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# ***EAST BATON ROUGE PARISH CLERK OF COURT***

## ***FINANCIAL STATEMENTS***

### ***Years Ended June 30, 2004 and 2003***

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

Release Date 2-16-05



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

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**CHESTEEN & ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

H.E. Chesteen, III, CPA  
Rhonda G. Whittington, CPA  
Thomas J. Beck, CPA

*Members of:*  
*American Institute of*  
*Certified Public Accountants*  
*Society of Louisiana*  
*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

Honorable Doug Welborn  
East Baton Rouge Parish Clerk of Court  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court, 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 East Baton Rouge Parish Clerk of Court's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The basic financial statements of the East Baton Rouge Parish Clerk of Court as of June 30, 2003, were audited by another auditor whose report dated December 13, 2003, expressed a qualified opinion on those statements as discussed below.

Except as discussed in the following paragraph, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual suit balances in its Advance Deposit Fund with the corresponding unsettled deposits liability of \$18,198,192 recorded on its balance sheet at June 30, 2004, we were unable to satisfy ourselves, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 2004. The opinion of the other auditor on the June 30, 2003 financial statements of the East Baton Rouge Parish Clerk of Court was qualified due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual suit balances in its Advance Deposit Fund with the corresponding unsettled deposit liability of \$15,808,425 recorded on its balance sheet at June 30, 2003. He was unable to satisfy himself, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in the fund at June 30, 2003. These account balances, which are recorded in the Advance Deposit Fund, represented approximately 8% and 59% and 8% and 57% of the total fiduciary funds' assets and liabilities, respectively, at June 30, 2004 and 2003. The effect on the financial statements of not reconciling these individual suit balances cannot be reasonably determined.

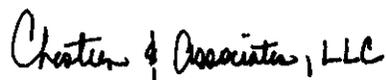
In our opinion, based on our audit, except for the effects of any adjustments that might be required with respect to the Advance Deposit Fund discussed in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Clerk of Court, as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the East Baton Rouge Parish Clerk of Court adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—For State and Local Governments*, as of July 1, 2000.

The Management's Discussion and Analysis and the other required supplementary information on pages 5 through 9 and 29 through 30, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the East Baton Rouge Parish Clerk of Court. 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.

  
Baton Rouge, Louisiana  
November 19, 2004

**CHESTEEN & ASSOCIATES, L.L.C.**  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Doug Welborn  
East Baton Rouge Parish Clerk of Court  
Baton Rouge, Louisiana

We have audited the basic financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our 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 East Baton Rouge 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 basic financial statements and not to provide assurance on the internal control 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the basic 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 for the information of the East Baton Rouge Parish Clerk of Court, management of the East Baton Rouge Parish Clerk of Court, and the Legislative Auditor of the State of Louisiana 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.

*Chester & Associates, LLC*  
Baton Rouge, Louisiana  
November 19, 2004

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004**

Our discussion and analysis of the East Baton Rouge Parish Clerk of Court's (hereafter referred to as the Clerk) financial performance provides an overview of the Clerk's financial activities for the fiscal year ended June 30, 2004.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

**FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2004, the Clerk's net assets increased by \$1,295,456, and resulted in ending net assets of \$9,022,525, or an increase of 16 percent over 2003.

Total spending for the business-type activity was \$11,896,259 for the year, which was \$1,295,456 less than the fees and costs charged and the contributions received for this activity, \$12,611,939.

The interest earned on checking accounts and investments in certificates of deposit was \$305,149 for the year.

**USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 10 and 11 provide information about the financial activities of the Clerk and illustrate a longer-term view of the Clerk's finances. Fund financial statements start on page 12. For business-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the Clerk's operations in more detail than the government-wide statements by providing information about the Clerk's significant funds.

The Clerk's independent auditors attest in their report that the Basis Financial Statements are fairly stated. The auditors are providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditors' report.

**REPORTING THE CLERK AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the Clerk as a whole begins on page 10. These statements help to illustrate the status of the Clerk resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The Clerk's net assets are determined by examining the difference in assets and liabilities. The two statements report the Clerk's net assets and any changes in them. Examining the Clerk's net assets is an effective way to determine the financial status of the Clerk. Increases and decreases in net assets are an indicator of the Clerk's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the Clerk reports only business-type activities. The majority of the Clerk's activities are of this type, and costs and fees for services to the public finance most of the activities.

## REPORTING THE CLERK'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the Clerk's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds rather than the Clerk as a whole. In the operation of the Clerk's office, some funds are established and governed by Louisiana Revised Statutes. The Fiduciary Fund is an example of this type of fund, which includes the Advance Deposit Fund, the Registry of the Court Fund, and the Bond Fund. Other funds of the Clerk have been established within the office's accounting system to aid in management and to designate funding for specific purposes.

The Clerk uses a governmental type fund. Most of the Clerk's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statement.

The Clerk is the trustee, or fiduciary, for other assets that, because of their fiduciary nature, can be used only for the trust beneficiaries. All of the Clerk's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 15. We exclude these activities from the Clerk's other financial statements because the Clerk cannot use these assets to finance its operations. The Clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CLERK AS A WHOLE

### BUSINESS-TYPE ACTIVITY

The Clerk's net assets increased \$1,295,456 as a result of this year's operations resulting in ending net assets of \$9,022,525, or an increase of nearly 16 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from \$5,113,150 surplus to a \$5,713,157 surplus at year-end. The Clerk can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$5,713,157 left.

**Table 1  
Net Assets**

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 6,827,530	\$ 5,968,161
Capital assets	<u>3,309,368</u>	<u>2,613,919</u>
Total assets	<u>10,136,898</u>	<u>8,582,080</u>
Other liabilities	<u>1,114,373</u>	<u>855,011</u>
Total liabilities	<u>1,114,373</u>	<u>855,011</u>
Net assets:		
Invested in capital assets	3,309,368	2,613,919
Unrestricted	<u>5,713,157</u>	<u>5,113,150</u>
Total net assets	<u>\$ 9,022,525</u>	<u>\$ 7,727,069</u>

The Clerk's total revenues for the year increased \$6,431 or less than 1 percent. This included \$12,611,939 in charges for services and licenses and permits, \$274,832 in operating contributions, and \$304,944 in interest income and miscellaneous income. The total cost of all programs and services was \$11,896,259 with no new programs added this year.

**Table 2  
Changes in Net Assets**

	<u>2004</u>	<u>2003</u>
Revenues		
Program revenues	\$12,611,939	\$12,518,258
Other revenues	<u>579,776</u>	<u>667,026</u>
Total revenues	<u>13,191,715</u>	<u>13,185,284</u>
Program expenses		
Total expenses	<u>11,896,259</u>	<u>10,884,864</u>
Increase in net assets	<u>\$ 1,295,456</u>	<u>\$ 2,300,419</u>

**THE CLERK'S FUNDS**

As previously mentioned, the Clerk uses funds to help control and manage money for particular purposes. At the completion of the year, the Clerk's governmental fund reported a fund balance of \$6,136,683. This reflects an increase of \$615,340 from last year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Clerk's budget was not revised during the last year.

The actual expenditures were \$122,625 under the final budget amounts.

On the other hand, resources available for expenditure were \$492,715 above the original/final budgeted amount.

The Clerk's General Fund balance of \$6,136,683 reported on page 12 differs from the General Fund's budgetary fund balance of \$4,557,027 reported in the budgetary comparison schedule on page 29.

### CAPITAL ASSETS

At the end of the year, the Clerk has \$5,984,158 invested in capital assets, including furniture, equipment, and improvements. This year there were additions of \$1,022,294 and disposals of \$4,893, reflecting a net increase in capital assets of \$1,017,401. More detailed information about the Clerk's capital assets is presented in Note 4 of the financial statements.

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Accumulated Depreciation)**

	<u>2004</u>	<u>2003</u>
Furniture, equipment, and improvements	<u>\$3,309,368</u>	<u>\$2,613,919</u>

### DEBT

At year-end, the Clerk had no debt outstanding.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Clerk has limited discretion in setting fees and costs for services provided, the majority of which are regulated by Louisiana Revised Statutes. The office staff and costs have been largely stable for the past several years, and are expected to remain so.

The Clerk's office has undertaken an ambitious program for technology enhancements and upgrades to the various functions and services provided by the office. It is planned as a multi-year project requiring substantial investment of funds by the Clerk's office. During 2005, the Clerk's office anticipates the completion and implementation of Phase I of this on-going endeavor and the undertaking of Phase II. Like 2003 and 2004, the expenditures projected for 2005 will be mainly on software and equipment.

The City of Baton Rouge/Parish of East Baton Rouge absorbs some of operating expenses of the Clerk's office by providing office space for the Clerk. Taking all factors into consideration, the Clerk's general fund balance is expected to remain about the same or decrease slightly by the close of 2005.

CONTACTING THE CLERK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Clerk's finances and to show the Clerk's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Doug Welborn, East Baton Rouge Parish Clerk of Court, Post Office Box 1991, Baton Rouge, Louisiana 70821.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2004 AND 2003**

	BUSINESS-TYPE ACTIVITIES GENERAL FUND	
<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Assets:		
Cash	\$ 5,442,185	\$ 2,653,152
Certificates of deposit	740,000	2,640,000
Accounts receivable	582,471	648,576
Miscellaneous receivables	42,542	13,867
Due from other funds	20,332	12,566
Capital assets, net of depreciation	3,309,368	2,613,919
Total assets	\$ 10,136,898	\$ 8,582,080
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 276,723	\$ 155,285
Accrued insurance claims	163,486	114,241
Payroll withholdings and other accrued expenses	250,638	177,291
Annual leave payable	423,526	408,193
Total liabilities	1,114,373	855,011
 Net assets		
Investment in capital assets	3,309,368	2,613,919
Unrestricted	5,713,157	5,113,150
Total net assets	9,022,525	7,727,069
Total liabilities and net assets	\$ 10,136,898	\$ 8,582,080

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2004 AND 2003**

GENERAL  
GOVERNMENT

2004                      2003

EXPENSES

Salaries, wages, and benefits	\$	9,409,129	\$	8,543,903
Materials and supplies		804,627		879,440
Depreciation expense		326,512		112,941
Travel		89,320		39,349
Operating services		<u>1,266,671</u>		<u>1,309,231</u>
 Total expenses		 11,896,259		 10,884,864

REVENUES

Program revenues:

Charges for services		12,560,017		12,479,937
Licenses and permits		<u>51,922</u>		<u>38,321</u>

Total program revenues		<u>12,611,939</u>		<u>12,518,258</u>
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Net program (expense) revenue		715,679		1,633,394
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General revenues:

Grants and contributions		274,832		257,705
Unrestricted interest income		305,149		409,291
Miscellaneous		<u>(205)</u>		<u>29</u>

Total general revenues		<u>579,776</u>		<u>667,026</u>
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Change in net assets		1,295,456		2,300,419
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Net assets-beginning of the year		<u>7,727,069</u>		<u>5,426,650</u>
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Net assets-end of the year		<u>\$ 9,022,525</u>		<u>\$ 7,727,069</u>
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The accompanying notes are an integral part of these financial statements

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BALANCE SHEET-GOVERNMENTAL FUND  
JUNE 30, 2004 AND 2003**

<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
<u>ASSETS</u>		
Cash	\$ 5,442,185	\$ 2,653,152
Certificates of deposit	740,000	2,640,000
Accounts receivable	582,471	648,576
Miscellaneous receivables	42,542	13,867
Due from other funds	20,332	12,566
 Total assets	 \$ 6,827,531	 \$ 5,968,161
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 276,723	\$ 155,285
Accrued insurance claims	163,486	114,241
Payroll withholdings and other accrued expenses	250,638	177,291
 Total liabilities	 690,847	 446,818
Fund balance:		
Fund balance-Unreserved	6,136,683	5,521,343
 Total fund balance	 6,136,683	 5,521,343
 Total liabilities and fund balance	 \$ 6,827,531	 \$ 5,968,161
 Amounts reported for business-type activities in the statement of net assets are different because:		
Capital assets used in business-type activities are not financial resources and therefore are not reported in the fund.	3,309,368	2,613,919
Annual leave payable may not be due in the current period and therefore, is not reported in the fund.	423,526	408,193
 Net assets of business-type activity	 \$ 9,022,525	 \$ 7,727,069

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEARS ENDED JUNE 30, 2004 AND 2003**

	GENERAL FUND (SALARY FUND)	
	2004	2003
<u>REVENUES</u>		
Charges for services	\$ 12,560,017	\$ 12,479,937
Licenses and permits	51,922	38,321
Miscellaneous	274,627	257,735
Interest income	305,149	409,291
Total revenues	13,191,715	13,185,283
<u>EXPENDITURES</u>		
Salaries, wages, and benefits	9,393,796	8,495,484
Materials and supplies	804,627	879,440
Travel	89,320	39,349
Operating services	1,266,338	1,304,439
Capital outlay	1,022,294	2,428,822
Total expenditures	12,576,375	13,147,534
Change in fund balance	615,340	37,749
Fund balance-beginning of the year	5,521,342	5,483,593
Fund balance-end of the year	\$ 6,136,682	\$ 5,521,342

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
 BATON ROUGE, LOUISIANA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITY  
 YEARS ENDED JUNE 30, 2004 AND 2003**

	GENERAL FUND (SALARY FUND)	
	2004	2003
Net change in fund balance-governmental fund	\$ 615,340	\$ 37,749
Amounts reported for business-type activities in the statement of activities are different because:		
Increase in long-term obligation for compensated absences.	(15,333)	(48,420)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in 2004 and 2003	695,781	2,315,881
The net effect of various transactions involving capital assets (i.e., trade ins and retirements) is to decrease net assets.	(333)	(4,792)
Change in net assets of the business-type activity	\$ 1,295,455	\$ 2,300,418

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS  
JUNE 30, 2004**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Assets:				
Cash	\$ 13,279,115	\$ 9,927,884	\$ 2,249,522	\$ 25,456,521
Certificates of deposit	2,400,000	172,687	42,445	2,615,132
Accounts receivables	2,524,374	-	-	2,524,374
Miscellaneous receivables	15,704	-	-	15,704
<b>Total assets</b>	<b>\$ 18,219,193</b>	<b>\$ 10,100,571</b>	<b>\$ 2,291,967</b>	<b>\$ 30,611,731</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 669	\$ -	\$ -	\$ 669
Due to other funds	20,332	-	-	20,332
Unsettled deposits	18,198,192	10,100,571	2,291,967	30,590,730
<b>Total liabilities</b>	<b>18,219,193</b>	<b>10,100,571</b>	<b>2,291,967</b>	<b>30,611,731</b>
Net assets				
Net assets	-	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>\$ 18,219,193</b>	<b>\$ 10,100,571</b>	<b>\$ 2,291,967</b>	<b>\$ 30,611,731</b>

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS  
JUNE 30, 2003**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Assets:				
Cash	\$ 6,351,150	\$ 9,624,486	\$ 1,744,844	\$ 17,720,480
Certificates of deposit	7,030,000	189,293	39,942	7,259,235
Accounts receivables	2,422,828	-	-	2,422,828
Miscellaneous receivables	17,682	-	-	17,682
<b>Total assets</b>	<b>\$ 15,821,660</b>	<b>\$ 9,813,779</b>	<b>\$ 1,784,786</b>	<b>\$ 27,420,225</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 669	-	-	\$ 669
Due to other funds	12,566	-	-	12,566
Unsettled deposits	15,808,425	9,813,779	1,784,786	27,406,990
<b>Total liabilities</b>	<b>15,821,660</b>	<b>9,813,779</b>	<b>1,784,786</b>	<b>27,420,225</b>
Net assets				
Net assets	-	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,821,660</b>	<b>\$ 9,813,779</b>	<b>\$ 1,784,786</b>	<b>\$ 27,420,225</b>

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

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

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

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court (Clerk) 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 is elected for a term of four years.

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court 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 establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

The Clerk is an independently elected official; however, the Clerk is fiscally dependent on the City of Baton Rouge/Parish of East Baton Rouge (City/Parish). The City/Parish maintains and operates the parish courthouse in which the Clerk's offices are located and provides funds for various expenditures of the Clerk's office. Because the Clerk is fiscally dependent on the City/Parish, the Clerk was determined to be a component unit of the City of Baton Rouge/Parish of East Baton Rouge, 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 City/Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The Clerk's basic financial statements include both government-wide (reporting the Clerk's office as a whole) and fund financial statements (reporting the Clerk's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Clerk's general administrative services are classified as business-type activities.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Assets includes all funds of the Clerk's office except for fiduciary funds. The Clerk's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Clerk first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Clerk's functions. The net costs by function are normally covered by general revenue.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

*This government-wide focus is more on the sustainability of the Clerk as an entity and the change in the Clerk's net assets resulting from the current year's activities.*

**D. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS**

The financial transactions of the Clerk are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds of the Clerk are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

**General Fund (Salary)**

This fund accounts for all or most of the operations of the Clerk's office. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Clerk's office. The following is a description of the governmental fund of the Clerk:

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk and accounts for all financial resources, except those required to be accounted for in other funds. 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 policies.

**Agency Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Clerk's programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The Advance Deposit Fund, Registry of the Court Fund, and Bond Fund, are agency funds used to account for assets held as an agent for litigants pending court action. Agency 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.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The emphasis in fund financial statements is on the major funds in the business-type activities categories.

The Clerk's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**E. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Business-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**F. BUDGET PRACTICES**

The proposed budgets were made available for public inspection for the fiscal years beginning July 1, 2003, and ending June 30, 2004, and July 1, 2002, and ending June 30, 2003, on June 14, 2003 and June 15, 2002, respectively, at the Clerk's office.

The proposed budgets, prepared on the modified accrual basis of accounting, were published in the official journal 15 days prior to the public hearings. Public hearings were held at the Clerk's office in room #179 on June 27, 2003, and June 28, 2002, for comments from taxpayers. The proposed budgets are legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments, if any.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**G. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Clerk has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**2. 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 days or less, they are classified as cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase.

**3. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	7 years
Furniture and Equipment	5-10 years

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. 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.

**4. Revenues:**

Substantially all governmental fund revenues are accrued.

**5. Expenditures:**

*Expenditures are recognized when the related fund liability is incurred.*

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. Compensated Absences:**

The Clerk accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**H. ACCOUNTS RECEIVABLE**

Bad debts are charged to operations during the year in which the account is deemed uncollectible. If the reserve method of accounting for uncollectible accounts had been used, it would not have had a material effect on the financial statements.

**I. COMPENSATED ABSENCES**

The Clerk has the following policy related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual leave is carried over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will be paid for accrued annual leave not to exceed thirty-five working days (280 hours).

Regardless of the number of years of service, sick leave amounts to twelve days per year and accumulates each pay period. Sick leave carries over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will not be paid for any accumulated sick leave.

At June 30, 2004, and 2003, employees of the Clerk had accumulated and vested \$423,526 and \$408,193, respectively, of annual leave benefits, which was computed in accordance with Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*.

**J. TOTAL COLUMN ON THE FINANCIAL STATEMENTS**

The total column on the statement of fiduciary net assets-agency funds is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**K. ENCUMBRANCES**

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the Clerk.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**L. 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH**

At June 30, 2004 and 2003, the Clerk has cash and cash equivalents totaling as follows:

	<u>2004</u>	<u>2003</u>
Petty cash	\$ 2,225	\$ 2,225
Interest-bearing demand deposit	30,896,481	20,371,407
Certificates of deposit	<u>3,355,132</u>	<u>9,899,235</u>
	<u>\$34,253,838</u>	<u>\$30,272,867</u>

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

**Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. The Clerk's office does not have a deposit policy for custodial credit risk. As of June 30, 2004, and 2003, none of the Clerk's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by pledging banks' in their trust departments in the name of the East Baton Rouge Parish Clerk of Court.

**NOTE 3: RECEIVABLES**

The receivables at June 30, 2004 and 2003, consisted of the following:

	<u>2004</u>	<u>2003</u>
Class of receivables:		
Trade accounts	\$582,471	\$648,576
Miscellaneous	<u>42,542</u>	<u>13,867</u>
Total	<u>\$625,013</u>	<u>\$662,443</u>

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4: CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

<u>2004</u>	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Furniture, Equipment, and Improvements	\$4,966,757	\$1,022,294	\$ 4,893	\$5,984,158
Less accumulated depreciation	<u>2,352,838</u>	326,512	4,560	<u>2,674,790</u>
Capital assets, net	<u>\$2,613,919</u>			<u>\$3,309,368</u>
<u>2003</u>	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
Furniture, Equipment, and Improvements	\$2,723,896	\$2,428,822	\$ 185,961	\$4,966,757
Less accumulated depreciation	<u>2,421,066</u>	112,941	181,169	<u>2,352,838</u>
Capital assets, net	<u>\$ 302,830</u>			<u>\$2,613,919</u>

**NOTE 5: PENSION PLAN**

Plan description

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

All regular employees are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Funding Policy**

Plan members are required by state statute to contribute 8.25% of their annual covered salary and, the Clerk is required to contribute at an actuarially determined rate. The current rate is 11.5%. Contributions to the System also included one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk's contributions to the System for the years ended June 30, 2004, 2003, and 2002, were \$657,043, \$534,141, and \$498,839, respectively, and were equal to the required contributions for each year.

Effective July 1, 1999, the Clerk could elect to pay all or a portion of the 8.25% employee retirement contribution, which would otherwise be deducted from the employees' salary. This election can be changed annually by the Clerk. The Clerk elected to implement this policy for the years ended June 30, 2004, 2003, and 2002. The contributions to the System under this election were \$453,770, \$429,793, and \$403,648, respectively for the years ended in 2004, 2003, and 2002.

**NOTE 6: OTHER POSTEMPLOYMENT BENEFITS**

The Clerk provides certain 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. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the Clerk. The Clerk recognizes the cost of providing these benefits (the Clerk's portion of premiums) as an expenditure when the monthly premiums are due. The cost of these benefits cannot readily be separated from expenditures for similar benefits provided to active employees and their dependents and, therefore, cannot be reasonably estimated.

**NOTE 7: LEASES**

The Clerk records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment acquired under various capital leases:

<u>Type</u>	<u>Amount</u>
Equipment	<u>\$4,318</u>

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8: CHANGES IN AGENCY FUND BALANCES**

A summary of the changes in agency fund unsettled deposits for the years ended June 30, 2004 and 2003, follows:

<u>2004</u>	Advance Deposit Fund	Registry the of Court	Bond Fund	Total
Unsettled deposits beginning of year	\$ 15,808,425	\$ 9,796,313	\$ 1,784,786	\$ 27,389,524
Additions:				
Deposits	11,051,027	8,962,129	1,241,997	21,255,153
Interest earned	-	119,880	26,401	146,281
Total additions	<u>11,051,027</u>	<u>9,082,009</u>	<u>1,268,398</u>	<u>21,401,434</u>
Reductions:				
Clerk's costs	4,103,384	-	-	4,103,384
Settlements to litigants		8,777,751	761,217	9,538,968
Refunds	1,442,722	-	-	1,442,722
Other	<u>3,115,155</u>	<u>-</u>	<u>-</u>	<u>3,115,155</u>
Total reductions	<u>8,661,261</u>	<u>8,777,751</u>	<u>761,217</u>	<u>18,200,229</u>
Unsettled deposits end of year	<u>\$ 18,198,191</u>	<u>\$ 10,100,571</u>	<u>\$ 2,291,967</u>	<u>\$ 30,590,729</u>
<u>2003</u>	Advance Deposit Fund	Registry the of Court	Bond Fund	Total
Unsettled deposits beginning of year	\$14,110,894	\$14,737,235	\$1,750,525	\$30,598,654
Additions:				
Deposits	9,109,157	7,169,257	1,114,471	17,392,885
Interest earned	-	231,729	33,636	265,365
Total additions	<u>9,109,157</u>	<u>7,400,986</u>	<u>1,148,107</u>	<u>17,658,250</u>
Reductions:				
Clerk's costs	3,846,252	-	-	3,846,252
Settlements to litigants		12,341,908	1,113,846	13,455,754
Refunds	1,212,596	-	-	1,212,596
Other	<u>2,352,778</u>	<u>-</u>	<u>-</u>	<u>2,352,778</u>
Total reductions	<u>7,411,626</u>	<u>12,341,908</u>	<u>1,113,846</u>	<u>20,867,380</u>
Unsettled deposits end of year	<u>\$15,808,425</u>	<u>\$ 9,796,313</u>	<u>\$1,784,786</u>	<u>\$27,389,524</u>

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9: CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the long-term liabilities transactions during the year:

<u>2004</u>	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2004</u>
Compensated absences	\$408,193	\$ 15,333	-	\$423,526
Total	<u>\$408,193</u>	<u>\$ 15,333</u>	<u>\$ -</u>	<u>\$423,526</u>

<u>2003</u>	Balance <u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2003</u>
Compensated absences	\$359,773	\$ 48,420	-	\$408,193
Total	<u>\$359,773</u>	<u>\$ 48,420</u>	<u>\$ -</u>	<u>\$408,193</u>

**NOTE 10: EXCESS FUND BALANCE**

Louisiana R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk must pay the parish treasurer the portion of the general fund's fund balance that exceeds one-half of the revenues earned during the Clerk's last year of his or her term of office. At June 30, 2004 and 2003, there was no amount due the parish treasurer as this was not the last year of the Clerk's four year term of office, and no determination of the amount that will be due, if any, can be made at this time.

**NOTE 11: RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Clerk carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workmens' compensation coverage is maintained by paying premiums to a commercial insurance carrier. The premium is based upon accident history and administrative costs.

The Clerk provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$45,000 per illness per year less deductions for each individual covered. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal years ended June 30, 2004 and 2003.

The claims liabilities of \$163,545 and \$114,241 reported at June 30, 2004 and 2003, is based on the requirement of Government Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

As required by GASB 10, a reconciliation of the unpaid claims liability is shown below:

	<u>2004</u>	<u>2003</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$114,241	\$ -
Incurring claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	1,704,407	1,241,718
Increase (decrease) in provision for insured events of prior fiscal years	<u>7,290</u>	<u>47,619</u>
Total incurred claims and claim adjustment expenses	1,711,697	1,289,337
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	1,540,921	1,127,477
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>121,531</u>	<u>47,619</u>
Total payments	<u>1,662,452</u>	<u>1,175,096</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 163,486</u>	<u>\$ 114,241</u>

**NOTE 12: DEFERRED COMPENSATION PLAN**

The Clerk participates in the State of Louisiana Public Employees Deferred Compensation Plan, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Clerk employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Participants' rights under the plan are amounts equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the Clerk has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary investor.

Investments are managed by the plan's trustee, who provides certain investment options. The choice of investment options is made by the participants.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

The Clerk is involved in several legal actions, which arose during the ordinary course of business. Management believes that the Clerk has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

management, the existing litigation will not materially affect the Clerk's results of operations or financial position.

**NOTE 14: EXPENSES OF THE CLERK PAID BY THE CITY-PARISH**

Certain operating expenditures of the Clerk's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements. These expenditures are summarized as follows:

Operating expenditures:	<u>2004</u>	<u>2003</u>
Juror and witness fees	<u>\$981,267</u>	<u>\$ 509,344</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)  
YEAR ENDED JUNE 30, 2004**

	BUDGETED AMOUNTS (ORIGINAL AND FINAL)	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Charges for services	\$ 11,981,000	\$ 12,560,017	\$ 579,017
Licenses and permits	50,000	51,922	1,922
Miscellaneous	249,000	274,627	25,627
Interest income	419,000	305,149	(113,851)
Total revenues	12,699,000	13,191,715	492,715
<u>EXPENDITURES</u>			
Salaries, wages, and benefits	8,652,500	9,393,796	(741,296)
Materials and supplies	912,000	804,627	107,373
Travel	59,000	89,320	(30,320)
Operating services	1,644,000	1,266,338	377,662
Capital outlay	1,431,500	1,022,294	409,206
Total expenditures	12,699,000	12,576,375	122,625
Excess (deficiency) of revenues over expenditures	-	615,340	615,340
Budgetary fund balance-beginning of the year	4,557,027	5,521,343	964,316
Budgetary fund balance-end of the year	\$ 4,557,027	\$ 6,136,683	\$ 1,579,656

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)  
YEAR ENDED JUNE 30, 2003**

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>				
Charges for services	\$ 10,383,000	\$ 11,981,000	\$ 12,479,937	\$ 498,937
Licenses and permits	63,000	50,000	38,321	(11,679)
Miscellaneous	249,000	249,000	257,735	8,735
Interest income	<u>776,000</u>	<u>419,000</u>	<u>409,291</u>	<u>(9,709)</u>
Total revenues	11,471,000	12,699,000	13,185,284	486,284
<b><u>EXPENDITURES</u></b>				
Salaries, wages, and benefits	7,737,000	8,385,600	8,495,484	(109,884)
Materials and supplies	606,000	912,000	879,440	32,560
Travel	26,000	47,000	39,349	7,651
Operating services	912,000	1,361,000	1,304,439	56,561
Capital outlay	<u>2,190,000</u>	<u>2,748,500</u>	<u>2,428,822</u>	<u>319,678</u>
Total expenditures	<u>11,471,000</u>	<u>13,454,100</u>	<u>13,147,533</u>	<u>306,567</u>
Excess (deficiency) of revenues over expenditures	-	(755,100)	37,751	792,851
Budgetary fund balance-beginning of the year	<u>3,093,687</u>	<u>3,093,687</u>	<u>3,043,776</u>	<u>(49,911)</u>
Budgetary fund balance-end of the year	<u>\$ 3,093,687</u>	<u>\$ 2,338,587</u>	<u>\$ 3,081,527</u>	<u>\$ 742,940</u>

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

A. Summary of Audit Results:

1. The auditors' report expresses a qualified opinion on the basic financial statements of the East Baton Rouge Parish Clerk of Court.
2. No reportable conditions were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance were disclosed during the audit.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

**Finding 1:** Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund.

The Clerk's actions related to this finding and the anticipated actions are detailed in the Summary Schedule of Prior Audit Findings and are responsive to this finding.

The contact personnel are the Honorable Doug Welborn, East Baton Rouge Parish Clerk of Court or Ms. Rhonda Cothorn, Chief Deputy.

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

**Finding 1:** *Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund.*

*Fiscal year finding initially reported: June 30, 1997*

Corrective actions taken:

(1) *As reported to the Legislative Audit Advisory Council in the Clerk's response to this finding in the audit report for the year ending June 30, 2003, the Clerk had previously contracted with a consultant to evaluate the data processing needs and requirements of his office. Proposals from vendors to satisfy the requirements of the Clerk's office were accepted. One of the requirements dealt with the software used to administer the Advanced Deposit Fund. The Clerk's office evaluated those proposals and in February 2003 selected a vendor to furnish the equipment and software. Work has continued throughout the 2003 calendar year, with the project set to be completed in October 2004. The advancements afforded by the new system will significantly improve the accounting measures used in the administration of the Advanced Deposit Fund.*

(2) *The Clerk's office has continued to monitor the monthly deposits and disbursements for the year ended June 30, 2004, and through the current date. While outages continue to occur, the amounts are not material. The Clerk's office is continuing its efforts to determine the causes of these outages.*

(3) *The Clerk's office does reconcile the bank accounts for the Advance Deposit Fund on a monthly basis and in a timely manner. The outage referred to in the auditor's finding is an outage between what the reconciled cash balances total and the total as calculated by the current software application being used to track these account balances. This is the reason that the Clerk's office is hopeful that new software will allow them to determine an outage and to maintain the outage at that amount. The Clerk's office will not be able to identify the cause or be able to reconcile the account without an outage of some amount being present.*

Planned corrective actions:

*The Clerk's data processing committee, with the assistance of the consultants selected, will move toward the implementation phase of the efforts to upgrade the data processing capabilities of the office.*

*In addition, the Clerk's office will continue its monitoring of the monthly deposits and disbursements in the Advance Deposit Fund.*

**Finding 2:** *Reportable instance of noncompliance*

*Fiscal year finding initially reported: June 30, 2003*

*The instance of noncompliance reported in fiscal year 2003, involved a violation of the Louisiana Revised Statute 38:2212.1 (The Public Bid Law).*

Corrective action taken:

**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

Instructions were given to the Clerk's purchasing agent clarifying the procedures to be followed when soliciting prices for items that could be viewed as a single purchase.

No similar findings were noted in the current year.