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VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

Annual Financial Report  
As of and for the Year Ended June 30, 2004  
With Supplemental Information Schedules

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

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

Annual Financial Report  
As of and For the Year Ended June 30, 2004  
With Supplemental Information Schedules

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REQUIRED SUPPLEMENTAL INFORMATION (PART I)

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
**MANAGEMENTS' DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2004

The discussion and analysis of the Vernon Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the year ended June 30, 2004. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The basic financial statements of the Vernon Parish Clerk of Court, as of and for the year ended June 30, 2004, provides the following insights into the financial position and the results of operations. Governmental funds reported a general fund surplus of \$320,455, a decrease of \$911 from the prior year. Total spending for all programs was \$1,003,971 for the year. The clerk's revenues increased by 11 per cent and the expenditures increased by 10 per cent. The increase, in the budgeted revenues and expenditures, is due to a general fluctuation in revenues and additional expenditures for the acquisition of capital assets.

**USING THIS ANNUAL REPORT**

The clerk's basic financial statements consists of a series of financial statements that show information for the clerk as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities (pages 6 and 7) provide information about the activities of the clerk as a whole and present a longer-term view of the clerk's finances. The fund financial statements of the clerk begin on page 8. For the clerk's governmental activities, these statements report how the clerk finances its services in the short-term as well as what remains for future spending. Fund statements may also provide insights into the clerk's overall financial position. Fund financial statements also report the clerk's operations in more detail than the government-wide financial statements by providing information about the clerk's general fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the clerk acts solely as an agent for the benefit of others.

The Statement of Net Assets and the Statement of Activities are reported 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 reported regardless of when cash is received and/or paid. These statements present the governmental activities of the clerk which comprises all of the clerk's services.

These statements report the clerk's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as a way to measure the clerk's financial position. Increases or decreases in the clerk's net assets, as reported in the Statement of Activities, are an indicator of whether the clerk's financial position is improving or deteriorating. The difference between revenues and expenses presents the clerk's operating results; however, the clerk's objective is to provide services to the residents of the parish and the public in general, and not to generate profits as a commercial enterprise.

Vernon Parish Clerk of Court  
Leesville, Louisiana  
Management's Discussion and Analysis (Continued)

The fund financial statements, beginning on page 8, provide detail information about the general fund of the clerk, but not the clerk as a whole. The general fund is required to be established by State law to enable the clerk to control and manage financial resources for particular purposes or to demonstrate that the clerk is meeting legal requirements for the expenditure of revenues.

The clerk's services are reported in governmental funds which focus on showing how financial resources flow into and out of funds and the balances remaining at year-end that may be available for future spending, using the modified accrual basis of accounting, which measures cash and other financial assets that may be readily converted to cash. This basis of accounting provides a detailed short-term view of the clerk's operations and the services it provides. The governmental fund information enables financial statement users to determine whether there are more or fewer financial resources that can be spent in the near future to finance the clerk's programs. The relationship between governmental activities reported in the government-wide financial statements (Statement A and B) and the governmental funds in the fund financial statements (Statement C and E) is presented in a reconciliation on Statements D and F.

**FIDUCIARY RESPONSIBILITIES**

The clerk is the trustee, or fiduciary, for the Advance Deposit Fund and the Registry of the Court Fund. Fiduciary activities are reported in a separate Statement of Fiduciary Net Assets (page 12). These financial activities are excluded from the clerk's other financial statements because they cannot be used to finance its operations. The clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

As reported on the Statement of Net Assets, page 6, (Statement A) the clerk's net assets were \$392,259, at June 30, 2004. This represents a net increase of \$44,467 or 11 per cent from the prior year. The \$278,677 in unrestricted net assets of governmental activities represents the accumulated results of all past year's operations. It means that if the clerk had to pay off all of its bills (current liabilities) at June 30, 2004, a balance of \$278,677, would be remaining.

As reported in the Statement of Activities, page 7, (Statement B) the results of this year's operations for the clerk reflected a increase of \$44,4670 or 11 per cent. The clerk intends to closely monitor future expenditures with adherence to the approved budget to ensure financial stability.

**FUND FINANCIAL STATEMENTS (FFS)**

As reported on the Governmental Fund Balance Sheet, page 8, (Statement C) the clerk reported total assets of \$335,058, this is a decrease of approximately \$2,259 or 1 per cent from the prior year.

As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), page 10, the total revenues increased by \$112,068 or 13 per cent and expenditures increased by \$91,243 or 10 per cent from the prior year.

Vernon Parish Clerk of Court  
Leesville, Louisiana  
Management's Discussion and Analysis (Continued)

**BUDGETARY HIGHLIGHTS**

Budgetary information is presented on page 23, (Schedule 1) demonstrates the level of budgetary control exercised by the clerk as well as compliance with State law relating to budgets and the budgetary process. Supplemental appropriations were not deemed necessary by the clerk during the year. This resulted in an unfavorable variance in total expenditures of \$140,783, or 14 per cent.

**CAPITAL ASSETS**

The capital assets of the clerk of court is limited to office furniture, equipment and automobiles. Office space, as required by Louisiana law, is provided by the parish police jury. At June 30, 2004, the clerk had investments in capital assets (net of accumulated depreciation) totaling \$113,582. This is a \$67,484, or 59 per cent from the prior year.

**DEBT**

The debt of the clerk is limited to vested interest in vacation leave by employees. At June 30, 2004, the debt related to vested vacation benefits totaled \$41,778, a 7 per cent increase from the previous year.

**CONTACTING THE CLERK OF COURT**

The financial report is designed to provide a general overview of the clerk's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Honorable Willie Deon, Vernon Parish Clerk of Court, Post Office Box 40, Leesville, LA 71449 at phone number 337-238-1384.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

55 Terra Avenue  
Alexandria, LA 71303  
318/442-7568  
Fax: 318/442-9495

**Independent Auditor's Report**

**HONORABLE WILLIE DEON, JR.**  
**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana

I have audited the basic financial statements of the Vernon Parish Clerk of Court as of June 30, 2004, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Vernon Parish Clerk of Court's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Clerk of Court as of June 30, 2004, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Vernon Parish Clerk of Court adopted, effective July 1, 2003, the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures. Adoption of these standards results in a change in the format and content of the basic financial statements and additional disclosures.

The Required Supplementary Information (Part I & II), as listed in the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. *This Required Supplementary Information is the responsibility of the management of the Vernon Parish Clerk of Court.* I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

VERNON PARISH CLERK OF COURT  
INDEPENDENT AUDITOR'S REPORT  
CONTINUED

In accordance with Government Auditing Standards, I have also issued a report dated December 22, 2004, on my consideration of internal control over financial reporting and my tests 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 my audit.

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
December 22, 2004

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana  
STATEMENT OF NET ASSETS

JUNE 30, 2004

ASSETS	
-----	
Cash and cash equivalents	\$323,651
Receivables	11,407
Capital assets, net of accumulated depreciation	113,582
	-----
TOTAL ASSETS	\$448,640
	=====
LIABILITIES	
-----	
Accounts, salaries, and withholdings payable	\$14,603
Compensated absences payable	41,778
	-----
TOTAL LIABILITIES	56,381
	-----
NET ASSETS	
-----	
Invested in capital assets	113,582
Unrestricted	278,677
	-----
TOTAL NET ASSETS	\$392,259
	=====

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

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2004

## EXPENSES

-----  
Current - Judicial:

Personal services and related benefits	\$766,741
Operating services	72,128
Materials and supplies	30,209
Travel and other charges	16,989
Intergovernmental	36,773
Depreciation expense	35,754
	-----

## TOTAL EXPENSES

958,593  
-----

## PROGRAM REVENUES

Civil suits and successions	322,708
Criminal fees and charges	72,344
Filings and recordings	463,523
Court attendance	9,400
Miscellaneous fees and charges	81,076
	-----

## TOTAL PROGRAM REVENUES

949,051  
-----

## NET (EXPENSE) REVENUE

(9,542)

## GENERAL REVENUES

Federal grants	37,007
Interest earnings	17,002
	-----

## TOTAL GENERAL REVENUES

54,009  
-----

## CHANGES IN NET ASSETS

44,467  
-----

## NET ASSETS - JULY 1, 2003

347,792  
-----

## NET ASSETS - JUNE 30, 2004

\$392,259  
=====

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

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

GOVERNMENTAL FUND - GENERAL FUND  
Sheet, June 30, 2003

ASSETS	
-----	
Cash and cash equivalents	\$323,651
Receivables	11,407
	-----
TOTAL ASSETS	\$335,058
	=====
LIABILITIES AND FUND BALANCE	
-----	
Liabilities:	
Accounts, salaries, and withholdings payable	\$14,603
	-----
Fund balance - unreserved - undesignated	320,455
	-----
TOTAL LIABILITIES AND FUND BALANCE	\$335,058
	=====

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

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2004

Total Fund Balances - Governmental Funds		\$320,455
Cost of capital assets	\$385,058	
Less - accumulated depreciation	(271,477)	113,582
	-----	
Long-term liabilities - compensated absences		(41,778)
		-----
Net Assets		\$392,259
		=====

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

VERNON PARISH CLERK OF COURT  
 Leesville, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended June 30, 2004

REVENUES	
-----	
Civil suits and successions	\$322,708
Criminal fees and charges	72,344
Filings and recordings	463,523
Court attendance	9,400
Federal grants	37,007
Interest earnings	17,002
Miscellaneous fees and charges	81,076
	-----
Total revenues	1,003,060
	-----
EXPENDITURES	
-----	
Current - Judicial:	
Personal services and related benefits	766,741
Operating services	72,128
Materials and supplies	30,209
Travel and other charges	13,966
Intergovernmental	36,773
Capital outlay	84,155
	-----
Total expenditures	1,003,971
	-----
EXCESS OF REVENUES OVER EXPENDITURES	(911)
-----	
FUND BALANCE AT BEGINNING OF YEAR	321,367
	-----
FUND BALANCE AT END OF YEAR	\$320,455
	=====

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

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2004

Total net change in fund balances - governmental funds (\$911)

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. This is the amount by  
which capital outlays exceeds depreciation in the period:

Capital outlays	84,155	
Depreciation expense	(35,754)	48,402
	-----	

In the Statement of Activities, certain operating expenses - compensated  
absences (vacation and sick leave) - are measured by the amounts earned  
during the year. In the governmental funds, however, expenditures for these  
items are measured by the amount of financial resources used (essentially,  
the amounts actually paid). This year, vacation and sick time earned exceeded  
the amount used by \$3,023

(3,023)

Change in net assets of governmental activities

\$44,467

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

VERNON PARISH CLERK OF COURT  
 Leesville, Louisiana  
 FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 2004

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	OTHER FUNDS	TOTAL
	-----	-----	-----	-----
ASSETS				
-----				
Cash and cash equivalents	\$592,717	\$45,314	\$109,213	\$747,244
	=====	=====	=====	=====
LIABILITIES				
-----				
Unsettled deposits due to others	\$592,717	\$45,314	\$109,213	\$747,244
	=====	=====	=====	=====

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

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana

Notes to the Financial Statements  
As of and 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 shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Vernon Parish Clerk of Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing basic governmental accounting and financial reporting principles. The accompanying basic financial statements has 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**

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernon Parish Clerk of Court is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Vernon Parish Clerk of Court may, without the approval or consent of another governmental entity, determine or modify its own budget and set rates or charges. The Vernon Parish Clerk of Court also has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected clerk of court are financially accountable. With the exception of the unrecorded transaction between the Vernon Parish Police Jury and the clerk of court where the Vernon Parish Police Jury provides, as required by Louisiana law, office space and utilities for the clerk of court, there are no other primary governments with which the clerk of court has a significant relationship.

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
Notes to the Basic Financial Statements  
(Continued)

**C. FUND ACCOUNTING**

The 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 functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Governmental funds account for all or most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources that may be used to finance future operations of the clerk of court. The clerk of court's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the clerk are described as follows:

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

**Fiduciary (Agency) Funds** -- fiduciary funds reporting focuses on the net assets and changes in net assets. The only funds accounted for in this category by the clerk of court are agency funds. The agency funds account for assets held by the clerk as an agent for litigants held pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds have no measurement focus, but use modified accrual basis of accounting. The Advance Deposit and Registry of Court agency funds account for assets held as an agent for others.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** - include the Statement of Net Assets (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the clerk of court as a whole. Fiduciary funds are not included at this level, as they are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. 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

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
Notes to the Basic Financial Statements  
(Continued)

recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**Allocation of Indirect Expenses** - The clerk of court reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation which cannot be specifically identified by function is assigned to the "travel and other charges" function due to the fact that the assets serve multiple purposes.

**Fund Financial Statements (FFS)** - 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach 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. Fund financial statements report detailed information about the school board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund 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 school board 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 interest and principal payments on general long-term debt which is recognized when due, and 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:

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
Notes to the Basic Financial Statements  
(Continued)

**Revenues**

Recordings, cancellations, court attendance, criminal costs, et cetera, are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recognized when received by the clerk of court.

Based on the above, recordings, court attendance, criminal costs, et cetera are subject to accrual.

**Expenditures**

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

**Deferred Revenues**

The clerk of court reports deferred revenues on its fund financial statements balance sheet. Deferred revenues arise when resources are received by the school board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the clerk of court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**E. BUDGET PRACTICES**

A proposed budget is published in the official journal at least ten days prior to a public hearing. The public hearing is held at the clerk's office during the month of June for comments from taxpayers. The proposed budget is then legally adopted by the clerk and amended during the year, as necessary. Budgets are established and controlled by the clerk at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Although formal budgetary integration is not employed as a management control device, the bookkeeper provides the clerk of court with monthly comparisons as a means of controlling expenditures. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
Notes to the Basic Financial Statements  
(Continued)

**G. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those *income-producing items with original maturities of usually 90 days or less*. Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the clerk of court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. INVESTMENTS**

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the clerk of court, upon determination of the availability of funds in excess of immediate cash requirements, may invest in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or United States government instrumentalities, provided that such obligations are backed by the full faith and credit of the United States government; and savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the clerk of court may invest in mutual or trust fund institutions (limited to 25 per cent of the funds considered available for investment under this section) provided that they are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies. Investments are stated at fair value.

**I. INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods and services provided or rendered. These receivables and payables are classified as interfund receivables and payables on the fund financial statements but are eliminated for reporting purposes on the government-wide financial statements. Included in these transactions, are the fees that are transferred from the Advance Deposit Agency Fund. These fees represent fees earned by the clerk of court from continuing operations and are transferred from litigant's money deposited in the Advance Deposit Agency Fund.

**VERNON PARISH CLERK OF COURT**  
 Leesville, Louisiana  
 Notes to the Basic Financial Statements  
 (Continued)

**J. CAPITAL ASSETS**

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The clerk of court maintains a threshold level of \$5,000 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated Useful Life (Years)
Office equipment	5
Furniture and fixtures	5
Automobiles	5

**K. COMPENSATED ABSENCES**

Employees earn from 5 to 25 days of vacation leave each year, depending on length of service. Vacation leave can only be accumulated with specific approval by the clerk of court. Employees earn one day of sick leave each month and may accumulate a maximum of 45 days. Employees, with proper notice given concerning retirement or resignation, are paid up to 45 days of accumulated sick leave at their current rate of pay. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The liability related is reported on the Government-Wide Financial Statements, with only the current portion of the liability reported in the Fund Financial Statements.

**L. 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, externally imposed by creditors (such as debt covenants, construction contracts, etc.), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation.

**M. 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. Designations of fund balance represent tentative management plans that are subject to change.

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana  
Notes to the Basic Financial Statements  
(Continued)

**N. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the clerk of court, which are either unusual in nature or infrequent in occurrence.

**O. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Under state law, the clerk may deposit funds within 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 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 has cash and cash equivalents as follows:

Petty cash	\$250
Demand deposits	258,213
Time and certificates of deposit	<u>812,433</u>
Total	<u>\$1,070,896</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, 2004, the clerk had cash and cash equivalents (collected bank balances) of \$1,108,178. These deposits are secured from risk by approximately \$400,000 of federal deposit insurance (GASB Category 1) and \$708,178 of the pledge of bank-owned securities held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties (GASB Category 3).

Even though the pledged securities are considered uncollateralized 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 that the fiscal agent bank has failed to pay deposited funds upon demand.

**VERNON PARISH CLERK OF COURT**  
 Leesville, Louisiana  
 Notes to the Basic Financial Statements  
 (Continued)

**3. CAPITAL ASSETS**

Capital assets and depreciation activity for the year ended June 30, 2004, follows:

Beginning Balance - Capital Assets	\$300,703
Additions	84,355
Reductions	NONE
	-----
Ending Balance - Capital Assets	385,058
Less - accumulated depreciation	(271,477)
	-----
Net Capital Assets	\$113,582
	=====

**4. PENSION PLAN**

Substantially all employees of the Vernon Parish clerk of court are members of the Louisiana Clerks of Court Retirement and Relief Fund ("System"), a multiple-employer, public employee retirement system (PERS), controlled and 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 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who 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 by state statute.

Members are required by state statute to contribute 8.25 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 11.50 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. The contribution requirements of plan members and the employers 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 of the prior fiscal year. The employer contributions for the years ending June 30, 2004, 2003, and 2002, were \$57,712, \$48,341, and \$45,433, respectively, equal to the required contributions for each year.

**VERNON PARISH CLERK OF COURT**  
 Leesville, Louisiana  
 Notes to the Basic Financial Statements  
 (Continued)

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 B1, Baton Rouge, Louisiana 70816, or by calling (504) 293-1162.

**5. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in agency fund balances due to others follows:

	Advance Deposit Fund	Registry of Court Fund	Other	Total
Balance, July 1, 2003	\$546,209	\$227,998	\$98,628	\$872,835
Additions	763,730	48,042	83,679	895,451
Reductions	(717,222)	(230,726)	(73,093)	(1,021,041)
Balance, June 30, 2004	<u>\$592,717</u>	<u>\$45,314</u>	<u>\$109,214</u>	<u>\$747,244</u>

**6. RISK MANAGEMENT**

The clerk's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The clerk has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

VERNON PARISH CLERK OF COURT  
Leesville, Louisiana  
GENERAL FUND

Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Civil suits and successions	\$335,639	\$335,639	\$322,708	(\$12,931)
Criminal suits	69,061	69,061	72,344	3,283
Filing and recording	448,916	448,916	463,523	14,607
General revenue	139,652	139,652	144,485	4,833
<b>Total revenues</b>	<b>993,268</b>	<b>993,268</b>	<b>1,003,060</b>	<b>9,792</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government - Judicial:				
Personal service and related benefits	696,397	696,397	766,741	(70,344)
Operating services	77,104	77,104	72,128	4,976
Materials and supplies	28,435	28,435	30,209	(1,774)
Travel and other charges	6,033	6,033	13,966	(7,933)
Intergovernmental	20,614	20,614	36,773	(16,159)
Capital outlay	34,605	34,605	84,155	(49,550)
<b>Total expenditures</b>	<b>863,188</b>	<b>863,188</b>	<b>1,003,971</b>	<b>(140,783)</b>
<b>EXCESS (Deficiency) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<b>130,080</b>	<b>130,080</b>	<b>(911)</b>	<b>(130,991)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>322,610</b>	<b>322,610</b>	<b>321,367</b>	<b>(1,243)</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$452,690</b>	<b>\$452,690</b>	<b>\$320,455</b>	<b>(\$132,235)</b>

See independent auditor's report.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Alexandria, LA 71303  
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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**

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana

I have audited the financial statements of the Vernon Parish Clerk of Court as of and for the year ended June 30, 2004, and have issued my report thereon dated December 22, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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*. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**VERNON PARISH CLERK OF COURT**  
Leesville, Louisiana  
Compliance and Internal Control Report  
(Continued)

Prior Year Audit Findings

The audit for the year ended June 30, 2003, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

General

This report is intended for the information of the audit committee, management, and certain state regulatory entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
December 22, 2004