

VERMILION PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2004

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

Release Date 11-17-04

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(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITORS' REPORT

The Honorable Diane Meaux Broussard
Vermilion Parish Clerk of Court
Abbeville, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of the Vermilion Parish Clerk of Court, a component unit of the Vermilion Parish Police Jury, as of and for the year ended June 30, 2004, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Vermilion Parish Clerk of Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Vermilion Parish Clerk of Court as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Vermilion Parish Clerk of Court has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

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In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2004, on our consideration of the Vermilion Parish Clerk of Court's internal control over financial reporting and 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 budgetary comparison information on page 28 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermilion Parish Clerk of Court's basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
July 30, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Net Assets
June 30, 2004

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 445,536
Receivables	44,652
Due from other government	860
Prepaid expenditures	11,716
Total current assets	502,764
Noncurrent assets:	
Capital assets, net	93,996
Total assets	596,760
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 22,576
Capital lease payable - due within one year	4,987
Total current liabilities	27,563
Noncurrent liabilities:	
Capital lease payable - due after one year	2,473
Total liabilities	30,036
NET ASSETS	
Invested in capital assets, net of related debt	86,536
Unrestricted	480,188
Total net assets	\$ 566,724

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Activities
For the Year Ended June 30, 2004

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Operating Grants</u> <u>Services and Contributions</u>	<u>Net (Expense) Revenues</u> <u>and Changes in Net Assets</u> <u>Total</u> <u>Governmental Activities</u>
Governmental activities:			
General government	\$ 1,428,152	\$ 32,623	\$ (62,720)
Interest on long-term debt	1,478	-	(1,478)
Total primary government	<u>1,429,630</u>	<u>32,623</u>	<u>(64,198)</u>
General revenues:			
Investment earnings			6,664
Appropriation from Clerk's Supplement Fund			16,250
Transfers from primary government			<u>31,000</u>
Total general revenues and transfers			<u>53,914</u>
Change in net assets			(10,284)
Net assets - beginning of year			<u>577,008</u>
Net assets - end of year			<u>566,724</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Balance Sheet – Governmental Fund
June 30, 2004

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 445,536
Receivables	44,652
Due from other government	860
Prepaid expenditures	<u>11,716</u>
Total assets	<u>\$ 502,764</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ 22,576</u>
Total liabilities	<u>22,576</u>
Fund balance:	
Reserved for prepaid expenditures	11,716
Unreserved:	
Undesignated	<u>468,472</u>
Total fund balance	<u>480,188</u>
Total liabilities and fund balance	<u>\$ 502,764</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

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

Total fund balance for the governmental fund at June 30, 2004		\$ 480,188
Cost of capital assets at June 30, 2004	\$ 694,353	
Less: Accumulated depreciation	<u>(600,357)</u>	93,996
Capital lease payable:		
Due within one year	(4,987)	
Due after one year	<u>(2,473)</u>	<u>(7,460)</u>
Total net assets of governmental activities at June 30, 2004		<u>\$ 566,724</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

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

	General Fund
Revenues:	
Licenses and permits	\$ 11,965
Fees, charges and commissions -	
Court costs, fees and charges	315,565
Fees for recording legal documents	952,639
Fees for certified copies	50,982
Intergovernmental	63,623
Miscellaneous	24,572
Total revenues	1,419,346
Expenditures:	
Current -	
General government -	
Salaries	776,055
Employee benefits	325,377
Insurance	16,663
Operation and maintenance	153,298
Advertising	2,034
Automobile	15,210
Professional services	21,024
Miscellaneous	46,635
Police jury expenditures	40,019
Capital outlay	38,169
Debt service -	
Principal	5,168
Interest	1,478
Total expenditures	1,441,130
Deficiency of revenues over expenditures	(21,784)
Fund balance, beginning of year	501,972
Fund balance, end of year	\$ 480,188

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
To the Statement of Activities
For the Year Ended June 30, 2004

Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (21,784)
Add: Capital outlay costs which are reported as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance	38,169
Principal payments on long-term debt reported as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance	5,168
Less: Depreciation expense not recognized as an expenditure in the governmental funds	<u>(31,837)</u>
Total change in net assets per Statement of Activities	<u>\$ (10,284)</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Agency Assets and Liabilities – Fiduciary Funds

June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$1,150.782</u>
LIABILITIES	
Due to litigants and others	<u>\$1,150.782</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, a Clerk of Court serves as the *ex-officio notary public, the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law.* The Clerk of Court is elected for a four-year term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Vermilion Parish Police Jury is the financial reporting entity for Vermilion Parish. The financial reporting entity consists of the primary government (Police Jury), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Vermilion Parish Police Jury 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. The criteria includes:

Appointing a voting majority of an organization's governing body, and

The ability of the Police Jury 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 Police Jury.

Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.

Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Policy Jury provides the Vermilion Parish Clerk of Court (Clerk) with office space, operational expenditures and certain capital purchases, the Clerk was determined to be a component unit of the Vermilion Parish Policy Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Clerk and do not present information on the Police Jury, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying basic financial statements of the Clerk have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the Clerk's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Clerk, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Clerk are classified into two categories: governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for Clerk operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Clerk is considered to be a major fund. The funds of the Clerk are described below:

Governmental Fund –

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

Fiduciary Funds –

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for cash held by the clerk of court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The agency funds are as follows:

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

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

Non-Support Fund – The Non-Support Fund, as provided by Louisiana Revised Statute 13:848, accounts for the collection and disbursement of fees in criminal cases that have been sent by the Department of Social Services.

Measurement Focus/Basis of Accounting

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

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

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

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

Basis of Accounting

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

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

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity

Cash and interest-bearing deposits

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

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

Investments

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

Prepaid items

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

Capital assets

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

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided using the straight-line method of depreciation over the following estimated useful lives:

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office furniture	5-10
Equipment	5-10

Compensated absences

Employees of the Clerk of Court's office earn 5 to 20 days of leave each year depending on length of service. Such leave is to be used for vacation, sickness, or emergencies. Employees are allowed to carryover a maximum of 15 days of unused leave to the following year. Because the estimated amount that could be paid for leave at year-end is not material, no accruals have been made for such absences.

Restricted net assets

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

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

Fund equity

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

Revenues, Expenditures and Expenses

Operating revenues and expenses

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

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

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures/Expenses

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

Budgetary and Budgetary Accounting

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

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

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

Bad Debts

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

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

NOTE 2 CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the Clerk has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the Clerk's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Clerk also implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, No. 37, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus*, No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Clerk may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Clerk of Court has cash and cash equivalents (book balances) totaling \$1,455,640 as follows:

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

	Governmental Fund Type	Fiduciary Fund Type	Total
Cash	\$ 425	\$ -	\$ 425
<i>Demand deposits</i>	103	31,725	31,828
Money market accounts and savings accounts	445,008	978,379	1,423,387
	\$ 445,536	\$ 1,010,104	\$ 1,455,640

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2004, and the related federal insurance and pledged securities:

Bank balances	\$ 1,673,885
Federal insurance	410,857
Pledged securities (Category 3)	1,249,332
Total unsecured deposits	\$ 13,696

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Clerk of Court's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>7/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2004</u>
<i>Governmental activities:</i>				
Computer equipment	\$ 309,381	\$ 28,799	\$ (2,300)	\$ 335,880
Office equipment	200,989	9,370	-	210,359
Microfilm equipment	<u>148,114</u>	<u>-</u>	<u>-</u>	<u>148,114</u>
Total	<u>658,484</u>	<u>38,169</u>	<u>(2,300)</u>	<u>694,353</u>
<i>Less: accumulated depreciation</i>				
Computer equipment	256,745	23,970	(2,300)	278,415
Office equipment	165,961	7,867	-	173,828
Microfilm equipment	<u>148,114</u>	<u>-</u>	<u>-</u>	<u>148,114</u>
Total	<u>570,820</u>	<u>31,837</u>	<u>(2,300)</u>	<u>600,357</u>
Net capital assets	<u>\$ 87,664</u>	<u>\$ 6,332</u>	<u>\$ -</u>	<u>\$ 93,996</u>

Included in the above balances at June 30, 2004 are assets acquired through capital leases.

Capital leases included in the fixed asset listing:

Computer equipment	\$ 139,177
Office equipment	27,808
Other equipment	<u>60,067</u>
	<u>\$ 227,052</u>

Depreciation expense of \$31,837 relating to equipment acquired by capital leases was charged to the general government function.

NOTE 5 PENSION PLAN

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

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 5 PENSION PLAN (CONTINUED)

Funding Policy – Plan members are required to contribute 8.25% of their annual covered salary and the Vermilion Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.5% of annual covered payroll. The contribution requirements of plan members and the Vermilion Parish Clerk of Court are established and may be amended by the Clerk of Court Retirement and Relief Fund. The Vermilion Parish Clerk of Court’s contributions to the Retirement System for the years ended June 30, 2004, 2003, and 2002 were \$86,826, \$73,927, and \$68,677.

NOTE 6 DEFERRED COMPENSATION PLAN

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

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

NOTE 7 CHANGES IN AGENCY FUND BALANCES

	Advanced Deposit Fund	Registry of Court Fund	Non- Support Fund
	<u> </u>	<u> </u>	<u> </u>
Balance, beginning of year	357,672	637,667	14,765
Additions	844,346	1,254,938	43,626
Reductions	<u>(787,842)</u>	<u>(1,179,648)</u>	<u>(34,742)</u>
Balance, end of year	<u>\$414,176</u>	<u>\$ 712,957</u>	<u>\$ 23,649</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 8 POST RETIREMENT BENEFITS

The Vermilion Parish Clerk of Court provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and the Clerk of Court. The Clerk of Court recognizes the cost of providing these benefits (the Clerk's portion of the premiums) as expenditures when the monthly premiums are due.

NOTE 9 CAPITAL LEASE PAYABLE

The Clerk records items under capital leases as an asset and an obligation in the accompanying financial statements. Assets under capital leases totaled \$227,052 at June 30, 2004, as detailed in Note 4. The obligation under capital leases are due December 5, 2005, with an implied interest rate of 13.24% per annum, with monthly payments of \$511. Interest expense totaled \$1,478 for the year ended June 30, 2004. Following is a schedule 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 Ending June 30,</u>	
2005	\$ 5,621
2006	<u>2,557</u>
Total minimum payments required	8,178
Less: Amount representing interest	<u>718</u>
Present value of net minimum lease payments	<u>\$ 7,460</u>

NOTE 10 OPERATING LEASES

The Clerk is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and the results of the lease agreements are not reflected in the Clerk's account groups.

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2004.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 10 OPERATING LEASES (CONTINUED)

<u>Year Ending June 30,</u>	
2005	\$ 4,838
2006	2,632
2007	<u>2,632</u>
Total minimum payments required	<u>\$ 10,102</u>

NOTE 11 EXPENDITURES OF THE CLERK OF COURT PAID BY THE VERMILION PARISH POLICE JURY

Certain operating expenditures of the Clerk's office are paid by the Vermilion Parish Police Jury and are included in the accompanying financial statements. These expenditures are summarized as follows:

Book binding	\$ 10,830
Film processing	792
Maintenance	18,868
Supplies	<u>9,529</u>
	<u>\$ 40,019</u>

NOTE 12 RISK MANAGEMENT

The Clerk is exposed to risks of loss in the areas of auto liability, professional liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

REQUIRED SUPPLEMENTARY INFORMATION

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2004

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 9,500	\$ 12,000	\$ 11,965	\$ (35)
Fees, charges and commissions -				
Court costs, fees and charges	268,500	325,675	315,565	(10,110)
Fees for recording legal document	929,000	967,100	952,639	(14,461)
Fees for certified copies	50,000	52,500	50,982	(1,518)
Intergovernmental	26,000	30,000	63,623	33,623
Miscellaneous	21,500	24,175	24,572	397
Total revenues	<u>1,304,500</u>	<u>1,411,450</u>	<u>1,419,346</u>	<u>7,896</u>
Expenditures:				
Current -				
General government -				
Salaries	761,900	772,600	776,055	(3,455)
Employee benefits	297,000	328,000	325,377	2,623
Insurance	14,550	15,150	16,663	(1,513)
Operation and maintenance	125,000	146,650	153,298	(6,648)
Advertising	1,000	1,300	2,034	(734)
Automobile	11,800	14,700	15,210	(510)
Professional services	31,500	31,500	21,024	10,476
Miscellaneous	28,800	43,475	46,635	(3,160)
Police jury expenditures	-	-	40,019	(40,019)
Capital outlay	17,000	56,500	38,169	18,331
Debt service -				
Principal	4,500	4,500	5,168	(668)
Interest	2,000	1,500	1,478	22
Total expenditures	<u>1,295,050</u>	<u>1,415,875</u>	<u>1,441,130</u>	<u>(25,255)</u>
Excess (deficiency) of revenues over expenditures	<u>9,450</u>	<u>(4,425)</u>	<u>(21,784)</u>	<u>(17,359)</u>
Fund balance, beginning of year	<u>501,972</u>	<u>501,972</u>	<u>501,972</u>	<u>-</u>
Fund balance, end of year	<u>\$ 511,422</u>	<u>\$ 497,547</u>	<u>\$ 480,188</u>	<u>\$ (17,359)</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
General Fund

Budgetary Comparison Schedule – Revenues
Year Ended June 30, 2004

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Licenses and permits:				
Marriage licenses	\$ 6,000	\$ 5,500	\$ 5,575	\$ 75
Passports	3,500	6,500	6,390	(110)
Total licenses and permits	<u>9,500</u>	<u>12,000</u>	<u>11,965</u>	<u>(35)</u>
Fees, charges and commissions:				
Court costs, fees, and charges -				
Criminal costs	18,000	21,000	21,334	334
Court attendance reporting	10,500	12,000	11,800	(200)
Fax fees	6,000	7,000	7,173	173
Copy card fees	200,000	245,000	236,460	(8,540)
Jury summons fees	30,000	25,500	23,940	(1,560)
Other	4,000	15,175	14,858	(317)
Total court costs, fees and charges	<u>268,500</u>	<u>325,675</u>	<u>315,565</u>	<u>(10,110)</u>
Fees for recording legal documents:				
Recordings	475,000	520,000	513,535	(6,465)
Cancellations	3,000	2,000	1,815	(185)
Mortgage certificates	50,000	45,000	43,112	(1,888)
Suits and successions	401,000	400,100	394,177	(5,923)
Total fees for recording legal documents	<u>929,000</u>	<u>967,100</u>	<u>952,639</u>	<u>(14,461)</u>
Fees for certified copies	<u>50,000</u>	<u>52,500</u>	<u>50,982</u>	<u>(1,518)</u>
Intergovernmental:				
Appropriation from Police Jury	-	-	31,000	31,000
Federal grant - non-support	26,000	30,000	32,623	2,623
Total intergovernmental	<u>26,000</u>	<u>30,000</u>	<u>63,623</u>	<u>33,623</u>
Miscellaneous:				
Interest earned	6,500	6,225	6,664	439
Clerks supplement	14,500	16,250	16,250	-
Other	500	1,700	1,658	(42)
Total miscellaneous	<u>21,500</u>	<u>24,175</u>	<u>24,572</u>	<u>397</u>
Total revenues	<u>\$1,304,500</u>	<u>\$1,411,450</u>	<u>\$1,419,346</u>	<u>\$ 7,896</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
General Fund

Budgetary Comparison Schedule – Expenditures
Year Ended June 30, 2004

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Expenditures:				
Salaries -				
Clerk	\$ 95,400	\$ 105,600	\$ 105,663	\$ (63)
Deputies	650,000	650,000	653,220	(3,220)
Others	<u>16,500</u>	<u>17,000</u>	<u>17,172</u>	<u>(172)</u>
Total salaries	<u>761,900</u>	<u>772,600</u>	<u>776,055</u>	<u>(3,455)</u>
Employee benefits -				
Pension fund	75,000	87,000	86,826	174
Uniforms & related items	1,000	2,000	1,746	254
Payroll taxes	8,000	8,000	8,089	(89)
Deferred compensation	23,000	23,000	22,237	763
Hospitalization insurance	<u>190,000</u>	<u>208,000</u>	<u>206,479</u>	<u>1,521</u>
Total employee benefits	<u>297,000</u>	<u>328,000</u>	<u>325,377</u>	<u>2,623</u>
Insurance -				
Deputy liability	300	300	274	26
Errors and omissions	10,000	10,600	10,650	(50)
Fire and casualty	250	250	278	(28)
Workers' compensation	<u>4,000</u>	<u>4,000</u>	<u>5,461</u>	<u>(1,461)</u>
Total insurance	<u>14,550</u>	<u>15,150</u>	<u>16,663</u>	<u>(1,513)</u>
Operation and maintenance -				
Office:				
Supplies	15,000	23,000	26,883	(3,883)
Printing	7,500	9,500	8,958	542
Postage/box rental	18,000	18,000	18,505	(505)
Maintenance	1,500	100	85	15
Book binding	-	2,000	2,787	(787)
Rental - microfilm storage	1,000	1,000	1,224	(224)
Telephone/fax	11,000	12,050	11,333	717
Equipment maintenance	22,000	22,000	27,290	(5,290)
Equipment rental	10,000	7,500	7,448	52
Software maintenance	22,000	23,000	22,942	58
Supplies - computer	15,000	23,000	21,022	1,978
Supplies - copy card	1,500	5,000	4,414	586
Shipping	<u>500</u>	<u>500</u>	<u>407</u>	<u>93</u>
Total operation and maintenance	<u>125,000</u>	<u>146,650</u>	<u>153,298</u>	<u>(6,648)</u>

(continued)

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended June 30, 2004

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Advertising -				
General	500	550	1,103	(553)
Public notice	500	750	931	(181)
Total advertising	<u>1,000</u>	<u>1,300</u>	<u>2,034</u>	<u>(734)</u>
Automobile -				
Rental	9,000	9,600	9,574	26
Operation and maintenance	1,200	3,000	3,483	(483)
Insurance	1,600	2,100	2,153	(53)
Total automobile	<u>11,800</u>	<u>14,700</u>	<u>15,210</u>	<u>(510)</u>
Professional services -				
Accounting	16,000	16,000	17,895	(1,895)
Legal	500	500	539	(39)
Programming	15,000	15,000	2,590	12,410
Total professional services	<u>31,500</u>	<u>31,500</u>	<u>21,024</u>	<u>10,476</u>
Miscellaneous -				
Dues and subscriptions	2,100	2,600	2,053	547
Clerk's supplemental compensation	18,500	18,500	18,218	282
Election costs	-	10,575	10,575	-
Travel and conventions	7,700	11,500	15,320	(3,820)
Other	500	300	469	(169)
Total miscellaneous	<u>28,800</u>	<u>43,475</u>	<u>46,635</u>	<u>(3,160)</u>
Police jury expenditures -				
Book binding	-	-	10,830	(10,830)
Film processing	-	-	792	(792)
Equipment maintenance	-	-	18,868	(18,868)
Purchase of supplies	-	-	9,529	(9,529)
Total police jury expenditures	<u>-</u>	<u>-</u>	<u>40,019</u>	<u>(40,019)</u>

(continued)

VERMILION PARISH CLERK OF COURT
 Abbeville, Louisiana
 General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
 Year Ended June 30, 2004

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Capital outlay -				
Computer equipment	15,000	46,000	28,799	17,201
Office equipment	<u>2,000</u>	<u>10,500</u>	<u>9,370</u>	<u>1,130</u>
Total capital outlay	<u>17,000</u>	<u>56,500</u>	<u>38,169</u>	<u>18,331</u>
Debt service -				
Principal - capital lease	4,500	4,500	5,168	(668)
Interest - capital lease	<u>2,000</u>	<u>1,500</u>	<u>1,478</u>	<u>22</u>
Total debt service	<u>6,500</u>	<u>6,000</u>	<u>6,646</u>	<u>(646)</u>
Total expenditures	<u>\$1,295,050</u>	<u>\$1,415,875</u>	<u>\$1,441,130</u>	<u>\$ (25,255)</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
Agency Funds

Combining Statement of Assets and Liabilities
June 30, 2004

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Non- Support</u>	<u>Total</u>
ASSETS				
Cash	<u>\$ 414,176</u>	<u>\$ 712,957</u>	<u>\$ 23,649</u>	<u>\$ 1,150,782</u>
LIABILITIES				
Due to litigants and others	<u>\$ 414,176</u>	<u>\$ 712,957</u>	<u>\$ 23,649</u>	<u>\$ 1,150,782</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2004

	Advance Deposit	Registry of Court	Non- Support	Total
ASSETS				
Balances, beginning of year	\$ 357,672	\$ 637,667	\$ 14,765	\$ 1,010,104
Additions:				
Deposits in civil suits	829,265	-	-	829,265
Security bond deposits	15,081	-	-	15,081
Deposits by order of the court	-	1,250,559	-	1,250,559
Interest earnings	-	4,379	-	4,379
Deposits in non-support suits	-	-	43,626	43,626
Total additions	844,346	1,254,938	43,626	2,142,910
Total	1,202,018	1,892,605	58,391	3,153,014
Reductions:				
Payments by order of the court	-	1,179,553	-	1,179,553
Refund of deposits	195,410	-	-	195,410
Clerk's fees transferred to general fund	394,082	95	32,623	426,800
Sheriff's fees - local	51,992	-	1,308	53,300
Sheriff's fees - other parishes	42,037	-	811	42,848
Commissioner of insurance - report fee	325	-	-	325
Court reporter fees	109	-	-	109
Attorney fees	2,766	-	-	2,766
Battered women's fees	2,480	-	-	2,480
Curator fees	2,849	-	-	2,849
Secretary of state fees	4,790	-	-	4,790
Court of appeal fees	1,373	-	-	1,373
Witness fees	249	-	-	249
Law library fees	6,020	-	-	6,020
Judges support compensation fees	24,841	-	-	24,841
Judicial costs	20,635	-	-	20,635
Payments to police jury	37,884	-	-	37,884
Total reductions	787,842	1,179,648	34,742	2,002,232
Balances, end of year	\$ 414,176	\$ 712,957	\$ 23,649	\$ 1,150,782
LIABILITIES				
Due to litigants and others, beginning of year	\$ 357,672	\$ 637,667	\$ 14,765	\$ 1,010,104
Additions	844,346	1,254,938	43,626	2,142,910
Reductions	787,842	1,179,648	34,742	2,002,232
Due to litigants and others, end of year	\$ 414,176	\$ 712,957	\$ 23,649	\$ 1,150,782

**COMPLIANCE
AND
INTERNAL CONTROL**



(A Corporation of Certified Public Accountants)

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

The Honorable Diane Meaux Broussard
Vermilion Parish Clerk of Court
Abbeville, Louisiana

We have audited the financial statements of the Vermilion Parish Clerk of Court, a component unit of the Vermilion Parish Police Jury, as of and for the year ended June 30, 2004, and have issued our report thereon dated July 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Vermilion Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* that is described in the accompanying summary schedule of current year audit findings and corrective action plan as item 2004-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Vermilion Parish Clerk of Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted

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a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Vermilion Parish Clerk of Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current year audit findings and corrective action plan as item 2004-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

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

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
July 30, 2004

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Summary Schedule of Current Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2004

2004-1 Inadequate Segregation of Accounting Functions

Finding: Due to the small number of accounting personnel, the Vermilion Parish Clerk of Court did not have adequate segregation of accounting functions within the accounting system.

Corrective Action Plan: The Vermilion Parish Clerk of Court will segregate accounting functions to the extent possible.

2004-2 Unsecured Registry of Court Deposits

Finding: Louisiana Revised Statute 39:1225 requires that funds on deposit be secured by federal deposit insurance or the pledge of securities. As of June 30, 2004, the Vermilion Parish Clerk of Court had certain Registry of Court funds on deposit at a local financial institution which exceeded FDIC insurance coverage but were not fully secured by pledged securities.

Corrective Action Plan: The Clerk will contact the financial institution to assure that the proper value of securities is pledged.