

EAST BATON ROUGE CLERK OF COURT

Financial Report

Year Ended June 30, 2012

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 DEC 19 2012

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	8
Reconciliation of the governmental fund balance sheet to the statement of net assets	9
Statement of revenues, expenditures, and changes in fund balance- governmental fund	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	11
Statement of fiduciary assets and liabilities	12
Notes to the basic financial statements	13-29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	31
Schedule of Funding Progress - Other Post Employment Benefits	32
OTHER SUPPLEMENTARY INFORMATION	
Comparative statement of net assets	34
General Fund:	
Comparative balance sheet	36
Budgetary comparison schedule - revenues, expenditures, and changes in fund balance - compared to actual for prior year	37
Budgetary comparison schedule - revenues - compared to actual for prior year	38
Budgetary comparison schedule - expenditures - compared to actual for prior year	39
Fiduciary Funds:	
Combining statement of assets and liabilities	41
Combining statement of changes in unsettled deposits	42

(continued)

TABLE OF CONTENTS (Continued)

	<u>Page</u>
INTERNAL CONTROL AND COMPLIANCE	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	44-45
Summary schedule of current and prior year audit findings and corrective action plan	46

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate fund information of the East Baton Rouge Parish Clerk of Court (a component unit of the East Baton Rouge Parish Council), as of and for the year ended June 30, 2012, which collectively comprise the Clerk's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Baton Rouge Parish Clerk of Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 recorded on its statement of fiduciary net assets at June 30, 2012, 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, 2012. The effect on the financial statements of not reconciling these individual suits balances cannot be reasonably determined.

In our opinion, except for the effects of any adjustments that may be required with respect to the Advance Deposit Fund discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 5, 2012, 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 and the funding progress information on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The East Baton Rouge 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's basic financial statements as a whole. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Clerk of Court and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the other supplementary information has been derived from the East Baton Rouge Parish Clerk of Court's 2011 financial statements, which was audited by other auditors, who expressed a qualified opinion due to the inability to reconcile the individual suit balances in the Advance Deposit Fiduciary Fund with the corresponding unsettled deposits liability recorded on the Statement of Fiduciary Net Assets at June 30, 2011.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 5, 2012

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 7,255,384
Receivables	<u>162,870</u>
Total current assets	7,418,254
Noncurrent assets:	
Capital assets, net	<u>1,230,889</u>
Total assets	<u>8,649,143</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 245,371
Accrued expenses	22,512
Accrued payroll liabilities	337,421
Accrued health insurance claims	389,222
Due to other governments	<u>201,690</u>
Total current liabilities	<u>1,196,216</u>
Long-term liabilities:	
Compensated absences	678,527
Net OPEB obligation	<u>3,048,755</u>
Total long-term liabilities	<u>3,727,282</u>
Total liabilities	<u>4,923,498</u>
NET ASSETS	
Invested in capital assets	1,230,889
Unrestricted	<u>2,494,756</u>
Total net assets	<u>\$ 3,725,645</u>

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Activities
For the Year Ended June 30, 2012

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 13,117,823	\$ 12,983,653	\$ 330,247	\$ 196,077
				89,504
				285,581
				3,440,064
				\$ 3,725,645

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

FUND FINANCIAL STATEMENTS (FFS)

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Balance Sheet - Governmental Fund
June 30, 2012

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 7,255,384
Accounts receivable	<u>162,870</u>
Total assets	<u>\$ 7,418,254</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 245,371
Accrued expenses	22,512
Accrued payroll liabilities	337,421
Accrued health insurance claims	389,222
Due to other governments	<u>201,690</u>
Total liabilities	<u>1,196,216</u>
 Fund balance:	
Unassigned	<u>6,222,038</u>
Total fund balance	<u>6,222,038</u>
Total liabilities and fund balance	<u>\$ 7,418,254</u>

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total fund balance for the governmental fund at June 30, 2012		\$ 6,222,038
Cost of capital assets at June 30, 2012	\$ 8,929,482	
Less: Accumulated depreciation	<u>(7,698,593)</u>	1,230,889
Long-term liabilities at June 30, 2012:		
Compensated absences payable		(678,527)
Net OPEB obligation payable		<u>(3,048,755)</u>
Total net assets of governmental activities at June 30, 2012		<u>\$ 3,725,645</u>

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2012

	<u>General Fund</u>
Revenues:	
Fees, charges and commissions for services:	
Recordings	\$ 3,813,428
Uniform Commercial Code fees	221,767
Cancellations	546,895
Mortgage certificates	46,211
Court attendance	174,003
Photocopies	1,075,271
Fines and forfeitures	437,256
Suits and successions	6,449,739
Other fees	143,416
Intergovernmental	330,247
Licenses	75,667
Interest revenue	89,504
Total revenues	<u>13,403,404</u>
Expenditures:	
Current -	
General government:	
Personnel services and related benefits	10,721,954
Materials and supplies	342,545
Operating services	1,193,031
Auto and travel	49,406
Capital outlay	2,893
Total expenditures	<u>12,309,829</u>
Excess of revenues over expenditures	1,093,575
Fund balance, beginning of year	<u>5,128,463</u>
Fund balance, end of year	<u>\$ 6,222,038</u>

The accompanying notes are an integral part of the basic 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 the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balance for the year ended June 30, 2012 per Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 1,093,575
The change in net assets reported for governmental activities in the statement of activities because:		
Governmental funds report capital outlays 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.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,893	
Depreciation expense for the year ended June 30, 2012	<u>(582,662)</u>	(579,769)
Compensated absences at June 30, 2012 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditures		(24,211)
Net OPEB obligation at June 30, 2012 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditures		<u>(204,014)</u>
Total net change in net assets at June 30, 2012 per Statement of Activities		<u>\$ 285,581</u>

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Fiduciary Assets and Liabilities
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 30,292,055
Interest-bearing deposits	18,131,336
Accounts receivable	<u>448,021</u>
Total assets	<u>\$ 48,871,412</u>
LIABILITIES	
Due to litigants and others	<u>\$ 48,871,412</u>

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the East Baton Rouge Parish Clerk of Court (Clerk of Court) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Organization and Nature of Operations

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 and the parish 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.

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.

B. Basis of Statement Presentation

The accompanying basic financial statements of the 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 for establishing governmental accounting and financial reporting principles.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court'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 for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Clerk of Court is described below:

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Governmental Fund -

General Fund

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

Additionally, the Clerk of Court reports the following fund type:

Fiduciary Funds -

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the Clerk of Court. The funds accounted for in this category by the Clerk of Court are the agency funds. The agency funds are as follows:

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund – accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Bond Fund – accounts for bond deposits which have been ordered by the court to be held until judgment has been rendered in court litigation.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net assets and the 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

- b. The government-wide financial statement utilizes 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 as soon as 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.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

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.

Investments

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include fees and charges paid by the recipients for goods or services offered by the programs.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Useful lives for furniture, fixtures, and equipment range from five to ten years.

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.

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 280 hours.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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, 2012, employees of the Clerk had accumulated and vested \$678,527, of annual leave benefits, which was computed in accordance with Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Clerk of Court, which is the highest level of decision-making authority for the Clerk of Court.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Clerk of Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk of Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk of Court has provided otherwise in his commitment or assignment actions.

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office. This payment is limited to no more than that which was received by the clerk in accordance with R.S. 13:784(A) during said term of office. At June 30, 2012, there was no amount due to the parish treasurer because the General Fund's fund balance at June 30, 2012 did not exceed one-half of the revenues of the General Fund for the last year of the clerk's four-year term of office.

E. 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. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character and Function

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

F. Budget Practices

The proposed budget was made available for public inspection for the fiscal year beginning July 1, 2011 and ending June 30, 2012, on June 24, 2011 at the Clerk's office.

The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing. A public hearing was held at the Clerk's office on June 24, 2011, for comments from taxpayers. The proposed budget was legally adopted 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. For the fiscal year ended June 30, 2012, no amended budget was adopted.

G. Bad Debts

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.

H. Clerk's Fees Transferred from Advance Deposit Agency Fund

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

I. Reclassifications

Certain reclassifications have been made in the financial statements at June 30, 2011 in order to be consistent with reporting in the current year. These reclassifications had no effect on previously reported net assets and changes in net assets in the government-wide financial statements or on fund balances and the excess of revenues over expenses in the fund financial statements.

J. Use of 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds within 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 of Court 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, 2012, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$55,678,775 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 3,230	\$ 30,292,055	\$ 30,295,285
Time and money market deposits	7,252,154	18,131,336	25,383,490
Total	\$ 7,255,384	\$ 48,423,391	\$ 55,678,775

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair 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, 2012, and the related federal insurance and pledged securities:

Bank balances	\$ 56,372,465
Federal insurance	\$ 32,896,208
Pledged securities	23,476,257
Total federal insurance and pledged securities	\$ 56,372,465

Deposits in the amount of \$23,476,257 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Clerk of Court's name (Category 3 deposits). The Clerk of Court does not have a formal written policy for custodial credit risk.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Accounts Receivable

Accounts receivable at June 30, 2012 consisted of the following:

General Fund:	
Trade accounts	\$ 32,933
Miscellaneous	124,371
NSF checks	<u>5,566</u>
Total	<u>\$162,870</u>

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2012 is as follows:

	Balance <u>07/01/11</u>	Additions	Deletions	Balance <u>06/30/12</u>
Furniture, equipment, and improvements	\$ 8,926,589	\$ 2,893	\$ -	\$ 8,929,482
Less: Accumulated depreciation	<u>7,115,931</u>	<u>582,662</u>	<u>-</u>	<u>7,698,593</u>
Net capital assets	<u>\$ 1,810,658</u>	<u>\$ (579,769)</u>	<u>\$ -</u>	<u>\$ 1,230,889</u>

Depreciation expense of \$582,662 was charged to the general government function in the Statement of Activities.

(5) Payables and Due to Other Governments

Amounts payable and due to other governments at June 30, 2012 consisted of the following:

Accounts payable:	
Trade payables	\$ 95,547
Escrow accounts	<u>149,824</u>
Total accounts payable	<u>\$ 245,371</u>
Due to other governments:	
Due to 19th Judicial District Court	
Judicial Expense Building Fund	<u>\$ 201,690</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Changes in Long-Term Liabilities

The following is a summary of the long-term liabilities of the Clerk of Court for the year ended June 30, 2012:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<i>Governmental activities:</i>				
Compensated absences	\$ 654,316	\$ 24,211	\$ -	\$ 678,527
Net OPEB obligation	<u>2,844,741</u>	<u>861,343</u>	<u>657,329</u>	<u>3,048,755</u>
Total long-term liabilities	<u>\$ 3,499,057</u>	<u>\$885,554</u>	<u>\$657,329</u>	<u>\$ 3,727,282</u>

(7) Other Post-Retirement Health Care and Life Insurance Benefits (OPEB)

The Clerk maintains a self-funded medical and dental plan covering current and retired employees and their dependents. Retirees are also eligible to continue life insurance benefits with a reduced benefit amount. To be eligible to continue coverage, retired employees must be eligible for retirement under the Clerks' of Court Retirement & Relief Fund and must be actively employed at the time of retirement.

All full-time employees of the Clerk may, at their option, participate in the employees' group life, health, and dental insurance programs sponsored by the East Baton Rouge Parish Clerk of Court and administered by outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year by the Clerk.

Plan description: The Clerk's OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members. The Plan does not issue a publicly available report.

Retirees may continue coverage in accordance with current policies of the Clerk's office. Based on current practices, upon retirement, a totally vested employee may continue their coverage by paying the premiums determined in accordance with current policies.

Funding Policy: The contribution requirements of the employees/retirees and the Clerk are established in the annual operating budget and may be amended. The contributions are based on projected pay-as-you-go financing. The employer contribution to the OPEB plan for 2012 totaled \$657,329. Plan members receiving benefits contributed approximately 73% of the total premiums.

Annual OPEB Cost: The Clerk's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Since 2008 was the initial year of implementation of GASB Statement No. 45, there was no net OPEB obligation at the beginning of that year and only three years of trend information is available. The ARC was calculated as part of the July 1, 2009, actuarial valuations performed by an outside actuary consultant.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The following table shows the components of the Clerk's annual OPEB cost for the year and the amount actually contributed to the plan during the year.

Annual required contribution (ARC)	\$ 856,258
Interest on net OPEB obligation	113,790
Adjustment to ARC	<u>(108,705)</u>
Annual OPEB cost (expense)	861,343
Less: contributions made	<u>(657,329)</u>
Increase in net OPEB obligation	204,014
Net OPEB obligation-beginning of year	<u>2,844,741</u>
Net OPEB obligation-end of year	<u>\$ 3,048,755</u>

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$859,217	27.20%	\$2,280,763
6/30/2011	860,335	34.50%	2,844,741
6/30/2012	861,343	76.50%	3,048,755

Funding Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability (AAL) for benefits was \$11,915,861 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Clerk are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2012 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of covered payroll
7/1/2007	\$ -	\$11,180,124	\$11,180,124	0.00%	\$5,799,842	192.80%
7/1/2009	\$ -	\$11,915,861	\$11,915,861	0.00%	\$6,209,905	191.90%

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry-Age Normal Actuarial Cost Method was used for July 1, 2009, actuarial valuation. Because the Clerk currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included 4% investment rate of return, compounded annually. Life expectancies were based on the 1994 Uninsured Pensioner Mortality Table (1-year setback for both males and females). Turnover rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan valuations, adjusted to be consistent with recent Clerk experience. Retirement rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan retirement tables, adjusted to be consistent with recent Clerk retirements.

Both historical retiree claim costs and year 2009 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 3.00%, the plan assumed a medical inflation rate of 10% beginning in 2008, decreasing .5% per year through 2015 and leveling off at 6%. The actuarial valuation also assumes that (1) 75% of future eligible employees are assumed to participate in the medical and dental plans at retirement; (2) 75% of future eligible employees are assumed to participate in life insurance benefits (2) female spouses are assumed to be two years younger than males; (3) 25% of employees married at retirement will elect spousal coverage; (4) 0% of employees will have dependent children at retirement; (5) 100% of employees will elect Medicare coverage when they are first eligible.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 5% per annum. The remaining amortization period at July 1, 2009, was twenty-eight years.

(8) Pension Plan

Plan description - All eligible 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 prior to July 1, 1999, and 3.33% for each year of credited service after June 30, 1999, not to exceed 100% of their final-average salary. Effective January 1, 2011 the retirement age increased to 65 and the amount paid monthly for life will be equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Effective January 1, 2011 the age for this benefit increased to 65 years of age. 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.

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 17.25 percent of annual covered payroll. 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, 2012, 2011, and 2010, were \$1,049,627, \$1,108,224, and \$970,117, 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' salaries. This election can be changed annually by the Clerk. The Clerk elected to implement this policy for the years ended June 30, 2012, 2011, and 2010. The contributions to the System under this election were \$425,076, \$456,379, and \$479,355, respectively for the years ended in 2012, 2011, and 2010.

(9) 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 \$60,000 per insured per year. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal year ended June 30, 2012.

The claims liabilities of \$389,222 reported at June 30, 2012, 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 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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

Unpaid claims and claim adjustment expenses at beginning of year	<u>\$ 304,184</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	2,454,894
Increase (decrease) in provision for insured events of prior fiscal years	<u>30,393</u>
Total incurred claims and claim adjustment expenses	<u>2,485,287</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	2,065,673
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>334,576</u>
Total payments	<u>2,400,249</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 389,222</u>

(10) Changes in Fiduciary Fund Unsettled Deposits

A summary of changes in agency fund unsettled deposits follows:

	Unsettled Deposits at July 01, 2011	Additions	Deletions	Unsettled Deposits at June 30, 2012
Advance Deposit Fund	\$32,327,330	\$ 17,866,722	\$21,136,070	\$ 29,057,982
Registry of Court Fund	19,699,092	5,299,153	7,271,478	17,726,767
Bond Fund	<u>2,056,382</u>	<u>74,233</u>	<u>43,952</u>	<u>2,086,663</u>
Totals	<u>\$54,082,804</u>	<u>\$ 23,240,108</u>	<u>\$28,451,500</u>	<u>\$ 48,871,412</u>

(11) Deferred Compensation Plan

The Clerk adopted two Internal Revenue Code Section 457 deferred compensation plans, one in November 1993 and the other in September 1997. The plans, available to all Clerk employees, permit them to defer a portion of their salary until future periods. Participation in the plan is optional. Effective with the first payroll in 2005, the Clerk has offered a match up to 6 percent of employee contributions. To be eligible for the matching contribution, eligible employees must be full-time staff with benefits who are vested in the Louisiana Clerks' of Court Retirement and Relief Fund. The Clerk's contributions for the year ending June 30, 2012 was \$149,039.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(12) Litigation

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

(13) 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. The City Parish government paid juror and witness fees expenditures of \$323,314 for the year ending June 30, 2012.

(14) Leases

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2012, the Clerk of Court had no capital leases in effect.

The Clerk of Court has entered into various operating leases for machinery, vehicles, office space and warehouse space on various dates. The lease terms range from month to month and from one year to thirty-six months. These leases require a total monthly payment of \$17,663. Total rent expense under these leases for the year ended June 30, 2012 is \$206,270.

Future minimum lease payments are as follows:

Year ending <u>June 30,</u>	
2013	\$ 53,371
2014	5,354
2015	<u>1,285</u>
	<u>\$ 60,010</u>

The above schedule excludes lease payments made on a month to month agreement.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(15) New Accounting Pronouncements

In December 2010, the Governmental Accounting Standards Board (GASB) approved Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63 "Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB Nos. 62 and 63 must be implemented by the Clerk of Court for the year ending June 30, 2013. The effect of implementation on the Clerk of Court's financial statements has not yet been determined.

(16) Subsequent Event Review

The Clerk of Court has evaluated subsequent events through December 5, 2012, the date which the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fees, charges and commissions for services:				
Recordings	\$ 3,601,000	\$ 3,601,000	\$ 3,813,428	\$ 212,428
Uniform Commercial Code fees	185,000	185,000	221,767	36,767
Cancellations	620,000	620,000	546,895	(73,105)
Mortgage certificates	48,000	48,000	46,211	(1,789)
Court attendance	164,000	164,000	174,003	10,003
Photocopies	1,054,000	1,054,000	1,075,271	21,271
Fines and forfeitures	186,000	186,000	437,256	251,256
Suits and successions	6,485,000	6,485,000	6,449,739	(35,261)
Other fees	204,900	204,900	143,416	(61,484)
Intergovernmental	375,000	375,000	330,247	(44,753)
Licenses	73,000	73,000	75,667	2,667
Interest revenue	166,000	166,000	89,504	(76,496)
Total revenues	<u>13,161,900</u>	<u>13,161,900</u>	<u>13,403,404</u>	<u>241,504</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	11,092,200	11,092,200	10,721,954	370,246
Materials and supplies	428,000	428,000	342,545	85,455
Operating services	1,409,000	1,409,000	1,193,031	215,969
Auto and travel	43,000	43,000	49,406	(6,406)
Capital outlay	100,000	100,000	2,893	97,107
Total expenditures	<u>13,072,200</u>	<u>13,072,200</u>	<u>12,309,829</u>	<u>762,371</u>
Excess of revenues over expenditures	89,700	89,700	1,093,575	1,003,875
Fund balance, beginning of year	<u>5,128,463</u>	<u>5,128,463</u>	<u>5,128,463</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,218,163</u>	<u>\$ 5,218,163</u>	<u>\$ 6,222,038</u>	<u>\$ 1,003,875</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Schedule of Funding Progress - Other Post Employment Benefits
For the Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (UAAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 01, 2007	\$ -	\$11,180,124	\$ 11,180,124	0.00%	\$5,799,842	192.80%
July 01, 2009	\$ -	\$11,915,861	\$ 11,915,861	0.00%	\$6,209,905	191.90%

**OTHER
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Comparative Statement of Net Assets
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 7,255,384	\$ 5,855,602
Receivables	162,870	118,329
Due from other governmental units	-	292,314
Total current assets	7,418,254	6,266,245
Noncurrent assets:		
Capital assets, net	1,230,889	1,810,658
Total assets	8,649,143	8,076,903
LIABILITIES		
Current liabilities:		
Accounts payable	245,371	256,782
Accrued expenses	22,512	-
Accrued payroll liabilities	337,421	324,156
Accrued health insurance claims	389,222	304,184
Due to other governments	201,690	252,660
Total current liabilities	1,196,216	1,137,782
Long-term liabilities:		
Compensated absences	678,527	654,316
Net OPEB obligation	3,048,755	2,844,741
Total long-term liabilities	3,727,282	3,499,057
Total liabilities	4,923,498	4,636,839
NET ASSETS		
Invested in capital assets	1,230,889	1,810,658
Unrestricted	2,494,756	1,629,406
Total net assets	\$ 3,725,645	\$ 3,440,064

GENERAL FUND

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

EAST BATON ROUGE PARISH CLERK OF COURT
 Baton Rouge, Louisiana
 General Fund

Comparative Balance Sheet
 June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and interest-bearing deposits	\$ 7,255,384	\$ 5,855,602
Accounts receivable	162,870	118,329
Due from other governments	-	292,314
Total assets	\$ 7,418,254	\$ 6,266,245
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 245,371	\$ 256,782
Accrued expenses	22,512	-
Accrued payroll liabilities	337,421	324,156
Accrued health insurance claims	389,222	304,184
Due to other governments	201,690	252,660
Total liabilities	1,196,216	1,137,782
Fund balance:		
Unassigned	6,222,038	5,128,463
Total liabilities and fund balance	\$ 7,418,254	\$ 6,266,245

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule -
Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Actual	Variance with Final Budget Positive (Negative)	2011 Actual
	Budget				
	Original	Final			
Revenues:					
Fees, charges and commissions for services:					
Recordings	\$ 3,601,000	\$ 3,601,000	\$ 3,813,428	\$ 212,428	\$ 3,619,369
Uniform Commercial Code fee:	185,000	185,000	221,767	36,767	192,575
Cancellations	620,000	620,000	546,895	(73,105)	594,317
Mortgage certificates	48,000	48,000	46,211	(1,789)	47,571
Court attendance	164,000	164,000	174,003	10,003	196,905
Photocopies	1,054,000	1,054,000	1,075,271	21,271	1,056,928
Fines and forfeitures	186,000	186,000	437,256	251,256	319,369
Suits and successions	6,485,000	6,485,000	6,449,739	(35,261)	6,654,389
Other fees	204,900	204,900	143,416	(61,484)	128,639
Intergovernmental	375,000	375,000	330,247	(44,753)	365,062
Licenses	73,000	73,000	75,667	2,667	76,261
Interest revenue	166,000	166,000	89,504	(76,496)	147,221
Total revenues	<u>13,161,900</u>	<u>13,161,900</u>	<u>13,403,404</u>	<u>241,504</u>	<u>13,398,606</u>
Expenditures:					
Current -					
General government:					
Personnel services and related benefits	11,145,200	11,145,200	10,721,954	423,246	10,989,184
Materials and supplies	428,000	428,000	342,545	85,455	376,893
Operating services	1,409,000	1,409,000	1,193,031	215,969	1,258,804
Auto and travel	43,000	43,000	49,406	(6,406)	44,293
Capital outlay	100,000	100,000	2,893	97,107	234,110
Total expenditures	<u>13,125,200</u>	<u>13,125,200</u>	<u>12,309,829</u>	<u>815,371</u>	<u>12,903,284</u>
Excess of revenues over expenditures	36,700	36,700	1,093,575	1,056,875	495,322
Fund balance, beginning of year	<u>5,128,463</u>	<u>5,128,463</u>	<u>5,128,463</u>	-	<u>4,633,141</u>
Fund balance, end of year	<u>\$ 5,165,163</u>	<u>\$ 5,165,163</u>	<u>\$ 6,222,038</u>	<u>\$ 1,056,875</u>	<u>\$ 5,128,463</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2012
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance - Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
Fees, charges, and commissions for services:					
Recordings	\$ 3,601,000	\$ 3,601,000	\$ 3,813,428	\$ 212,428	\$ 3,619,369
Uniform Commercial Code fees	185,000	185,000	221,767	36,767	192,575
Cancellations	620,000	620,000	546,895	(73,105)	594,317
Mortgage certificates	48,000	48,000	46,211	(1,789)	47,571
Court attendance	164,000	164,000	174,003	10,003	196,905
Photocopies	1,054,000	1,054,000	1,075,271	21,271	1,056,928
Fines and forfeitures	186,000	186,000	437,256	251,256	319,369
Suits and successions	6,485,000	6,485,000	6,449,739	(35,261)	6,654,389
Other fees:					
Passports	70,000	70,000	85,650	15,650	75,300
Extract of court minutes	12,000	12,000	12,670	670	15,090
Credit card fees	30,000	30,000	30,092	92	26,615
Miscellaneous	92,900	92,900	15,004	(77,896)	11,634
Total fees, charges, and commissions for services	<u>12,547,900</u>	<u>12,547,900</u>	<u>12,907,986</u>	<u>360,086</u>	<u>12,810,062</u>
Intergovernmental:					
LCOCA supplemental compensation	-	-	-	-	21,000
Reimbursed election expenses	125,000	125,000	137,668	12,668	139,447
City/Parish budget allocation	250,000	250,000	192,579	(57,421)	204,615
Total intergovernmental	<u>375,000</u>	<u>375,000</u>	<u>330,247</u>	<u>(44,753)</u>	<u>365,062</u>
Licenses	<u>73,000</u>	<u>73,000</u>	<u>75,667</u>	<u>2,667</u>	<u>76,261</u>
Interest revenue	<u>166,000</u>	<u>166,000</u>	<u>89,504</u>	<u>(76,496)</u>	<u>147,221</u>
Total revenues	<u>\$13,161,900</u>	<u>\$13,161,900</u>	<u>\$13,403,404</u>	<u>\$ 241,504</u>	<u>\$ 13,398,606</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2012
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance - Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
Expenditures:					
Current -					
Personnel services and related benefits:					
Salaries	\$ 6,725,000	\$ 6,725,000	\$ 6,511,528	\$ 213,472	\$ 6,865,224
Clerk's expense allowance	12,000	12,000	13,626	(1,626)	13,656
Clerk's supplemental fund	41,000	41,000	45,250	(4,250)	41,400
Payroll taxes	107,000	107,000	98,529	8,471	104,706
Retirement	1,795,200	1,795,200	1,474,704	320,496	1,564,603
Group insurance	2,420,000	2,420,000	2,539,468	(119,468)	2,352,082
Worker's compensation	35,000	35,000	37,576	(2,576)	34,344
Unemployment	10,000	10,000	1,273	8,727	13,169
Total personnel services and related benefits	<u>11,145,200</u>	<u>11,145,200</u>	<u>10,721,954</u>	<u>423,246</u>	<u>10,989,184</u>
Materials and supplies:					
Printing and binding	142,000	142,000	138,561	3,439	129,855
Judges' supplies	42,000	42,000	26,363	15,637	55,661
Computer expenses	100,000	100,000	30,540	69,460	44,023
Office supplies	126,000	126,000	138,132	(12,132)	131,392
Repairs and maintenance	18,000	18,000	8,949	9,051	15,962
Total materials and supplies	<u>428,000</u>	<u>428,000</u>	<u>342,545</u>	<u>85,455</u>	<u>376,893</u>
Operating services:					
Accounting	80,000	80,000	90,334	(10,334)	80,710
Advertising	500	500	8,110	(7,610)	8,683
Archives and record retention	83,000	83,000	79,320	3,680	82,505
Computer software and services	337,000	337,000	279,743	57,257	282,849
Insurance	70,000	70,000	62,769	7,231	64,891
Legal	300,000	300,000	134,180	165,820	190,865
Postage	147,000	147,000	135,418	11,582	144,432
Telephone	82,000	82,000	70,648	11,352	90,558
Equipment rental and leases	66,000	66,000	66,521	(521)	70,008
Judicial expense fund	26,000	26,000	15,245	10,755	23,909
Credit card fees	-	-	31,280	(31,280)	28,946
Office rent	121,000	121,000	120,849	151	120,849
Miscellaneous	96,500	96,500	98,614	(2,114)	69,599
Total operating services	<u>1,409,000</u>	<u>1,409,000</u>	<u>1,193,031</u>	<u>215,969</u>	<u>1,258,804</u>
Auto and travel	<u>43,000</u>	<u>43,000</u>	<u>49,406</u>	<u>(6,406)</u>	<u>44,293</u>
Capital outlay -					
Computer equipment	<u>100,000</u>	<u>100,000</u>	<u>2,893</u>	<u>97,107</u>	<u>234,110</u>
Total expenditures	<u>\$ 13,125,200</u>	<u>\$ 13,125,200</u>	<u>\$ 12,309,829</u>	<u>\$ 815,371</u>	<u>\$ 12,903,284</u>

FIDUCIARY FUNDS

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

Registry of 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. Withdrawals of the funds can be made only upon specific court order.

Bond Fund -

The Bond Fund is used to account for bond deposits on suits filed by litigants which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon specific court order.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
Fiduciary Funds

Combining Statement of Fiduciary Assets and Liabilities
June 30, 2012
With Comparative Totals for June 30, 2011

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2012	2011
ASSETS					
Cash	\$ 10,509,961	\$ 17,701,227	\$ 2,080,867	\$ 30,292,055	\$ 29,821,690
Interest-bearing deposits	18,100,000	25,540	5,796	18,131,336	18,131,323
Accounts receivable	448,021	-	-	448,021	6,129,791
Total assets	<u>\$ 29,057,982</u>	<u>\$ 17,726,767</u>	<u>\$ 2,086,663</u>	<u>\$ 48,871,412</u>	<u>\$ 54,082,804</u>
LIABILITIES					
Due to taxing bodies and others	<u>\$ 29,057,982</u>	<u>\$ 17,726,767</u>	<u>\$ 2,086,663</u>	<u>\$ 48,871,412</u>	<u>\$ 54,082,804</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
Fiduciary Funds

Combining Statement of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2012
With Comparative Totals For the Year Ended June 30, 2011

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2012	2011
Balances, beginning of year	\$ 32,327,330	\$ 19,699,092	\$ 2,056,382	\$ 54,082,804	\$ 50,885,378
Additions:					
Suits and successions	17,866,722	-	-	17,866,722	17,620,133
Judgments	-	5,277,588	72,994	5,350,582	10,379,636
Interest earned	-	21,565	1,239	22,804	31,053
Total additions	<u>17,866,722</u>	<u>5,299,153</u>	<u>74,233</u>	<u>23,240,108</u>	<u>28,030,822</u>
Reductions:					
Clerk's costs (transferred to General Fund)	6,449,739	-	-	6,449,739	6,654,389
Settlements to litigants	-	7,271,478	43,952	7,315,430	9,177,090
Refunds	2,419,483	-	-	2,419,483	2,208,796
Sheriff's fees	1,005,964	-	-	1,005,964	991,404
Judicial expense fund	4,694,106	-	-	4,694,106	4,923,752
Adjustment to accounts receivable	5,629,442	-	-	5,629,442	-
Other reductions	937,336	-	-	937,336	877,965
Total reductions	<u>21,136,070</u>	<u>7,271,478</u>	<u>43,952</u>	<u>28,451,500</u>	<u>24,833,396</u>
Balances, end of year	<u>\$ 29,057,982</u>	<u>\$ 17,726,767</u>	<u>\$ 2,086,663</u>	<u>\$ 48,871,412</u>	<u>\$ 54,082,804</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

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

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

We have audited the financial statements of the governmental activities, the major fund (General Fund) and each fiduciary fund of the East Baton Rouge Parish Clerk of Court (a component unit of the East Baton Rouge Parish Council), as of and for the year ended June 30, 2012, which collectively comprises the East Baton Rouge Parish Clerk of Courts' basic financial statements and have issued our report thereon dated December 5, 2012. The report on the East Baton Rouge Clerk of Court was qualified because we were unable to satisfy ourselves as to the reasonableness of the accounts receivable and unsettled deposit balances recorded in the Advance Deposit Fund at June 30, 2012. Except as discussed in the preceding sentence, 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.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 12-1(IC) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

The East Baton Rouge Parish Clerk of Court's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the East Baton Rouge Parish Clerk of Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 5, 2012

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2012

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (6/30/12) --						
<u>Internal Control:</u>						
12-1(IC)	6/30/1980	The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.	No	The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2012. No differences in the disbursements from the fund or deposits to the fund occurred during the year.	Doug Welborn, Clerk of Court	N/A
PRIOR YEAR (6/30/11) --						
<u>Internal Control:</u>						
11-1(IC)	6/30/1980	The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.	No	The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2011. No differences in the disbursements from the fund or deposits to the fund occurred during the year.	Doug Welborn, Clerk of Court	N/A