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TERREBONNE PARISH CLERK OF COURT

Financial Statements
For the Year Ended June 30, 1999

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 1-12-2000

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To the Terrebonne Parish
Clerk of Court:

Independent Auditor's Report

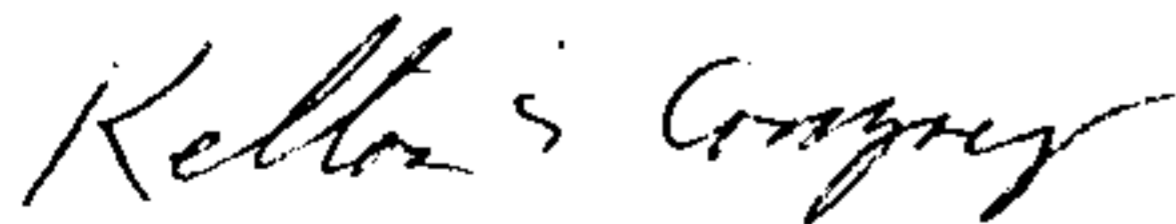
We have audited the accompanying general purpose financial statements of the Terrebonne Parish Clerk of Court (the "Clerk") as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Clerk of Court as of June 30, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information included in Exhibits I and II is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. This information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Clerk's compliance and internal control over financial reporting based on our audit of the financial statements dated October 20, 1999.



October 20, 1999

TERREBONNE PARISH CLERK OF COURT

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

ASSETS	Governmental	Fiduciary Fund Types – Agency Funds		Account Group General Fixed Assets	Total (Memorandum Only-Note 1)
	Fund Type Salary Fund	Advance Deposit Fund	Registry of Court Fund		
Cash and cash equivalents	\$ 931,985	\$ 2,311,089	\$ 2,021,522	\$ ---	\$ 5,264,596
Receivables	84,607	17,328	---	---	101,935
Due from agency funds	437,376	---	---	---	437,376
Prepaid expenditures	28,932	---	---	---	28,932
Investments	---	1,320,000	---	---	1,320,000
Fixed assets, at cost	---	---	---	835,469	835,469
Total assets	\$ 1,482,900	\$ 3,648,417	\$ 2,021,522	\$ 835,469	\$ 7,988,308
LIABILITIES AND FUND EQUITY					
Accounts payable	\$ 70,311	\$ 4,096	---	---	\$ 74,407
Due to salary fund	---	435,376	2,000	---	437,376
Unsettled claims	---	3,208,945	2,019,522	---	5,228,467
Total liabilities	70,311	3,648,417	2,021,522	---	5,740,250
Fund equity					
Investment in General Fixed Assets					
Terrebonne Parish Clerk of Court	---	---	---	835,469	835,469
Fund balance					
Reserved for prepaid expenditures	28,932	---	---	---	28,932
Unreserved – undesignated	1,383,657	---	---	---	1,383,657
Total fund equity	1,412,589	---	---	835,469	2,248,058
Total liabilities and fund equity	\$ 1,482,900	\$ 3,648,417	\$ 2,021,522	\$ 835,469	\$ 7,988,308

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance
Actual and Budget
Governmental Fund Type – Salary Fund

	For the Year Ended June 30, 1999		
	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES:			
Clerk's fees transferred from Advance Deposit Agency Fund	\$ 1,149,512	\$ 1,170,000	\$ (20,488)
Recording fees	636,435	600,000	36,435
Certified copies	255,701	270,000	(14,299)
Mortgage certificates	51,411	62,400	(10,989)
Mortgage cancellations	72,209	54,000	18,209
Marriage licenses	12,613	12,300	313
Notarial fees	1,146	1,500	(354)
Court attendance	15,632	16,500	(868)
Criminal case fees	202,044	200,000	2,044
Interest	12,948	15,000	(2,052)
Other	96,869	36,260	60,609
Total revenues	2,506,520	2,437,960	68,560
EXPENDITURES:			
Salaries, wages and related benefits	1,802,197	1,852,950	50,753
Office fixtures and equipment	127,049	100,000	(27,049)
Office expenses	156,803	174,000	17,197
Telephone and telecommunications	22,608	24,000	1,392
Other	161,290	184,835	23,545
Total expenditures	2,269,947	2,335,785	65,838
EXCESS OF REVENUES OVER EXPENDITURES	236,573	102,175	134,398
OTHER FINANCING SOURCES:			
Transfers of interest from Advance Deposit Agency Fund	118,890	130,000	(11,110)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	355,463	232,175	123,288
FUND BALANCE, beginning of year	1,057,126	1,057,126	---
FUND BALANCE, end of year	\$ 1,412,589	\$ 1,289,301	\$ 123,288

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:Basis of Presentation

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

Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Terrebonne Parish Consolidated Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Because the Clerk of Court is fiscally dependent on the consolidated government, the Clerk of Court was determined to be a component unit of the Terrebonne Parish Consolidated 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 consolidated government, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

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

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

Funds of the Clerk of Court are classified into two categories: governmental (Salary Fund) and fiduciary (Agency Funds). These funds are as follows:

Salary Fund

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

Agency Funds

The Advance Deposit and Registry of the Court agency funds account for assets held on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Advance Deposit Fund 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. The Registry of the Court Fund is used to account for funds which have been ordered by the Court to be held until judgement has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the Court.

General Fixed Assets Account Group

The General Fixed Assets Account Group represents a summary of the fixed assets of the Clerk of Court. Capital expenditures are recorded as expenditures of the Salary Fund at the time of purchase and are recorded, at cost, for control purposes in the General Fixed Assets Account Group.

Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

This account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. In accordance with generally accepted accounting principles as applied in the public sector, depreciation is not recorded on general fixed assets.

Basis of Accounting

The accompanying financial statements have been prepared on a modified accrual basis of accounting. The agency funds presented in the accompanying combined balance sheet have been prepared on the cash basis. Therefore, no receivables or payables are reflected with the exception of interest receivables, which are accrued for in the Advance Deposit Fund. The Salary Fund is accounted for on the accrual basis in accordance with generally accepted accounting principles.

Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where the physical transfer of assets has not taken place as of year-end, or where repayment is expected, the advances are accounted for through the various due from and due to accounts. The Clerk transfers interest earned on the investments of the Advance Deposit Fund to the Salary Fund to be utilized by the Salary Fund in its operations. The amount transferred during fiscal 1999 was \$118,890.

Prepaid Expenditures

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid expenditures. These amounts are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments (i.e. lease) for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the Salary Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored in subsequent years. As of June 30, 1999, no portion of fund balance was reserved for encumbrances.

Budget Policies

Prior to the beginning of each fiscal year, the Clerk prepares and approves a formal budget based upon estimated revenues and proposed expenditures for the coming year using the modified accrual basis of accounting. This proposed budget is published in the official journal of the Parish of Terrebonne and is presented to the public for review and inspection, after which it is finalized and adopted by I. Robert Boudreaux, the elected Clerk of Court of Terrebonne Parish. A certified copy of the budget is then filed with the Chief Executive or Administrative Officer of the Terrebonne Parish Consolidated Government.

Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit, interest-bearing demand deposit, and money market accounts, as well as time deposits maturing within 90 days. 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. All interest income is recorded when earned.

Investments

Investments are limited by Louisiana Revised Statute 25 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if original maturities of investments are 90 days or less, they are classified as cash and cash equivalents. The Clerk's investments consist of time deposits with maturities between 91 and 270 days.

Compensated Absences

The employees of the Clerk of Court are allowed a fixed number of days for vacation and sick leave each year. This leave policy does not provide for the accumulation or vesting of leave. Accordingly, no accrual for employee leave benefits has been recorded by the Clerk of Court.

Total Column on Combined Balance Sheet

The total column on the Combined Balance Sheet is captioned "Memorandum Only" to indicate that the amounts are presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Fund Equity

Reserves – Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances – Designated fund balances represent tentative plans for future use of financial resources.

Clerk's Fees Transferred from Advance Deposit Agency Fund

These fees represent revenue to the Clerk of Court earned from everyday operations such as copying and faxing for litigants. These fees are collected by a transfer of litigant's money deposited in the Advance Deposit Fund to the Salary Fund.

Notes to the Financial Statements

SUMMARY OF SIGNIFANCT ACCOUNTING POLJCIES – (continued)Use of Estimates

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

CASH, CASH EQUIVALENTS AND INVESTMENTS:

At June 30, 1999, the Clerk of Court had cash, cash equivalents, and investments (time deposits maturing after 90 days) with book balances totaling \$6,584,596 as follows:

Non-interest bearing demand deposits	\$ 1,239,830
Interest-bearing demand deposits	2,021,047
Money market accounts	708,245
Time deposits maturing in less than 90 days	1,295,000
Time deposits maturing after 90 days and in less than one year	1,320,000
Other	474
	<hr/>
Total	<u>\$ 6,584,596</u>

These deposits are stated at cost, which approximates fair value. 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. At June 30, 1999, the Clerk had \$6,781,650 in deposits (collected bank balances). These deposits are secured from risk by \$600,000 of federal deposit insurance and \$10,194,341 of pledged securities owned by the custodial bank held in the name of the Clerk of Court.

GASB categorizations of investments give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or collateralized with securities held by the Clerk of Court or by its agent in the Clerk of Court's name. Category 2 includes investments collateralized with securities held by the pledging fiscal agent bank's trust department or agent in the Clerk of Court's name. Category 3 includes any bank balance that is collateralized with securities held by the pledging fiscal agent bank, or held by its trust department or agent, but not in the Clerk of Court's name. At June 30, 1999, total deposits (collected bank balances) in the amount of \$6,781,650 were considered Category 1 investments.

Notes to the Financial Statements

CASH, CASH EQUIVALENTS AND INVESTMENTS: - (continued)

Statutes authorized the Clerk of Court to invest in the following types of securities:

1. Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana.
2. Direct obligations of the U. S. Government, including such instruments as treasury bills, treasury notes and treasury bonds.
3. Obligations of U. S. Government agencies that are deliverable on the Federal Reserve System.
4. Repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report and are regulated by the Federal Reserve Bank of New York.

All of the Clerk of Court's investments are considered type 1 investments.

RECEIVABLES:

The receivables of \$101,935 at June 30, 1999 are as follows:

<u>Class of Receivable</u>	<u>Salary Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Accounts	\$ 29,795	\$ ---	\$ 29,795
Interest	3,715	17,328	21,043
Fees in criminal cases	11,234	---	11,234
Support enforcement	39,863	---	39,863
Total	<u>\$ 84,607</u>	<u>\$ 17,328</u>	<u>\$ 101,935</u>

CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Balance June 30, 1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1999</u>
Office equipment	\$ 269,024	\$ 9,193	\$ 13,246	\$ 264,971
Furniture and fixtures	339,516	42,586	---	382,102
Automobiles	17,009	---	---	17,009
Leased equipment	123,103	48,284	---	171,387
	<u>\$ 748,652</u>	<u>\$ 100,063</u>	<u>\$ 13,246</u>	<u>\$ 835,469</u>

Notes to the Financial Statements

CHANGES IN GENERAL FIXED ASSETS: - (continued)

The previously reported balance of office equipment included \$113,038 of equipment owned by the Terrebonne Parish Consolidated Government. The currently reported balance of office equipment at June 30, 1998 is properly restated excluding the said equipment.

PENSION PLAN:

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

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 117545 Bricksome Avenue, Suite B, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk is required to contribute at an actuarially determined rate. The current rate is 11.00 percent of annual covered payroll. Contributions to the System included one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contributions requirements of plan members and the Clerk are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk's contributions to the System for the years ending June 30, 1999, 1998 and 1997 were \$140,245, \$131,237, and \$143,433, respectively, equal to the required contributions for each year.

Effective July 1, 1999, the Clerk of Court elected to pay all of the 8.25% employee retirement contribution, which would otherwise be deducted from the employee's salary. The adoption of a new state act permits Clerks of Court to pay all or a portion of the employee retirement contribution provided the percentage paid is the same for all employees and the Clerk.

Notes to the Financial Statements

POSTRETIREMENT HEALTH CARE BENEFITS:

It is the Clerk of Court's policy to provide certain continuing health care benefits for its retired employees. Substantially all of the Clerk of Court's employees become eligible for those benefits if they reach normal retirement age or obtain disability retirement while working for the Clerk of Court. There are eight (8) participants currently eligible to receive health care benefits. Those 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's costs of providing retiree health care benefits are recognized as expenditures when the monthly premiums are paid. For 1999, the cost of retiree benefits totaled \$19,136, of which \$9,568 was paid by retirees.

CHANGES IN UNSETTLED CLAIMS:

A summary of changes in agency fund unsettled claims follows:

	Balance June 30, 1998	Additions	Reductions	Balance June 30, 1999
Agency Funds:				
Advance Deposit Fund	\$ 2,988,594	\$ 2,631,685	\$ 2,411,334	\$ 3,208,945
Registry of the Court Fund	1,464,526	2,388,512	1,833,516	2,019,522
Total	<u>\$ 4,453,120</u>	<u>\$ 5,020,197</u>	<u>\$ 4,244,850</u>	<u>\$ 5,228,467</u>

EXCESS FUND BALANCE:

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the Salary Fund's fund balance that exceeds one-half of the revenues of the Clerk of Court's last year of his term of office. At June 30, 1999, there was no amount due the parish treasurer as this was not the last year of the Clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Clerk of Court's operations as early as fiscal year 1999 - 2000.

The Clerk of Court has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Clerk of Court's operations. As a result of this inventory, year 2000 compliant hardware and software have been installed with additional modifications pending.

Notes to the Financial Statements

YEAR 2000 ISSUE: - (continued)

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Clerk of Court is or will be year 2000 ready, that the Clerk of Court's remediation efforts will be successful in whole or in part, or parties with whom the Clerk of Court does business will be year 2000 ready.

ECONOMIC DEPENDENCE

As previously stated, the Terrebonne Parish Clerk of Court is a component unit of and fiscally dependent on the Terrebonne Parish Consolidated Government. The consolidated government provides for both the use and custody of facilities and equipment in addition to payment of certain operating expenses.

EXHIBIT I

TERREBONNE PARISH CLERK OF COURT

Schedule of Changes in Unsettled Claims
For the Year Ended June 30, 1999

	Advance Deposit Fund	Registry of Court Fund
UNSETTLED CLAIMS AT BEGINNING OF YEAR	\$ 2,988,594	\$ 1,464,526
ADDITIONS:		
Deposits	2,512,795	2,321,017
Interest on investments	118,890	67,495
Total additions	2,631,685	2,388,512
REDUCTIONS:		
Settlements to litigants	---	1,801,724
Clerk's fees transferred to Salary Fund	1,149,566	735
Sheriff's fees	314,965	---
Refunds to litigants and attorneys	569,901	---
Witnesses, appraisers and jury commission fees	63,115	---
Transfer to Salary Fund	118,890	---
Judge compensation fund	52,638	---
Secretary of State	24,175	---
Law clerk fees	64,640	---
Attorney, curators and notarial fees	15,930	---
Court reporter	19,911	---
Fees to other clerks	5,916	---
Law library commission	4,148	---
Other	7,539	31,057
Total reductions	2,411,334	1,833,516
UNSETTLED CLAIMS AT END OF YEAR	\$ 3,208,945	\$ 2,019,522

TERREBONNE PARISH CLERK OF COURT

Salary Fund – detail of Other Revenues and Expenditures
For the Year Ended June 30, 1999

OTHER REVENUES:	
Family Violence Fund	\$ 12,613
Elections Refunds	7,260
Transfer from Registry of the Court Fund	735
Clerk's supplemental compensation fund	11,825
Miscellaneous	64,436
	<hr/>
Total other revenues	\$ 96,869
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OTHER EXPENDITURES:	
Clerk's supplemental compensation fund	\$ 24,000
UCC filing fees	24,899
Family Violence Fund	11,982
Auditing and accounting	10,000
Storage rental	4,800
Travel expenses	3,637
Advertising	74
Dues	2,227
Auto expense	317
Payroll tax expenses	9,004
Election expenses	2,761
Liability insurance	15,453
Record book, binding and lamination	33,291
Clerk's expenses allowance	7,070
Miscellaneous	11,775
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Total other expenditures	\$ 161,290
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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*

To the Terrebonne Parish Clerk of Court:

Independent Auditors' Report

We have audited the general purpose financial statements of the Terrebonne Parish Clerk of Court, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Terrebonne Parish Clerk of Court's general purpose 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 test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of current year audit findings and corrective action plan as items 99-1 and 99-2.

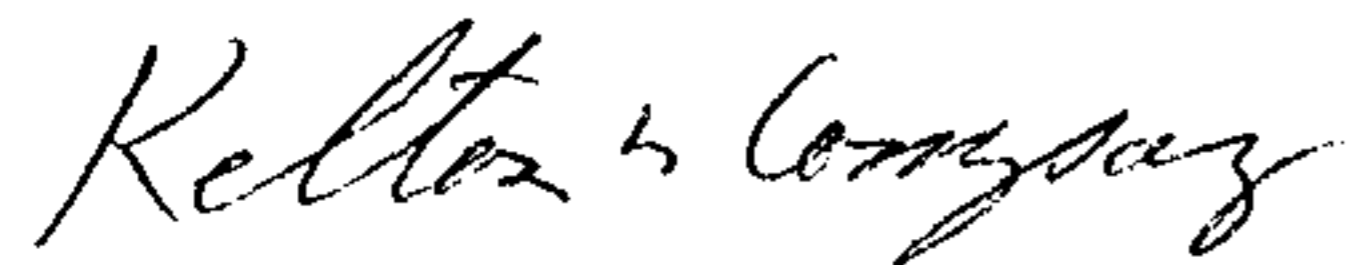
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Terrebonne 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Terrebonne Parish Clerk of Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of current year audit findings and corrective action plan as items 99-3 and 99-4.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, of the reportable conditions described above, we consider item 99-3 to be a material weakness.

This report is intended solely for the information and use of the Terrebonne Parish Clerk of Court, its management, and Terrebonne Parish Consolidated Government, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Kelton & Company".

Kelton & Company, P.C.

October 20, 1999

Schedule of Current Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-1	See below	See below	David Henry	6/30/00

Description of Finding:

Condition: The Clerk of Court does not refund advance costs deposits remaining for ordinary suits not having activity for five years or more unless requested by claimants. Approximately \$500,000 in advance deposit accounts have had no activity in five years.

Criteria: LSA-RS 13:842 requires the Clerk of Court to refund any unused balance remaining in an ordinary suit held in the Advance Deposit Fund. This refund is to be made to the original depositor of the suit after paying all fees and/or other charges of record provided the suit is completely inactive for at least five years.

Corrective Action Plan: Management will review the Advance Deposit Fund for instances of the above mentioned refunds and promptly return those monies to the original depositor(s).

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-2	See below	See below	David Henry	N/A

Description of Finding:

Condition: The Clerk of Court did not comply with the public bid laws in the acquisition of computer and filing equipment with costs of \$59,736.

Criteria: LSA-RS 38:2212 requires all purchases of materials and supplies exceeding \$15,000 to be advertised and awarded based on sealed bids which are received timely.

Corrective Action Planned: Management will closely monitor purchasing procedures to ensure the adherence of the statute. In addition the Clerk of Court has requested an opinion from the Attorney General concerning specifics of these transactions.

Schedule of Prior Year Findings
For the Year Ended June 30, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-3	See below	See below	David Henry	6/30/00

Description of Finding:

Condition: One employee has custody of checks and registers for most of the cash accounts, is a signatory on all accounts, and performs both recordkeeping and reconciliation functions. Also, in examining disbursements, it was noted that only one signature is required on all disbursements.

Criteria: Proper segregation of duties and other compensating controls are necessary to provide adequate internal control. Also, accurate recording, processing, reviewing, and approval of all financial data are essential to prepare reliable financial statements.

Corrective Action Planned: Management will implement procedures that properly segregate custodial, recordkeeping, and reconciliation functions. Disbursements will also be closely examined and monitored by upper management.

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-4	See below	See below	David Henry	6/30/00

Description of Finding:

Condition: Mandatory vacations are not required for personnel holding key financial reporting positions.

Criteria: Proper segregation of duties and other compensating controls are necessary to provide adequate internal control.

Corrective Action Planned: An addendum will be added to personnel policies requiring all employees holding key financial reporting positions to take mandatory vacations.

Schedule of Prior Year Findings
For the Year Ended June 30, 1999

Internal Control and Compliance Material to the General Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 1998.
No reportable conditions were reported during the audit for the year ended June 30, 1998.

Compliance

No compliance findings material to the general purpose financial statements were noted during the audit for the year ended June 30, 1998.

Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1998.