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**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**

**AUDITED FINANCIAL STATEMENTS**

*Year Ended June 30, 1996*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 FEB 26 1997

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
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Year Ended June 30, 1996**

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# *Kushner, LaGraize & Moore, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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SEC Practice Section of the  
AICPA Division For CPAs Firms

## **INDEPENDENT AUDITORS' REPORT**

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana  
New Orleans, Louisiana

We have audited the accompanying financial statements of the Custodian of Notarial Records of Orleans Parish, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996. These financial statements are the responsibility of the Custodian's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Custodian of Notarial Records of Orleans Parish, a component unit of the State of Louisiana, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 1996, on our consideration of the Custodian's internal control structure and a report dated November 19, 1996, on its compliance with laws and regulations.

*Kushner, LaGraize & Moore, L.L.P.*

Metairie, Louisiana  
November 19, 1996

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
COMBINED BALANCE SHEET - GOVERNMENTAL FUND TYPE  
AND ACCOUNT GROUPS  
June 30, 1996

	<u>General Fund</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS</b>				
Cash	\$ 67,353	\$ 0	\$ 0	\$ 67,353
Accounts receivable - City of New Orleans	3,673	0	0	3,673
Office equipment	0	198,683	0	198,683
Furniture and fixtures	0	33,018	0	33,018
<b>OTHER DEBITS</b>				
Amount to be provided for retirement of capital lease obligations	<u>0</u>	<u>0</u>	<u>36,269</u>	<u>36,269</u>
	<u>\$ 71,026</u>	<u>\$ 231,701</u>	<u>\$ 36,269</u>	<u>\$ 338,996</u>

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
COMBINED BALANCE SHEET - GOVERNMENTAL FUND TYPE  
AND ACCOUNT GROUPS - CONTINUED  
June 30, 1996

	Account Groups			
General Fund	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 907	\$ 0	\$ 0	\$ 907
Insurance payable	17,718	0	0	17,718
Accrued annual leave	15,118	0	0	15,118
Accrued sick leave	4,760	0	0	4,760
Payroll taxes payable	7,928	0	0	7,928
Deferred revenue - notary fees	9,350	0	0	9,350
Capital lease obligations	0	0	36,269	36,269
<b>TOTAL LIABILITIES</b>	<b>55,781</b>	<b>0</b>	<b>36,269</b>	<b>92,050</b>
<b>EQUITY AND OTHER CREDITS</b>				
Investment in general fixed assets	0	231,701	0	231,701
Fund balance				
Designated for future microfilming and imaging expenditures	15,245	0	0	15,245
<b>Total fund balance</b>	<b>15,245</b>	<b>0</b>	<b>0</b>	<b>15,245</b>
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>15,245</b>	<b>231,701</b>	<b>0</b>	<b>246,946</b>
	<b>\$ 71,026</b>	<b>\$ 231,701</b>	<b>\$ 36,269</b>	<b>\$ 338,996</b>

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL FUND  
For the Year Ended June 30, 1996**

	<u>GENERAL FUND</u>
<b>REVENUES</b>	
Filing fees	\$ 292,917
Copying fees	239,654
Certification fees	50,581
Notary fees	56,026
Service charge fees	6,703
City of New Orleans document tax fees	41,826
Miscellaneous income	<u>3,360</u>
 TOTAL REVENUES	 691,067
 <b>EXPENDITURES</b>	
Current - general government	
Salaries	395,234
Custodian withdrawals	35,000
Archival supplies	854
Bank charges	3,694
Binding	23,236
Copier supplies	3,590
Dues and subscriptions	394
Insurance	42,982
Janitorial and pest control	6,580
Maintenance contracts	1,278
Meetings and seminars	180
Microfilm expenditures	11,092
Miscellaneous expense	193
Office supplies	13,202
Operating services	3,700
Payroll taxes	2,815
Postage	2,394
Printing	4,489

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL FUND - CONTINUED  
For the Year Ended June 30, 1996

	<u>General Fund</u>
<b>EXPENDITURES (Continued)</b>	
Current - general government (continued)	
Professional services	\$ 25,600
Repairs	3,494
State retirement plan cost	43,235
Telephone	2,289
Travel	859
Capital additions	38,279
Debt service	
Capital lease payments	<u>3,312</u>
 <b>TOTAL EXPENDITURES</b>	 <u><b>667,975</b></u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	 <b>23,092</b>
 <b>OTHER FINANCING SOURCES</b>	
Capital lease	35,459
Interest on cash deposits	<u>522</u>
 <b>TOTAL OTHER FINANCING SOURCES</b>	 <u><b>35,981</b></u>
 <b>EXCESS OF REVENUES AND OTHER   FINANCING SOURCES OVER EXPENDITURES</b>	 <b>59,073</b>
 <b>FUND DEFICIT, BEGINNING OF YEAR</b>	 <u><b>(43,828)</b></u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u><b>\$ 15,245</b></u>

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
- BUDGET AND ACTUAL**

*For the Year Ended June 30, 1996*

	General Fund		Variance Favorable (Unfavorable)
	Actual	Budget	
<b>REVENUES</b>			
Filing fees	\$ 292,917	\$ 280,000	\$ 12,917
Copying and fax fees	239,654	210,000	29,654
Certification fees	50,581	50,000	581
Notary fees	56,026	52,000	4,026
Service charge fees	6,703	5,000	1,703
City of New Orleans - document tax fees	41,826	33,000	8,826
Miscellaneous income	3,360	1,000	2,360
<b>TOTAL REVENUES</b>	<b>691,067</b>	<b>631,000</b>	<b>60,067</b>
<b>EXPENDITURES</b>			
Current - general government			
Salaries	395,234	375,000	(20,234)
Custodian withdrawals	35,000	35,000	0
Archival supplies	854	1,000	146
Bank charges	3,694	3,600	(94)
Binding	23,236	21,000	(2,236)
Copier supplies	3,590	4,500	910
Dues and subscriptions	394	500	106
Insurance - general	11,912	10,500	(1,412)
Insurance - hospitalization	31,070	15,000	(16,070)
Janitorial and pest control	6,580	6,700	120
Maintenance contracts	1,278	3,500	2,222
Meetings and seminars	180	1,000	820
Microfilm expenditures	11,092	42,500	31,408
Miscellaneous expense	193	0	(193)
Office supplies	13,202	5,500	(7,702)



**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
- BUDGET AND ACTUAL - CONTINUED**

*For the Year Ended June 30, 1996*

	General Fund		
	Actual	Budget	Variance Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>			
Current - general government (continued)			
Operating services	\$ 3,700	\$ 3,200	\$ (500)
Payroll taxes	2,815	2,000	(815)
Postage	2,394	2,000	(394)
Printing	4,489	3,500	(989)
Professional services	25,600	27,500	1,900
Repairs	3,494	2,000	(1,494)
State retirement	43,235	40,000	(3,235)
Telephone	2,289	2,000	(289)
Travel	859	1,000	141
Capital additions	38,279	23,000	(15,279)
Debt service			
Capital lease payments	3,312	0	(3,312)
Total expenditures	667,975	631,500	(36,475)
EXCESS OF REVENUES OVER EXPENDITURES	23,092	(500)	23,592
<b>OTHER FINANCING SOURCES</b>			
Capital lease	35,459	0	35,459
Interest on cash deposits	522	500	22
TOTAL OTHER FINANCING SOURCES	35,981	500	35,481
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	59,073	\$ 0	\$ 59,073
FUND DEFICIT, BEGINNING OF YEAR	(43,828)		
FUND BALANCE, END OF YEAR	\$ 15,245		

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS*  
*June 30, 1996*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Custodian of Notarial Records of Orleans Parish, State of Louisiana (the Custodian) is presented to assist in understanding the Custodian's financial statements. The financial statements and notes are representations of the management of the Custodian, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as applied to governmental units, and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

***Financial Reporting Entity***

The Custodian was created by Act 147 of the Louisiana legislature in 1867. This act provided that a central office be established and provided a custodian to care and discharge the duties of that office. As provided by Revised Statute 35:322, the Custodian is appointed by the Governor for a term of 4 years. The term of office shall run concurrent with that of the Governor.

As required by generally accepted accounting principles, the financial statements of the reporting entity present the primary government and its component units. The accompanying financial statements present only the Custodian which is a component unit of the State of Louisiana (The Primary Government).

The Custodian is a component unit of the State of Louisiana because the Governor of the State of Louisiana appoints the Custodian to office and the State of Louisiana has the ability to significantly influence the designation of management.

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Fund Accounting***

The accounts of the Custodian are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of a fund are accounted for with a separate set of self-balancing accounts which are maintained for the purpose of carrying on special activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The Custodian has the following fund type and account groups:

1. **Governmental Fund**

*General Fund* - The General Fund is the general operating fund of the Custodian. It is used to account for all financial resources.

2. **Account Groups**

*General Fixed Assets* - This account group is established to account for all fixed assets of the Custodian.

*General Long-Term Debt* - This account group is established to account for all long-term debt of the Custodian and for those long-term liabilities to be liquidated with resources to be provided in future periods.

***Basis of Accounting***

The modified accrual basis of accounting is used by governmental fund types. Under this method, 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 within the current period. Revenues are considered measurable and available when received within 60 days after the current year ended. Revenues susceptible to accrual are City of New Orleans document tax fees and notary fees. Expenditures are generally recorded when the liability is incurred.

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Budgetary Accounting***

The administration of the Custodian prepares an annual budget for the Custodian. The budget is legally enacted and amended through a meeting of the administration of the Custodian. The budget is prepared on the modified accrual basis of accounting.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type - Budget and Actual presents comparisons of the legally adopted budget with actual data. Budgeted amounts are as originally adopted or as finally amended by the Custodian.

***Encumbrances***

Encumbrances are not recorded, and therefore, no reservation of fund balance is necessary.

***Cash Deposits***

Cash reported on the balance sheet includes amounts in demand deposits. Fair value estimates, methods and assumptions for the Custodian's financial instruments of cash are that the carrying amount reported in the balance sheet is a reasonable estimate of fair value.

Louisiana statutes permit the Custodian to invest in United States bonds, treasury notes, certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investment limited to securities of the U.S. Government or its agencies.

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***General Fixed Assets***

Fixed assets used in governmental fund type operations (general fixed assets) are recorded in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation is not recorded on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

***General Long-Term Debt***

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Such liabilities include the capital lease obligations.

***Annual and Sick Leave***

Annual leave of one to four weeks is earned on a calendar year basis depending on the length of service. Annual leave earned must be used within that calendar year and compensation in lieu of any remaining leave time is not available.

Sick leave is earned on a calendar year basis at a rate of one day per month. Any unused accrued sick leave available to the employee at the end of the current calendar year can be carried forward from year to year; however, compensation in lieu of leave time is not available. Accumulated sick leave is not paid upon termination of employment.

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

*June 30, 1996*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Equity***

Reserves represent those portions of fund balance not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Such plans are subject to change and may never be legally authorized or result in expenditures.

***Risk Management***

The Custodian pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The state pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverages.

***Total Columns on Combined Statements***

The total column on the combined statement is captioned "Memorandum Only" to indicate that they are presented to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles.

**NOTE 2 - CASH DEPOSITS**

At June 30, 1996, the carrying amount of the Custodian's deposits was \$67,303 and the bank balance was \$92,953, which was fully covered by federal depository insurance.

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

**NOTE 3 - GENERAL FIXED ASSETS ACCOUNT GROUP**

A summary of changes in General Fixed Assets during the year is as follows:

	<u>Balance 07/01/95</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Balance 06/30/96</u>
Furniture and fixtures	\$ 33,018	\$ 0	\$ 0	\$ 33,018
Office equipment	<u>170,082</u>	<u>45,854</u>	<u>17,253</u>	<u>198,683</u>
	<u>\$ 203,100</u>	<u>\$ 45,854</u>	<u>\$ 17,253</u>	<u>\$ 231,701</u>

At June 30, 1996, fixed assets under capital leases amounted to \$36,269.

**NOTE 4 - GENERAL LONG-TERM DEBT ACCOUNT GROUP**

General long-term debt, as discussed in Note 1, consisted of a capital lease obligation. A summary of the changes in general long-term debt during the year ended June 30, 1996, is as follows:

	<u>Balance 07/01/95</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/96</u>
Capital lease obligation	<u>\$ 3,698</u>	<u>\$ 35,459</u>	<u>\$ 2,888</u>	<u>\$ 36,269</u>

Future minimum lease payments under the capital lease obligation at June 30, 1995, are as follows:

<u>Year Ending 06/30</u>	<u>Amount</u>
1997	\$ 14,142
1998	13,306
1999	13,306
2000	<u>3,000</u>
Total minimum lease payments	43,754
Less amount representing interest	<u>7,485</u>
Present value of future payments	<u>\$ 36,269</u>

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

**NOTE 5 - EMPLOYEES' RETIREMENT PLANS**

Employees of the Custodian participate in the Louisiana State Employees' Retirement System (LASERS).

LASERS was established on July 1, 1947, and is a system for classified and unclassified employees of state government. Employees are eligible for a service retirement annuity upon reaching age 60 or thereafter, and 25 years or more service credit or completion of 30 years or more credited service. The system is supported by contributions of its members and the state. The member contribution as of June 30, 1996, amounted to 7.5 percent of state employees' gross salaries, and the contribution of the Custodian was 12.0 percent.

Annual retirement benefits consist primarily of 2.5 percent times the average annual compensation times years of creditable service. Average compensation is defined as the average annual compensation for the period of 36 consecutive months during which aggregate compensation was greatest. The plan also provides, based on a percentage of the average annual compensation, certain disability and survivor benefits.

The Custodian covered payroll and total payroll for the period ended June 30, 1996, for all employees follows.

<u>Pension Plan</u>	<u>Covered Payroll</u>	<u>Total Payroll</u>
Louisiana State Employees' Retirement System	\$ 358,539	\$ 395,234

Employer and employee contributions to the retirement system during the period ended June 30, 1996, are as follows:

<u>Pension Plan</u>	<u>Employer Contributions</u>	<u>% of Eligible Salary</u>	<u>Employee Contribution</u>	<u>% of Eligible Salary</u>
Louisiana State Employees' Retirement System	\$ 43,235	12.0%	\$ 27,284	7.5%



**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - CONTINUED*  
*June 30, 1996*

**NOTE 5 - EMPLOYEES' RETIREMENT PLANS (Continued)**

Information concerning the actuarial present value of accumulated plan benefits, vested plan benefits, net assets available for benefits, and 10-year historical trend information which are relevant to the Custodian are not available because such determinations are made on a statewide basis and not for individual participating governmental units. This information is reported in the State of Louisiana Comprehensive Annual Financial Report. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

For the year ended June 30, 1996, the Custodian received office space, maintenance on the office space, and utilities excluding telephone from the City of New Orleans at no charge.

**NOTE 7 - FUND BALANCE**

At June 30, 1996, the Custodian's unreserved fund balance of \$15,245 was designated by the Custodian for future microfilming and imaging expenditures.

***COMPLIANCE SECTION***

# *Kushner, LaGraize & Moore, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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SEC Practice Section of the  
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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana  
New Orleans, Louisiana

We have audited the financial statements of the Custodian of Notarial Records of Orleans Parish, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Custodian of Notarial Records of Orleans Parish, State of Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana

In planning and performing our audit of the financial statements of the Custodian of Notarial Records of Orleans Parish, State of Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Kushner, LaGratze & Moore, L.L.P.*

Metairie, Louisiana  
November 19, 1996

# *Kushner, LaGraize & Moore, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana  
New Orleans, Louisiana

We have audited the financial statements of the Custodian of Notarial Records of Orleans Parish, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Custodian of Notarial Records of Orleans Parish, State of Louisiana, is the responsibility of the Custodian's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Custodian's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances on noncompliance that we have reported to the management of the Custodian in a separate letter dated November 21, 1996.

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Kushner, LaGraize & Moore, L.L.P.*

Metairie, Louisiana  
November 19, 1996

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***THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA***

***Memorandum of Advisory Comments***

*June 30, 1996*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 \_\_\_\_\_

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***COMPLIANCE WITH LAWS AND REGULATIONS***

# *Kushner, LaGraize & Moore, L.L.P.*

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## AUDITORS' LETTER

To the Custodian of Notarial Records  
of Orleans Parish, State of Louisiana  
New Orleans, Louisiana

We have audited the financial statements of The Custodian of Notarial Records of Orleans Parish, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 19, 1996. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Custodian's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The attached schedule of noncompliance with laws and regulations includes findings of noncompliance noted as a result of the items tested.

We have already discussed these findings with various Custodian personnel and have included their responses. We will be pleased to discuss these comments with you in further detail at your convenience, or to perform any additional study of these matters.

KUSHNER, LAGRAIZE & MOORE, L.L.P.

*Kushner, LaGraize & Moore, L.L.P.*

Metairie, Louisiana  
November 21, 1996

**THE CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA**  
**SCHEDULE OF NONCOMPLIANCE WITH LAWS AND REGULATIONS**  
*For the Year Ended June 30, 1996*

**1. Finding**

During our compliance testing of the budgeting laws and regulations of the State of Louisiana, it was determined that adequate supporting documentation did not exist to provide evidence that the 1996 annual budget had been advertised for public notice in accordance with Louisiana Revised Statute 39:1306.

***Management's Response***

The current administration was not in place at the time that the 1996 annual budget was approved, but is aware of the requirements of the Louisiana Revised Statute 39:1306. The current administration has already taken steps to ensure that the proper supporting documentation is maintained to provide adequate evidence that the 1997 annual budget has been advertised for public review prior to adoption.

**2. Finding**

During our compliance testing of the asset management laws and regulations of the State of Louisiana, it was determined that an annual physical inventory of fixed assets was not performed for the year ended June 30, 1996, in accordance with Louisiana Revised Statute 39:324.

***Management's Response***

These procedures will be implemented for the year ending June 30, 1997.

**3. Finding**

During our review of the budgeting process, it was noted that the budget is prepared based on the input of various administrative personnel at the Custodian of Notarial Records of Orleans Parish, State of Louisiana. Once all persons are in agreement on the budget, a final review is performed and a verbal certification of the budget is given by the custodian. While this process does provide a formal certification of the annual budget, there is no written documentation of the certification.

***Management's Response***

These procedures will be implemented for the year ending June 30, 1997.