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**CUSTODIAN OF NOTARIAL RECORDS OF
ORLEANS PARISH
OFFICE OF THE GOVERNOR**

**Component Unit Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended June 30, 2004**

Audit of Financial Statements

June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9.1.04

**CUSTODIAN OF NOTARIAL RECORDS OF
ORLEANS PARISH
Office of the Governor
Annual Financial Statements
JUNE 30, 2004**

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Independent Auditor's Report

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

We have audited the accompanying basic 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, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Custodian of Notarial Records of Orleans Parish. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America 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 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 basic financial statements referred to above, present fairly, in all material respects, the financial position of the Custodian of Notarial Records of Orleans Parish as of June 30, 2004, and its respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2004 on our consideration of the Custodian of Notarial Records of Orleans Parish's internal control over financial reporting and on our 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 our audit.

The accompanying management's discussion and analysis and budgetary information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Custodian of Notarial Records of Orleans Parish's basic financial statements. The accompanying supplementary information such as the Division of Administration Reporting Packet as listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements of the Custodian of Notarial Records of Orleans Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macaluso, LLC
HIENZ & MACALUSO, LLC

August 12, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Custodian of Notarial Records of Orleans Parish's financial performance presents a narrative overview and analysis of the Custodian of Notarial Records of Orleans Parish's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Custodian of Notarial Records of Orleans Parish's financial statements.

Financial Highlights

- ★ Total revenues exceeded expenses by \$732,241, an increase of \$113,244 (or 18.29%) over the prior year.
- ★ Total debt is limited to a capital lease and liability for compensated absences (leave).

Overview of the Basic Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Required supplementary information (other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Custodian of Notarial Records of Orleans Parish as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (pages 8-9) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Custodian of Notarial Records of Orleans Parish is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 10) presents information showing how the Custodian of Notarial Records of Orleans Parish's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement (pages 11-12) presents information showing how the Custodian of Notarial Records of Orleans Parish's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	Total	
	2004	2003
Current and other assets	\$ 2,145,685	\$ 1,479,621
Capital assets (net of accumulated depreciation)	132,002	85,183
Total assets	<u>2,277,687</u>	<u>1,564,804</u>
Current liabilities	69,732	78,889
Long-term debt outstanding (compensated absences)	27,249	37,630
Total liabilities	<u>96,981</u>	<u>116,519</u>
Net assets		
Invested in capital assets, net of debt	119,666	47,553
Restricted	2,061,040	1,400,732
Unrestricted	-	-
Total net assets	<u>\$ 2,180,706</u>	<u>\$ 1,448,285</u>
Operating Revenues	\$ 2,215,131	\$ 2,001,671
Operating Expenses	<u>(1,490,404)</u>	<u>(1,389,383)</u>
Operating income	<u>724,727</u>	<u>612,288</u>
Net-operating revenues (expenses)	<u>7,694</u>	<u>6,889</u>
Income before transfers	<u>732,421</u>	<u>619,177</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase (decrease) in net assets	<u>\$ 732,421</u>	<u>\$ 619,177</u>

The Custodian of Notarial Records of Orleans Parish does not have any unrestricted net assets. However, it does have "restricted" net assets. These are net assets that are restricted by Louisiana revised statute 35:337(B), which states that "any unexpended or unencumbered funds remaining at the end of the fiscal year to the credit of the account of monies, fees, or sums collected by the Custodian of Notarial Records shall be dedicated to microfilming or other imaging projects to ensure the indefinite survival of the records."

Net assets of the Custodian of Notarial Records of Orleans Parish increased by \$771,415 or 51.7%, from June 30, 2003 to June 30, 2004. One of the major causes for this increase is that all fee based operating revenues increased due to the increase in the number of document filings by the public. The current low interest rate environment in the United States has created a significant increase in real estate transactions, much of which are re-financings. This activity continued through the fiscal year ended June 30, 2004.

The Custodian of Notarial Records of Orleans Parish's total revenues increased by \$213,460 or 10.1%, from June 30, 2003 to June 30, 2004.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2004, the Custodian of Notarial Records of Orleans Parish had \$532,192 invested in furniture, fixtures, and office equipment. This amount represents the original cost of the capital assets, and reflects a net increase (including additions and deductions) of \$79,542 or 93.4%, over last year's total.

Long Term Debt

The only long-term debt that the Custodian of Notarial Records of Orleans Parish had outstanding at year-end was for compensating absences (leave) in the amount of \$27,249.

Variations between Original and Final Budgets

Revenues were increased due to an increase in the real estate transactions during the year. Expenses were decreased due to the timing of microfilming projects implemented by the Custodian resulting in a decrease in operating services expenses (see supplementary schedules).

Economic Factors and Next Year's Budgets and Rates

The Custodian of Notarial Records of Orleans Parish considered the following factors and indicators when setting up next year's budget, rates, and fees. These factors and indicators included:

- Increased costs associated with microfilming projects and the contractors needed to implement these projects,
- Additional personnel and related costs due to additional microfilming and document restoration and preservation projects and the extensive nature of these projects.

The Custodian of Notarial Records of Orleans Parish estimates that next year's annual expenses may exceed annual revenues, due to increases in the number of microfilming and other document preservation projects, however, the cash balance should cover the expected increase in expenses.

Contacting the Custodian's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Custodian of Notarial Records of Orleans Parish's finances and to show accountability of the Custodian of Notarial Records of Orleans Parish for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Stephen P. Bruno, Custodian of Notarial Records of Orleans Parish
Civil Courts Building – Room B-4
New Orleans, LA 70112

Or call 504-568-8577

CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,124,913
Receivables (net of allowance for doubtful accounts)	16,468
Rental deposits	<u>4,304</u>
Total Current Assets	<u>2,145,685</u>

NONCURRENT ASSETS

Property and equipment (net of depreciation)	<u>132,002</u>
Total Noncurrent Assets	<u>132,002</u>
Total Assets	<u>\$ 2,277,687</u>

The accompanying notes are an integral part of this Financial Statement.

**CUSTODIAN OF NOTARIAL RECORDS
 OF ORLEANS PARISH
 STATE OF LOUISIANA
 STATEMENT OF NET ASSETS (CONTINUED)
 AS OF JUNE 30, 2004**

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 21,864
Payroll deductions and accrued salary	14,236
Deferred revenue - notary fees	13,596
Capital lease obligations	12,336
Escrow - City of New Orleans	<u>7,700</u>
 Total Current Liabilities	 <u>69,732</u>

NONCURRENT LIABILITIES

Accrued annual and sick leave	<u>27,249</u>
 Total Noncurrent Liabilities	 <u>27,249</u>

Total Liabilities	<u>96,981</u>
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NET ASSETS

Invested in capital assets, Net of related debt	119,666
Restricted for:	
Capital projects	-
Debt service	-
Other purposes	<u>2,061,040</u>
 Total Net Assets	 \$ <u><u>2,180,706</u></u>

The accompanying notes are an integral part of this Financial Statement.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES

Filing fees	\$ 1,195,698
Certification fees	102,910
Copying fees	491,633
Documentary transaction tax fees	276,880
Notary fees	83,368
Service charge fees	61,447
Grant	<u>3,195</u>

Total Operating Revenues 2,215,131

OPERATING EXPENSES

Personnel services	957,510
Materials and supplies	74,726
Operating services	377,580
Professional services	41,728
Travel	6,137
Depreciation	<u>32,723</u>

Total operating expenses 1,490,404

Operating Income 724,727

NON-OPERATING REVENUES (EXPENSES)

Interest revenue	10,021
Interest expense	<u>(2,327)</u>

Total Non-operating Revenues (Expenses) 7,694

Change in Net Assets 732,421

Total Net Assets - beginning 1,448,285

Total Net Assets - ending \$ 2,180,706

The accompanying notes are an integral part of this Financial Statement.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from license fees, permits, and fines	\$ 2,223,376
Cash payments for salaries and related benefits	(941,887)
Cash payments to suppliers for goods and services	<u>(508,254)</u>
Net cash provided (used) by operating activities	<u>773,235</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Net cash provided (used) by non-capital financing activities	<u>-</u>
--	----------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital lease obligations	-
Principal paid on capital lease obligations	(25,294)
Interest paid on capital lease obligations	(2,327)
Acquisitions of capital assets	<u>(79,542)</u>
Net cash provided (used) by capital and related financing activities	<u>(107,163)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest earned on investments	<u>10,021</u>
Net cash provided (used) by investing activities	<u>10,021</u>

Net increase (decrease) in cash and cash equivalents 676,093

Cash and cash equivalents at beginning of year 1,448,820

Cash and cash equivalents at end of year \$ 2,124,913

The accompanying notes are an integral part of this Financial Statement.

**CUSTODIAN OF NOTARIAL RECORDS
 OF ORLEANS PARISH
 STATE OF LOUISIANA
 STATEMENT OF CASH FLOWS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2004**

Reconciliation of operating income (loss) to net		
Cash provided (used) by operating activities:		
Operating income		\$ 724,727
Depreciation	\$ 32,723	
Changes in assets and liabilities:		
(Increase) decrease in receivables	10,029	
(Increase) decrease in prepaid expenses	-	
Increase (decrease) in accounts payable	(8,083)	
Increase (decrease) in payroll deductions and accrued expenses	10,946	
Increase (decrease) in deferred revenue - notary fees	(1,784)	
Increase (decrease) in accrued annual and sick leave	4,677	
Total adjustments		<u>48,508</u>
Net cash provided (used) by operating activities		<u><u>\$ 773,235</u></u>

The accompanying notes are an integral part of this Financial Statement.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

INTRODUCTION

The Custodian of Notarial Records of Orleans Parish, State of Louisiana (the Custodian) was created by Act 147 of the Louisiana legislature in 1867. This act stated that a central office be established and provide a custodian to care for and discharge the duties of that office. As provided by Louisiana revised statute 35:322, the Custodian is appointed by the Governor for a term of four years. The term of office shall run concurrent with that of the Governor. The Custodian's office is New Orleans, Louisiana and its primary revenues are filing fees, copying fees and documentary transaction tax fees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1999, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

Reporting Entity

The State of Louisiana is the governing authority and the governmental financial reporting entity for the Custodian of Notarial Records of Orleans Parish. The financial reporting entity consists of:

- ❖ The primary government (State of Louisiana)

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

- ❖ Organizations for which the primary government is financially accountable
- ❖ Other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana 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. These criteria include:

- ❖ *Appointing a voting majority of an organization's governing body, and*
 - The ability of the State of Louisiana to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State of Louisiana.
- ❖ Organizations, for which the State of Louisiana does not appoint a voting majority, but are fiscally dependent on the State of Louisiana.
- ❖ 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.

The Custodian of Notarial Records of Orleans Parish is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the state has the ability to significantly influence the designation of management by the Governor appointing the Custodian, and public service is rendered within the state's boundaries. The accompanying financial statements represent activity of the Custodian, and, therefore, are a part of the fund and account group structure of the State of Louisiana and its basic financial statements.

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Custodian of Notarial Records of Orleans Parish present information only as to the transactions of the programs of the Custodian of Notarial Records of Orleans Parish as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Custodian of Notarial Records of Orleans Parish are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenue, including fees for filing, copying, certifications, and interest of the Custodian are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation over a 5-year estimated useful life period is used on furniture, fixtures and office equipment. These are the only capital assets of the Custodian's office.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Annual and Sick Leave

Annual leave of one to three weeks is earned on a calendar year basis depending on the length of service. Annual leave earned must be used within that calendar year or during the following calendar year and may not be accumulated or carried forward to subsequent years. 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 for a maximum of 200 days. Compensation in lieu of leave time is not available. Accumulated sick leave is not paid upon termination of employment; however, Louisiana law (R.S. 11:424) provides that certified unused sick leave may be converted to retirement benefit credits.

Receivables

Receivables are made up mostly of documentary transaction tax fee revenue from the City of New Orleans. These receivables are expected to be collected in full; therefore, no allowance for uncollectible amounts is set up.

Long-term Liabilities

Long-term liabilities include amounts for capital lease obligations that are to be paid in future years.

Restricted Net Assets

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Custodian restricts net assets of his office for future microfilming project costs to be incurred.

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 coverage.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Encumbrances

Encumbrances are not recorded, and therefore, no reservation of net assets is necessary.

Use of Estimates

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

Budget Practices

In accordance with Louisiana statute 35:338, the Custodian is required to adopt budget for each fiscal year. The original budget for the fiscal year ended June 30, 2004, was adopted on September 19, 2003. The budget was prepared and reported on the accrual basis of accounting. Formal budget integration is employed as a management control device during the year.

The Custodian reserves all authority to make changes to the budget. The original budget for the fiscal year ended June 30, 2004, was subsequently amended on May 10, 2004. Budgeted amounts in the accompanying financial statements include the original budget and all subsequent amendments.

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash and certificates of deposit

For reporting purposes, deposits with financial institutions include cash reported on the balance sheet. Under state law, the Custodian may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Custodian may invest in time certificates of deposits of state banks organized under the laws of Louisiana, the laws of any other state of the union, or the laws of the United States. Louisiana statutes permit the Custodian to invest in United States bonds, treasury notes, certificates, or other obligations and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. 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. These pledged 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.

The carrying amount of all cash on the Statement of Net Assets totaled \$2,124,913 at June 30, 2004, with petty cash of \$125 included in that figure. The bank balance per the bank statement totaled \$2,150,597. These deposits were secured from risk by \$200,000 of federal depository insurance, and \$2,714,587 of pledged securities held by the custodial bank in the name of the Custodian.

The following is the banking institution, program, account number and amount of the bank balance shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Account Number</u>	<u>Amount</u>
1. Whitney National Bank	N/A	715-195-778	\$1,601,319
2. Hibernia Bank	N/A	2080092906	543,150
3. Whitney National Bank	N/A	715-433-385	<u>6,128</u>
Total			<u>\$2,150,597</u>
Cash in State Treasury	\$ 0		
Petty Cash	\$ 125		

NOTE 3: INVESTMENTS

The Custodian did not have any investments at June 30, 2004.

NOTE 4: CAPITAL ASSETS

The capital assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the Statement of Net Assets of the Custodian and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the Custodian is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets. Depreciation expense for the year ended June 30, 2004 was \$32,723.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

Fiscal Year Ending June 30, 2004	Ending Balance 2003	Additions	Retirements	Ending Balance 2004
Furniture, fixtures, and office equipment	\$ 452,650	79,542	-	\$ 532,192
Total	452,650	79,542	-	532,192
ACCUMULATED DEPRECIATION				
Fiscal Year Ending June 30, 2004	Ending Balance 2003	Additions	Retirements	Ending Balance 2004
Furniture, fixtures, and office equipment	367,467	32,723	-	400,190
Total	367,467	32,723	-	400,190
NET BOOK VALUE	85,183			132,002

NOTE 5: RETIREMENT SYSTEM

The employees of the Custodian are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability and survivors' benefits to plan members and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in LASERS, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature.

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804-4213 or by calling (225) 922-0600.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Contribution requirements of plan members and the Custodian are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate to equal the actuarially required employer contribution as set forth in Louisiana Revised Statute 11:102.

Employees are required by the state to contribute 7.5% of their annual covered salaries, and the Custodian is required to make employer contributions based on an actuarially determined rate. The employer rate for the years ended June 30, 2004, 2003, and 2002 were 15.8%, 14.1%, and 13.0%, respectively, of annual covered payroll. The Custodian's employer contributions to the System for the years ended June 30, 2004, 2003 and 2002 were \$103,229, \$79,039, and \$56,865, respectively, and these amounts equaled the required contributions for those years.

NOTE 6: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE
BENEFITS

The Custodian of Notarial Records of Orleans Parish provides certain continuing health care benefits for its retired employees. Substantially all of the Custodian's employees become eligible for these benefits if they reach normal retirement age while working for the Custodian. These benefits for retirees and similar benefits for active employees are provided through Louisiana State Employee Group Benefits Insurance program, whose monthly premiums are paid jointly by the employee and by the Custodian. The Custodian recognizes the cost of the employer's portion of the insurance premiums of retirees as an expenditure when paid during the year (on a pay-as-you-go basis). For the year ended June 30, 2004, the Custodian's cost of benefits paid for all retirees in the program totaled \$34,316.

NOTE 7: LEASES

Capital Leases

The Custodian had several capital lease agreements for office equipment as of June 30, 2004, and records them as a noncurrent (long-term) liability on the accompanying Statement of Net Assets. Total capital lease payments made during the year were \$25,294. This included interest of \$2,327. The following is a summary of the long-term capital lease obligation transactions during the fiscal year ended June 30, 2004:

Capital lease obligations payable at June 30, 2003	\$37,630
Increase / (Decrease)	<u>(25,294)</u>
Capital lease obligations payable at June 30, 2004	<u>\$12,336</u>

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Nature of Lease</u>	<u>Date of Lease</u>	-	Remaining Interest End of Lease	Remaining Principle End of Lease
Office equipment	<u>11/29/01</u>	-	<u>253</u>	<u>12,336</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2004.

<u>Year</u>	
2005	<u>\$12,589</u>
Net minimum lease payments	<u>12,589</u>
Less: Amount representing interest	<u>253</u>
Present value of net minimum lease payment	<u>\$12,336</u>

Annual Commitments under Operating Lease

On May 28, 1998, the Custodian entered into an operating lease beginning on September 1, 1998, and ending on October 31, 2004, for building space to store historic records and documents of the office. The original lease was amended to include additional space.

Annual lease commitments are as follows:

For the fiscal year ending on June 30:

<u>2005</u>	<u>\$ 39,058</u>
Total minimum lease commitments	<u>\$ 39,058</u>

For the fiscal year ended June 30, 2004, payments under all operating leases totaled \$116,663.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Revenue Leases

The Custodian did not have any revenue lease arrangements during the fiscal year.

NOTE 8: EXPENDITURES OF THE CUSTODIAN NOT INCLUDED IN THE FINANCIAL STATEMENTS

For the year ended June 30, 2004, the Custodian received office space in the Civil Courts Building, maintenance on the office space, and certain utilities from the City of New Orleans at no charge. The value of these items is not reflected in the accompanying financial statements.

NOTE 9: NET ASSETS

Net assets represent the difference between assets and liabilities.

The composition of net assets was as follows:

Restricted	\$2,061,040
Unrestricted	<u>119,666</u>
Total Net Assets	<u>\$2,180,706</u>

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Custodian restricts net assets of his office for future microfilming project costs to be incurred. As of June 30, 2004, the Custodian's net asset balance was restricted for future microfilming project expenses totaling \$2,061,040.

NOTE 10: FEDERAL GRANTS

The Custodian of Notarial Records of Orleans Parish was awarded a federal grant in the amount of \$51,478 from the National Endowment for the Humanities to conserve nearly 1400 French and Spanish colonial documents dating from 1731 to 1816. The records are to be stabilized, re-housed, and indexed. As part of the grant, the Custodian must contribute matching funds (100%), and agree to spend additional monies for scanning and microfilming. The grant period was originally January 1, 2003 through December 31, 2004, but has been extended through December 31, 2005. As of June 30, 2004, the Custodian recorded grant revenue in the amount of \$3,195 from this grant.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE 11: LITIGATION AND CLAIMS

According to the Custodian, there is no pending litigation or claims against his office as of June 30, 2004, which would have a material adverse effect on the financial statements.

NOTE 12: PER DIEM

The Custodian does not receive any per diem.

NOTE 13: ACCRUED AND ANNUAL SICK LEAVE

All of the amounts for accrued annual and sick leave are recorded as a non-current liability. The following is a summary of the accrued annual and sick leave liability changes during the year:

Accrued annual and sick leave at June 30, 2003	\$22,572
Increase / (Decrease)	<u>4,677</u>
Accrued annual and sick leave at June 30, 2004	<u>\$27,249</u>

There is no current portion of accrued annual or sick leave.

NOTE 14: EMPLOYEE THEFT – CONTINGENCY REPORTED IN PRIOR YEAR

During the prior fiscal year – ended June 30, 2003 employee theft relating to altered deposit slips was discovered by an employee of the Custodian. This was reported in the prior year footnotes as a Contingency.

During the current fiscal year ended June 30, 2004 there was no government action taken and no prosecution of any of the Custodian's employees.

As a result the Custodian has developed new policies and procedures to increase controls in this area. These new policies and procedures have been implemented and have been in place since the beginning of the fiscal year ended June 30, 2004. The Custodian is not aware of any other instances of employee theft.

REQUIRED SUPPLEMENTARY SCHEDULES

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
BUDGETARY COMPARISON SCHEDULE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004**

**FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Fees and charges	\$ 1,952,000	\$ 2,215,000	\$ 2,215,131	\$ 131
Interest revenue	15,000	10,000	10,021	21
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>1,967,000</u>	<u>2,225,000</u>	<u>2,225,152</u>	<u>152</u>
EXPENDITURES				
Current:				
Personal services	977,000	967,000	957,510	9,490
Materials and supplies	44,200	74,300	74,726	(426)
Operating services	596,450	409,100	379,907	29,193
Professional services	53,000	40,000	41,728	(1,728)
Travel	6,000	6,000	6,137	(137)
Depreciation	-	-	32,723	(32,723)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>1,676,650</u>	<u>1,496,400</u>	<u>1,492,731</u>	<u>3,669</u>
Excess of revenues over expenditures	<u>290,350</u>	<u>728,600</u>	<u>732,421</u>	<u>3,821</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other financing sources over expenses and other financing uses	290,350	728,600	732,421	3,821
Fund balances - beginning of year	<u>-</u>	<u>1,448,285</u>	<u>1,448,285</u>	<u>-</u>
Fund balances - end of year	<u>\$ 290,350</u>	<u>\$ 2,176,885</u>	<u>\$ 2,180,706</u>	<u>\$ 3,821</u>

See accompanying notes to financial statements.

OTHER SUPPLEMENTARY SCHEDULES

SCHEDULES REQUIRED BY THE DIVISION OF ADMINISTRATION, OFFICE OF
STATEWIDE REPORTING AND ACCOUNTING POLICY

CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH

STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

C O N T E N T S

AFFIDAVIT

Statements

MD&A - SEE AUDIT REPORT PAGES 3 – 7)

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Statement of Cash Flows	D

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2004

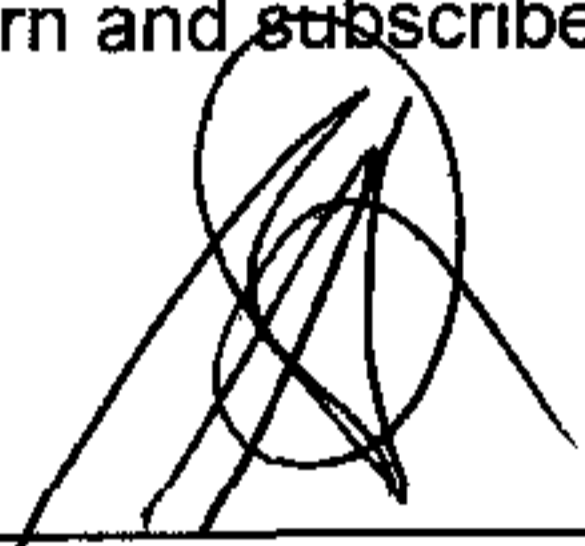
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

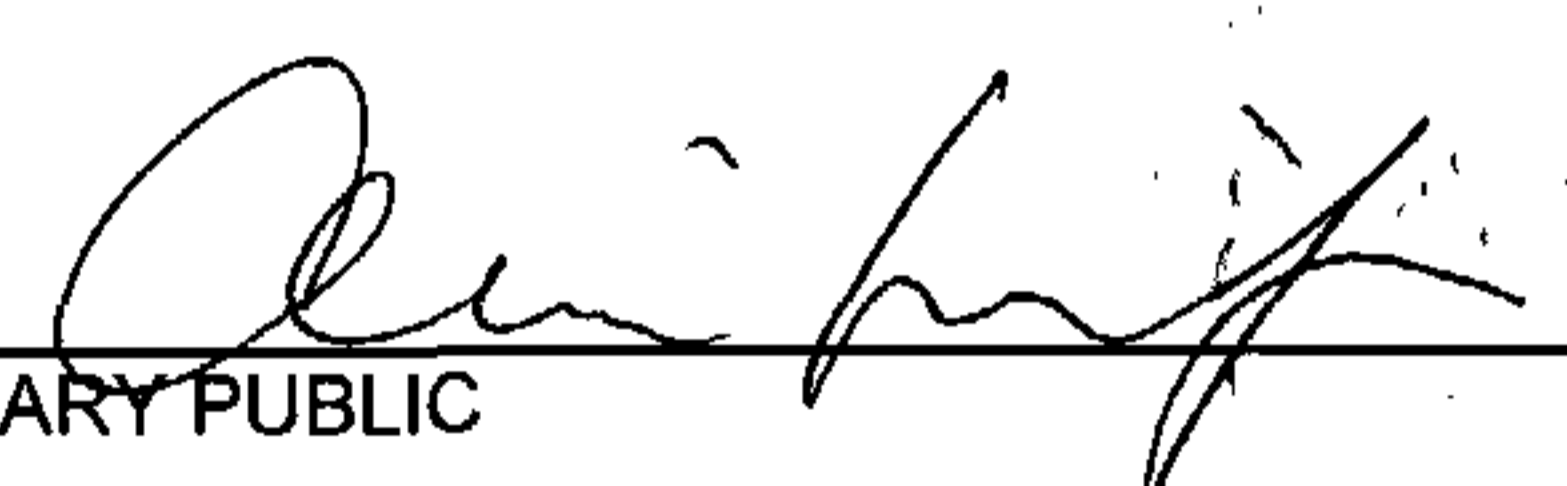
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Stephen P. BRUNO (Name)
(Title) of Notarial Archives ^{Custodian} ~~Notarial~~ (Agency) who duly sworn, deposes and says, that the
financial statements herewith given present fairly the financial position of
(agency) at June 30, 2004 and the results of operations for the year then ended in accordance with
policies and practices established by the Division of Administration or in accordance with Generally
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.
Sworn and subscribed before me, this 26 day of August, 2004.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: STEPHEN P. BRUNO
Title: CUSTODIAN
Telephone No.: 504-568-8577
Date: 8/26/04

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 BALANCE SHEET
 AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$	<u>2,124,913</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>16,468</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		<u>4,304</u>
Total current assets		<u>2,145,685</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>132,002</u>
infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>132,002</u>
Total assets	\$	<u>2,277,687</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>36,100</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>13,596</u>
Amounts held in custody for others		
Other current liabilities		<u>7,700</u>
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>12,336</u>
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>69,732</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>27,249</u>
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>27,249</u>
Total liabilities		<u>96,981</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>119,666</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>2,061,040</u>
Total net assets		<u>2,180,706</u>
Total liabilities and net assets	\$	<u>2,277,687</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUES	
Sales of commodities and services	\$ 2,211,936
Assessments	<u> </u>
Use of money and property	<u> </u>
Licenses, permits, and fees	<u> </u>
Other	<u> </u>
Total operating revenues	<u>2,211,936</u>
OPERATING EXPENSES	
Cost of sales and services	<u>1,457,681</u>
Administrative	<u> </u>
Depreciation	<u>32,723</u>
Amortization	<u> </u>
Total operating expenses	<u>1,490,404</u>
Operating income(loss)	<u>721,532</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u> </u>
Taxes	<u> </u>
Use of money and property	<u>10,021</u>
Gain (loss) on disposal of fixed assets	<u> </u>
Federal grants	<u>3,195</u>
Interest expense	<u>(2,327)</u>
Other	<u> </u>
Total non-operating revenues(expenses)	<u>10,889</u>
Income(loss) before contributions and transfers	<u>732,421</u>
Capital contributions	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>732,421</u>
Total net assets – beginning	<u>1,448,285</u>
Total net assets – ending	<u>\$ 2,180,706</u>

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Custodian	\$ <u>1,492,731</u>	\$ <u>2,211,936</u>	\$ <u> </u>	\$ <u>3,195</u>	\$ <u>722,400</u>
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					10,021
Miscellaneous					
Special items					
Transfers					
Total general revenues, special items, and transfers					10,021
Change in net assets					732,421
Net assets - beginning					1,448,285
Net assets - ending					\$ <u>2,180,706</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Cash flows from operating activities		
Cash received from customers	\$	<u>2,223,376</u>
Cash payments to suppliers for goods and services		<u>(508,254)</u>
Cash payments to employees for services		<u>(941,887)</u>
Payments in lieu of taxes		<u> </u>
Internal activity-payments to other funds		<u> </u>
Claims paid to outsiders		<u> </u>
Other operating revenues(expenses)		<u> </u>
Net cash provided(used) by operating activities		<u>773,235</u>
Cash flows from non-capital financing activities		
State appropriations		<u> </u>
Proceeds from sale of bonds		<u> </u>
Principal paid on bonds		<u> </u>
Operating grants received		<u> </u>
Other		<u> </u>
Transfers In		<u> </u>
Transfers Out		<u> </u>
Net cash provided(used) by non-capital financing activities		<u> </u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		<u> </u>
Principal paid on bonds		<u> </u>
Interest paid on bond maturities		<u> </u>
Proceeds from issuance of notes payable		<u> </u>
Principal paid on capital lease obligations		<u>(25,294)</u>
Interest paid on capital lease obligations		<u>(2,327)</u>
Acquisition/construction of capital assets		<u>(79,542)</u>
Proceeds from sale of capital assets		<u> </u>
Capital contributions		<u> </u>
Other		<u> </u>
Net cash provided(used) by capital and related financing activities		<u>(107,163)</u>
Cash flows from investing activities		
Purchases of investment securities		<u> </u>
Proceeds from sale of investment securities		<u> </u>
Interest and dividends earned on investment securities		<u>10,021</u>
Net cash provided(used) by investing activities		<u>10,021</u>
Net increase(decrease) in cash and cash equivalents		<u>676,093</u>
Cash and cash equivalents at beginning of year		<u>1,448,820</u>
Cash and cash equivalents at end of year	\$	<u><u>2,124,913</u></u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>724,727</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>32,723</u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>10,029</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>(8,083)</u>	
Increase(decrease) in accrued payroll and related benefits	<u>10,946</u>	
Increase(decrease) in compensated absences payable	<u>4,677</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u>(1,784)</u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash provided(used) by operating activities		\$ <u><u>773,235</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	<u> </u>
Contributions of fixed assets	<u> </u>
Purchases of equipment on account	<u> </u>
Asset trade-ins	<u> </u>
Other (specify)	<u> </u>
	<u> </u>
	<u> </u>
Total noncash investing, capital, and financing activities:	<u><u> </u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004

INTRODUCTION

The Custodian of Notarial Records of Orleans Parish, State of Louisiana (the Custodian) was created by Act 147 of the Louisiana legislature in 1867. This act stated that a central office be established and provide a custodian to care for and discharge the duties of that office. As provided by Louisiana revised statute 35:322, the Custodian is appointed by the Governor for a term of four years. The term of office shall run concurrent with that of the Governor. The Custodian's office is New Orleans, Louisiana and its primary revenues are filing fees, copying fees and documentary transaction tax fees.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Custodian present information only as to the transactions of the programs of the Custodian as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Custodian are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Custodian (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____

Final approved budget	\$ _____ -

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Custodian (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial

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institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits in bank accounts per balance sheet	\$ 2,124,913	\$ _____	\$ _____	\$ 2,124,913
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	_____	_____	_____	_____
Total category 3 bank balances	\$ _____	\$ _____	\$ _____	\$ _____
Total bank balances (All categories including category 3 reported above)	\$ 2,150,597	\$ _____	\$ _____	\$ 2,150,597

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

	<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1.	Whitney National Bank	Custodian	\$ 1,607,447
2.	Hibernia National Bank	Custodian	543,150
3.	_____	_____	_____
4.	_____	_____	_____
Total			\$ 2,150,597

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ 125

2. INVESTMENTS NOT APPLICABLE

The _____ (BTA) does/does not maintain investment accounts as authorized by _____ (Note legal provisions authorizing investments by (BTA)).

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

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3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____
 - 2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

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Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____

- p. Basis for determining which investments, if any, are reported at amortized cost _____

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments _____

- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)

- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a)

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segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)

aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2004

	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retirements	Balance 6/30/2004
Capital assets not being depreciated							
Land	--	--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets							
Furniture, fixtures, and equipment	452,650	--	452,650	79,542	--	--	532,192
Less accumulated depreciation	(367,467)	--	(367,467)	(32,723)	--	--	(400,190)
Total furniture, fixtures, and equipment	85,183	--	85,183	46,819	--	--	132,002
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	85,183	--	85,183	46,819	--	--	132,002
Capital Asset Summary:							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	452,650	--	452,650	79,542	--	--	532,192
Total cost of capital assets	452,650	--	452,650	79,542	--	--	532,192
Less accumulated depreciation	(367,467)	--	(367,467)	(32,723)	--	--	(400,190)
Capital assets, net	85,183	--	85,183	46,819	--	--	132,002

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated

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E. INVENTORIES NOT APPLICABLE

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS NOT APPLICABLE

Restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consist of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions: _____.

G. LEAVE

1. COMPENSATED ABSENCES

The Custodian (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$0.00. The leave payable is not recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Custodian (BTA) are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Custodian (BTA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

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Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 15.8% of annual covered payroll from the 14.1% and 13_% required in fiscal years ended June 30, 2003 and 2002, respectively. The (BTA) contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$103,229, \$79,039, and \$56,865, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all Custodian (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the Custodian (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Custodian (BTA). For 2004, the cost of providing those benefits for the all retirees totaled \$ 34,316

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2004 amounted to \$ 116,663. A schedule of payments for operating leases follows:

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2. CAPITAL LEASES

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____ 67,948	_____ 253	_____ 12,336
c. Land	_____	_____	_____
Total	\$ _____ 67,948	\$ _____ 253	\$ _____ 12,336

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30 :</u>	<u>Total</u>
2005	\$ _____ 12,589
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ 12,589
Less amounts representing executory costs	_____
Net minimum lease payments	_____ 12,589
Less amounts representing interest	_____ (253)
Present value of net minimum lease payments	\$ _____ 12,336

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SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF NOT APPLICABLE

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	-
Less amounts representing executory costs	_____
Net minimum lease payments	-
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

3. LESSOR DIRECT FINANCING LEASES NOT APPLICABLE

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

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Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs				
Minimum lease payment receivable		_____	-	
Less allowance for doubtful accounts				
Net minimum lease payments receivable		_____	-	
<i>Less estimated residual value of leased property</i>				
Less unearned income				
Net investment in direct financing lease		\$ _____	-	

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE NOT APPLICABLE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

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The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$	\$	\$	\$	\$ -
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

Current year lease revenues received in fiscal year _____ totaled \$_____.

Contingent rentals received from operating leases received for your fiscal year was \$_____ for office space, \$_____ for equipment, and \$_____ for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	22,572	4,677		27,249	
Capital lease obligations	37,630		37,630	--	12,336
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	60,202	4,677	37,630	27,249	12,336
Total long-term liabilities	60,202	4,677	37,630	27,249	12,336

A detailed summary, by issues, of all debt outstanding at June 30, 20__, including outstanding interest of \$_____ is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

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L. LITIGATION NOT APPLICABLE

1. The _____(BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Totals			\$ _____ -	\$ _____ -

The _____(BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement): _____

2. Claims and litigation costs of \$ _____ were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS NOT APPLICABLE

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). _____

N. ACCOUNTING CHANGES NOT APPLICABLE

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, error or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS NOT APPLICABLE

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(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ _____

P. DEFEASED ISSUES NOT APPLICABLE

In _____, 20____, the _____(BTA), issued \$_____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$_____, plus an additional \$_____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$_____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt)of \$_____.

Q. COOPERATIVE ENDEAVORS NOT APPLICABLE

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

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Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The _____ (BTA) uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Custodian	\$ _____	\$ _____	\$ 16,468	\$ _____	\$ 16,468
Gross receivables	\$ -	\$ -	\$ 16,468	\$ -	\$ 16,468
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ 16,468	\$ -	\$ 16,468
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Custodian	\$ 21,864	\$ 14,236	\$ _____	\$ _____	\$ 36,100
Total payables	\$ 21,864	\$ 14,236	\$ -	\$ -	\$ 36,100

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

W. SUBSEQUENT EVENTS NOT APPLICABLE

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.] _____

X. SEGMENT INFORMATION NOT APPLICABLE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	-	-
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	-	-
Beginning net assets	_____	_____
Ending net assets	-	-

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS NOT APPLICABLE

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$

STATE OF LOUISIANA
 CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

Total due from other funds		\$

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$
Total due to other funds		\$

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$
Total transfers from other funds		\$

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$
Total transfers to other funds		\$

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS NOT APPLICABLE

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets July 1, 2003, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003, <u>As restated</u>
		\$ --

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2004

NOT APPLICABLE

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2004

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2004

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2005	\$ <u>12,589</u>	\$ <u>253</u>	\$ <u>12,336</u>	\$ <u>-</u>
2006	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2007	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2008	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2009	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2010-2014	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2015-2019	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2020-2024	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
2025-2029	<u> </u>	<u> </u>	<u> </u>	<u>--</u>
 Total	 \$ <u><u>12,589</u></u>	 \$ <u><u>253</u></u>	 <u><u>12,336</u></u>	 <u><u>-</u></u>

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
Total	\$ <u> --</u>	\$ <u> --</u>

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)

SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2004

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues (A)	\$ 2,215,131	\$ 2,011,789	\$ 203,342	10.11%
Expenses	1,492,731	1,392,612	100,119	7.19%
2) Capital assets (B)	132,002	85,183	46,819	54.96%
Long-term debt (C)	27,249	37,630	(10,381)	(27.59%)
Net Assets (A)	2,180,706	1,448,285	732,421	50.57%
Explanation for change:	A – DUE TO INCREASE IN REAL ESTATE TRANSACTIONS			
	B – DUE TO PURCHASE OF EQUIPMENT			
	C – REDUCTION OF CAPITAL LEASE PRINCIPAL			
3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 1,967,000	\$ 2,225,000	\$ 258,000	13.12%
Expenditures	1,676,650	1,496,400	(180,250)	(10.75%)
Explanation of change:	REV – DUE TO INCREASE IN REAL EST. TRANSACTIONS			
	EXP – DUE TO DECREASE IN OPERATING SERVICES			
	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	2,225,000	2,215,131	(9,869)	(0.4%)
Expenditures	1,496,400	1,492,731	(3,669)	(0.2%)
Explanation of change:				

OTHER REPORTS REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal controls required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



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MEMBERS
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

Independent Auditor's Report
on Compliance and Internal Control over Financial Reporting
Based on an Audit of 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 basic 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, 2004, and have issued our report thereon dated August 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Custodian of Notarial Records of Orleans Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective and, 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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Custodian of Notarial Records of Orleans Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Custodian of Notarial Records of Orleans Parish and its management and Legislative Auditor's Office and is not intended to be, and should not be, anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

August 12, 2004

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

We have audited the basic financial statements of the Custodian of Notarial Records of Orleans Parish ("Custodian") as of and for the year ended June 30, 2004, and have issued our report thereon dated August 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weakness - **NO**

Other Conditions - **NO**

Compliance:

Compliance Material to the Financial Statements - **NO**

b. Federal Awards:

Not applicable

Section II - Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2004.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.

**CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

Section I – Internal Control and Compliance Material to the Financial Statements

FINDING NO. 1 –Employee Theft

During the prior fiscal year – ended June 30, 2003 employee theft relating to altered deposit slips was discovered by an employee of the Custodian. This was reported in the prior year footnotes as a Contingency.

During the current fiscal year ended June 30, 2004 there was no government action taken and no prosecution of any of the Custodian's employees.

It was recommended that new and additional policies and procedures relating to the handling of cash receipts in the forms of cash and checks should be designed in order to strengthen the internal control structure of the office.

RESOLUTION:

As a result the Custodian has developed new policies and procedures to increase controls in this area. These new policies and procedures have been implemented and have been in place since the beginning of the fiscal year ended June 30, 2004. The Custodian is not aware of any other instances of employee theft

Finding resolved.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

CUSTODIAN OF NOTARIAL RECORDS
OF ORLEANS PARISH
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2004

Section I – Internal Control and Compliance Material to the Financial Statements

There were no current year findings, and prior year findings were resolved.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.