404 | (60,962) |
| Operating services | 93,200 | 86,010 | 106,916 | (20,906) |
| Materials and supplies | 10,350 | 12,795 | 20,402 | (7,607) |
| Travel and other charges | 20,000 | 27,278 | 26,688 | 590 |
| Capital outlay | 100,000 | 388,556 | 352,874 | 35,682 |
| Intergovernmental | - | - | - | - |
| Total Expenditures | <u>1,367,953</u> | <u>1,668,081</u> | <u>1,721,284</u> | <u>(53,203)</u> |
| Excess (deficiency) of revenues over expenditures | (77,453) | (195,428) | (237,113) | (41,685) |
| Fund balance, beginning of year | <u>921,941</u> | <u>921,941</u> | <u>921,941</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 844,488</u> | <u>\$ 726,513</u> | <u>\$ 684,828</u> | <u>\$ (41,685)</u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2003

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance</u> |
|------------------------------------------------------|-------------------|-------------------|-------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable (Unfavorable)</u> |
| REVENUES | | | | |
| Marriage licenses | \$ 7,000 | \$ 7,000 | \$ 5,726 | \$ (1,274) |
| Fees, Charges and commissions for services: | | | | |
| Court costs, fees and charges | 676,600 | 676,600 | 670,346 | (6,254) |
| Fees for recording legal documents | 400,000 | 400,000 | 551,920 | 151,920 |
| Fees for certified copies of documents | 76,000 | 76,000 | 75,778 | (222) |
| Use of money and property - interest earnings | 24,725 | 24,725 | 17,222 | (7,503) |
| Miscellaneous | 6,000 | 6,000 | 8,610 | 2,610 |
| Total Revenues | <u>1,190,325</u> | <u>1,190,325</u> | <u>1,329,602</u> | <u>139,277</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Personal service and related benefits | 1,105,693 | 1,105,693 | 1,137,334 | (31,641) |
| Operating services | 94,100 | 94,100 | 91,914 | 2,186 |
| Materials and supplies | 9,000 | 9,000 | 9,240 | (240) |
| Travel and other charges | 20,000 | 20,000 | 20,547 | (547) |
| Capital outlay | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Total Expenditures | <u>1,228,793</u> | <u>1,228,793</u> | <u>1,259,035</u> | <u>(30,242)</u> |
| Excess (deficiency) of revenues over expenditures | (38,468) | (38,468) | 70,567 | 109,035 |
| Fund balance, beginning of year | <u>851,374</u> | <u>851,374</u> | <u>851,374</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 812,906</u> | <u>\$ 812,906</u> | <u>\$ 921,941</u> | <u>\$ 109,035</u> |

The accompanying notes are an integral part of this statement

COMPLIANCE AND INTERNAL CONTROL

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MICHELE L. CHAUVIN, CPA
ALAN M. TAYLOR, CPA

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

**The Honorable Clifford Dressel
St. Mary Parish Clerk of Court
Franklin, Louisiana**

We have audited the financial statements of the St. Mary Parish Clerk of Court, a component unit of the St. Mary Parish Government, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 21, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary 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 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 disclose no instance 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 St. Mary Parish Clerk of Court'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 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 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 solely for the information and use of the St. Mary Parish Clerk of Court and the St. Mary Parish Government and is not intended to be and should not be used by anyone other than these specified parties.

Guidry, Chauvin & Taylor, CPA'S

Guidry, Chauvin & Taylor, CPA'S

Franklin, Louisiana
December 21, 2004

OTHER SUPPLEMENTARY INFORMATION

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.

CURRENT FINDINGS

The corrective action plan for current year findings is presented.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2003

| <u>Ref. No.</u> | <u>Description of Finding</u> | <u>Corrective Action Planned</u> | <u>Name of Contact Person(s)</u> | <u>Anticipated Completion Date</u> |
|-----------------|-----------------------------------|--------------------------------------|------------------------------------------|----------------------------------------|
|-----------------|-----------------------------------|--------------------------------------|------------------------------------------|----------------------------------------|

Note: There were no prior year audit findings to be listed in this schedule.

ST. MARY PARISH CLERK OF COURT
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2004

| <u>Ref. No.</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken (Yes, No Partially)</u> | <u>Planned Corrective Action/Partial Corrective Action Taken</u> | <u>Additional Explanation</u> |
|-----------------|---------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------|
|-----------------|---------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------|

Note: There are no current year findings or management letter comments to be included in this schedule.