

**LaSalle Parish Clerk of Court
Jena, Louisiana**

**Annual Financial Statements
For the Years Ended June 30, 2003 and 2004**

Prepared Pursuant to GASB 34 Reporting Model

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 3/30/05

**LaSalle Parish Clerk of Court
Jena, Louisiana**

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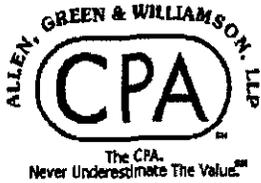
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ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

Phone: (318) 388-4422
Fax: (318) 388-4664

Toll-free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA

Margie Williamson, CPA

Nicole Walker, CPA
Diane Ferschoff, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

INDEPENDENT AUDITORS' REPORT

Honorable Steve Crooks
LaSalle Parish Clerk of Court
Jena, Louisiana

Basic Financial Statements We have audited the accompanying *financial statements* of the governmental activities, the major fund, and the fiduciary activities of the LaSalle Parish Clerk of Court as of June 30, 2003 and 2004 and for the years then ended, which collectively comprise the LaSalle Parish Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the LaSalle Parish Clerk of Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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.

The Advance Deposit Agency Fund has not been reconciled between the cash in the bank and the remaining liability due to others. The Advance Deposit Agency Fund consists of assets and liabilities of \$224,438 and \$315,032 at June 30, 2003 and 2004 respectively. These amounts represent 72.7% and 39.4% of the total fiduciary assets and liabilities at June 30, 2003 and 2004, respectively. Accounting principles generally accepted in the United States of America require that agency fund assets equal liabilities. At the present time, it is not reasonably determined that the cash balance in the bank equals the remaining liability.

As discussed in Note 14, the general fund paid \$57,770 and \$43,571 for the years ended June 30, 2003 and 2004 respectively. These costs represent twenty-three percent and eighteen percent of the total operating services functional category of the governmental activities and the major fund.

In our opinion, with the exceptions noted above, the *basic financial statements* referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the fiduciary activities of the LaSalle Parish Clerk of Court as of June 30, 2003 and 2004, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2005, on our consideration of the Clerk's internal control over financial reporting and on 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 read in conjunction with this report in considering the results of our audit.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The two most significant additions are the Management's Discussion and Analysis (which follows this independent auditors' report) and the Government-Wide Financial Statements (GWFS). The GWFS are prepared on an economic resources measurement focus and a full accrual basis of accounting as explained further in Note 1 of the Notes to the Basic Financial Statements. The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the Fund Financial Statements (FFS), rather than the traditional fund-type display.

Additional information regarding the new reporting model is included in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements.

Required Supplemental Information The Management's Discussion and Analysis and the Budgetary Comparison Schedules as listed in the table of contents as required supplemental information, are not a required part of the *basic financial statements* but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Supplemental Information Our audit was performed for the purpose of forming opinions on the *financial statements* that collectively comprise the Clerk of Court's basic financial statements. The accompanying information identified in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the *basic financial statements*. Such information has been subjected to the auditing procedures applied in the audit of the *basic financial statements* and, in our opinion, is fairly stated, in all material respects, in relation to the *basic financial statements* taken as a whole.

Other Information Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the LaSalle Parish Clerk of Court. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana

January 3, 2005

**LaSalle Parish Clerk of Court
Jena, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

LaSalle Parish Clerk of Court Management's Discussion and Analysis (MD&A)

This discussion and analysis of the LaSalle Parish Clerk of Court's financial performance provides an overview of the Clerk's financial activities for the year ended June 30, 2004. The intent of this discussion and analysis is to look at the LaSalle Parish Clerk's financial performance as a whole.

Financial Highlights

The Clerk's total net assets increased by \$5,431 thousand, which represents a 4.3% increase from 2003.

At the end of the current year, the Clerk's governmental funds reported a combined ending fund balance of \$67,583 thousand, an increase of \$13,311 from the prior year. Of this amount, \$67,583 is available for spending (unreserved fund balance) on behalf of its businesses.

Overview of the Financial Statements

This biannual report consists of a series of financial statements. These statements are organized so the reader can understand the Clerk as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The LaSalle Parish Clerk of Court's basic financial statements are comprised of three components: the Government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Statements

The government-wide statements report information about the LaSalle Parish Clerk of Court as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the LaSalle Parish Clerk of Court's net assets and how they have changed. Net assets—the difference between the government's assets and liabilities—is one way to measure the government's financial health or position.

- Over time, increases or decreases in the Clerk's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the government, one needs to consider additional non-financial factors such as changes in the Clerk's revenue sources such as fees and licenses charges.

The government-wide financial statements of the LaSalle Parish Clerk of Court include the *Governmental activities*. Most of the Clerk's basic services are included here, such as legal recording and filing.

Fund Financial Statements

The fund financial statements provide more detailed information about the LaSalle Parish Clerk of Court's most significant *funds*—not the government as a whole. Funds are accounting devices that the Clerk uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Parish establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

**LaSalle Parish Clerk of Court
Management's Discussion and Analysis (MD&A)**

The LaSalle Parish Clerk of Court has the following types of funds.

- *Governmental funds*—Most of the Clerk's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The Clerk is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The Clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Clerk's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. *We exclude these activities from the Clerk's government-wide financial statements because the Clerk cannot use these assets to finance its operations.*

Table 1 provides a summary of the LaSalle Parish Clerk of Court's net assets for 2003 compared to 2004.

Table 1				
Net Assets				
June 30,				
	<u>Governmental Activities</u>			
	2003	2004	Difference	% Change
Assets				
Cash And Cash Equivalents	\$43,764	\$60,026	\$16,262	37.2%
Receivables (Net)	29,695	29,695	0	0.0%
Capital Assets, Net Of Accum Depreciation	71,269	92,208	20,939	29.4%
Total Assets	\$144,728	\$181,929	\$37,201	25.7%
Liabilities				
Accounts, Salaries, And Other Payables	\$19,187	\$22,138	\$2,951	15.4%
Long-term debt				
Due within one year		7,800	7,800	
Due after one year		21,019	21,019	
Total Liabilities	\$19,187	\$50,957	\$31,770	165.6%
Net Assets				
Invested In Capital Assets, Net Of Related Debt	71,269	63,389	-7,880	-11.1%
Unrestricted	54,272	67,583	13,311	24.5%
Total Net Assets	\$125,541	\$130,972	\$5,431	4.3%

As noted earlier, the entity's net assets, when reviewed over time, may serve as a useful indicator of the Clerk's financial position. In the case of the LaSalle Parish Clerk of Court, assets exceeded liabilities by \$125,541 as of December 31, 2003 and \$130,972 as of December 31, 2004. Also as mentioned earlier, total net assets increased by \$5,431 or by 4.3%. By far, the largest portion of the Clerk's net assets reflects its invested in capital assets (e.g., computers and office equipment) less any related debt used to acquire those assets that is still outstanding. The Clerk uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the entities investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**LaSalle Parish Clerk of Court
Management's Discussion and Analysis (MD&A)**

The remaining balance of unrestricted assets (\$67,583) may be used to meet the Clerk's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for 2003 and 2004. Since this is the first year for the LaSalle Parish Clerk of Court to use the GASB 34 reporting model, only these two years are available. In future years, when more extensive prior year's information becomes available, more comparisons will be presented.

**Table 2
Changes in Net Assets
For the Years Ended June 30,**

	Governmental Activities			
	2003	2004	Difference	% Change
Judicial:				
Personal Services	\$ 300,964	\$ 325,677	\$ 24,713	8.2%
Operating Services	257,796	243,989	-14,807	-5.7%
Materials and Supplies	13,728	15,535	1,807	13.2%
Travel	3,131	7,010	3,879	123.9%
Depreciation	<u>16,121</u>	<u>17,240</u>	<u>1,119</u>	<u>6.9%</u>
Total Program Expenses	<u>\$592,740</u>	<u>\$609,451</u>	<u>\$16,711</u>	<u>2.8%</u>
Program Revenues:				
Licenses and Recording of Deeds etc.	\$108,235	\$132,938	\$24,703	22.8%
Clerk's Supplemental Compensation	9,488	7,657	(1,831)	-19.3%
Court Cost, Fees, and Charges	220,238	250,279	30,041	13.6%
Fee For Recording Legal Documents	94,298	89,065	(5,233)	-5.5%
Fee For Certified Copies Of Documents	57,594	57,947	353	0.6%
Non Support	0	1,850	1,850	
Miscellaneous Fees	<u>75,241</u>	<u>74,884</u>	<u>(357)</u>	<u>-0.5%</u>
Total Program Revenues	<u>\$565,094</u>	<u>\$614,620</u>	<u>\$49,526</u>	<u>8.8%</u>
Net Program Expenses	(27,646)	5,169	32,815	-118.7%
General Revenues-- Interest Earned	<u>1,294</u>	<u>262</u>	<u>(1,032)</u>	<u>-79.8%</u>
Changes In Net Assets	(\$26,352)	\$5,431	\$31,783	-120.6%
Net Assets-- Beginning of the Year	<u>151,893</u>	<u>125,541</u>	<u>(26,352)</u>	<u>-17.3%</u>
Net Assets-- End of the Year	<u>\$125,541</u>	<u>\$130,972</u>	<u>\$ 5,431</u>	<u>4.3%</u>

**LaSalle Parish Clerk of Court
Management's Discussion and Analysis (MD&A)**

Governmental Activities:

Revenues:

Court Cost, Fees, and Charges were the Clerk's largest source of program revenues accounting for \$220,238 in 2003 and \$250,279 in 2004. As shown above, this source of revenue increased in 2004 by \$30,041 or about 13.6%. Another large source of program revenue is license and recording of deeds etc. These two revenues consist of \$328,473 or 58% of the total revenues for 2003 and \$383,217 or 62.3% in 2004.

Also shown above, total program revenues increased by \$49,526 or 8.8% from 2003 to 2004. This increase was due in part by an increase in court cost, fees, and charges and license and permits.

Expenses:

The largest expense for the entity was operating services consisting of \$258,796 (43.7% of total program expenses) in 2003 and \$243,989 (40.0% of total program expenses) in 2004. A decrease of \$14,807 from 2003 to 2004 in this expense is shown above.

Governmental Funds:

The focus of the Clerk's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the entities net resources available for spending at the end of the year.

Budgetary Highlights:

By State statute, the LaSalle Parish Clerk of Court adopts the annual operating budget for the entity on the first day of January. For the General fund, changes from the original budget to the final budget reflect changes in operations during the year.

Requests for information:

This financial report is designed to provide a general overview of the LaSalle Parish Clerk of Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to LaSalle Parish Clerk of Court, LaSalle Parish Courthouse, P.O. Box 1316, Jena, Louisiana 71342.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

BASIC FINANCIAL STATEMENTS:

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

LASALLE PARISH CLERK OF COURT

STATEMENT OF NET ASSETS
June 30, 2003 and 2004

Statement A

	2003	2004
	GOVERNMENTAL ACTIVITIES	GOVERNMENTAL ACTIVITIES
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 43,764	\$ 60,026
Receivables (net)	29,695	29,695
Capital assets, net of accumulated depreciation	<u>71,269</u>	<u>92,208</u>
TOTAL ASSETS	<u>144,728</u>	<u>181,929</u>
LIABILITIES		
Accounts, salaries and other payables	19,187	22,138
Long-term debt		
Due within one year		7,800
Due after one year	<u>0</u>	<u>21,019</u>
TOTAL LIABILITIES	<u>19,187</u>	<u>50,957</u>
NET ASSETS		
Invested in capital assets, net of related debt	71,269	63,389
Unrestricted	<u>54,272</u>	<u>67,583</u>
TOTAL NET ASSETS	<u>\$ 125,541</u>	<u>\$ 130,972</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LASALLE PARISH CLERK OF COURT
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2003 and 2004

	Statement B	
	2003	2004
	Governmental Activities	Governmental Activities
Judicial:		
Personal services	\$ 300,964	\$ 325,677
Operating services	258,796	243,989
Materials and supplies	13,728	15,535
Travel	3,131	7,010
Depreciation expense	<u>16,121</u>	<u>17,240</u>
 Total Program Expenses	 <u>592,740</u>	 <u>609,451</u>
 Program revenues:		
Licenses and permits	108,235	132,938
Clerk's supplemental compensation	9,488	7,657
Court cost, fees, and charges	220,238	250,279
Fees for recording legal documents	94,298	89,065
Fees for certified copies of documents	57,594	57,947
Non support	0	1,850
Miscellaneous fees	<u>75,241</u>	<u>74,884</u>
 Total Program Revenues	 <u>565,094</u>	 <u>614,620</u>
 Net Program Expenses	 (27,646)	 5,169
 General revenues - Interest earned	 <u>1,294</u>	 <u>262</u>
 Changes in net assets	 (26,352)	 5,431
 Net assets - Beginning of Year	 <u>151,893</u>	 <u>125,541</u>
 Net assets - End of Year	 <u>\$ 125,541</u>	 <u>\$ 130,972</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

LASALLE PARISH CLERK OF COURT

GOVERNMENTAL FUNDS
GENERAL FUND
Balance Sheet
June 30, 2003 and 2004

Statement C

	<u>2003</u>	<u>2004</u>
ASSETS		
Cash and cash equivalents	\$ 43,764	\$ 60,026
Receivables	12,005	12,005
Interfund receivables	<u>17,690</u>	<u>17,690</u>
TOTAL ASSETS	<u>73,459</u>	<u>89,721</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts, salaries and other payables	<u>19,187</u>	<u>22,138</u>
TOTAL LIABILITIES	19,187	22,138
FUND EQUITY:		
Unreserved and undesignated	<u>54,272</u>	<u>67,583</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 73,459</u>	<u>\$ 89,721</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LASALLE PARISH CLERK OF COURT

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2003 and 2004

Statement D

	<u>2003</u>	<u>2004</u>
Total fund balances governmental funds (Statement C)	\$ 54,272	\$ 67,583
Addition of capital lease Costs of capital assets	157,893	170,181
Less: Accumulated depreciation expense	<u>(86,624)</u>	<u>(77,973)</u>
	<u>71,269</u>	<u>92,208</u>
Net Assets	<u>\$ 125,541</u>	<u>\$ 130,972</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LASALLE PARISH CLERK OF COURT
GOVERNMENTAL FUNDS
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2003 and 2004

Statement E

	2003	2004
REVENUES		
Local sources:		
Licenses and permits	\$ 108,235	\$ 132,938
Fees, charges, and commissions for services:		
Court costs, fees and charges	229,726	257,936
Fees for recording legal documents	94,298	89,065
Fees for certified copies of documents	57,594	57,947
Non support	0	1,850
Miscellaneous	75,241	73,034
Use of money and property - interest earnings	1,294	262
 Total revenues	 566,388	 613,032
 EXPENDITURES		
Current:		
General government - judicial:		
Personal services	300,964	325,677
Operating services	258,796	243,989
Materials and supplies	13,728	20,790
Travel and other charges	3,131	7,010
Capital outlay	0	38,179
 Total expenditures	 576,619	 635,645
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 (10,231)	 (22,613)
 OTHER FINANCING SOURCES		
Proceeds from lease payable	0	34,074
Proceeds from sale of capital assets	0	1,850
 Total other financing sources	 0	 35,924
 Net Change in Fund Balance	 (10,231)	 13,311
 FUND BALANCES - BEGINNING	 64,503	 54,272
 FUND BALANCES - ENDING	 \$ 54,272	 \$ 67,583

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LASALLE PARISH CLERK OF COURT

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Years Ended June 30, 2003 and 2004**

Statement F

	2003	2004
Total net change in fund balances - governmental funds (Statement E)	\$ (10,231)	\$ 13,311
Amounts reported for governmental activities in the Statement of Activities are different because:		
Addition of capital lease in 2004		(34,074)
Principal payment on capital lease		5,255
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital outlays	0	38,179
Depreciation	(16,121)	(17,240)
	(16,121)	20,939
Change in net assets of governmental activities.	\$ (26,352)	\$ 5,431

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LASALLE PARISH CLERK OF COURT
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2003 and 2004

Statement G

	<u>2003</u>	<u>2004</u>
ASSETS		
Cash and cash equivalents	\$ 248,578	\$ 739,450
Investments	<u>60,000</u>	<u>60,000</u>
TOTAL ASSETS	<u>308,578</u>	<u>799,450</u>
LIABILITIES		
Unsettled deposits held for others	<u>\$ 308,578</u>	<u>\$ 799,450</u>

**LaSalle Parish Clerk of Court
Jena, Louisiana**

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**LaSalle Parish Clerk of Court
Jena, Louisiana**

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk of Court is elected for a four year term. The current term expires on June 30, 2008.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Clerk are discussed below.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the LaSalle Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Because the police jury maintains and operates the parish courthouse in which the clerk of court's office is located and provides partial funding for equipment, furniture and supplies of the clerk of court's office, the clerk of court was determined to be a component unit of the LaSalle Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the LaSalle Parish financial reporting entity.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

B. FUND ACCOUNTING

The accounts of the Clerk of Court are organized on the basis of funds , each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General Fund

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

Agency Funds

The Advance Deposit, Registry of Court, and Non Support Agency Funds account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying component unit financial statements, with the exception of Agency Funds, have been prepared on the modified accrual basis of accounting. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Marriage licenses, fees, charges, and commissions for services are recorded in the years they are earned.

Interest income on time deposits is reported when the time deposits have matured and the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Proceeds from and expenditures for the capital leases are recognized when received or due as an other financing source and expenditure.

Agency Fund

**LaSalle Parish Clerk of Court
Jena, Louisiana**

The Agency Fund statements and schedules have been prepared on the cash basis of accounting, with collections recognized when received and distributions reflected when paid. Generally accepted accounting principles require agency funds to be reported on the modified accrual basis.

The Clerk of Court has not reconciled the Advance Deposit cash account with the listing of advance deposits from the computer program which maintains all deposits made. The liability for remaining unpaid balances can not be reasonably determined at the present time.

D. BUDGET PRACTICES

The administrative budget for the 2004 fiscal year was prepared on the modified accrual basis of accounting. All appropriations contained in the budget lapse at year-end. The 2004 Budget was not amended.

Encumbrance accounting is not employed as management control devices. Budget amounts included in the accompanying financial statements are those included in the original budget with amendments.

E. USE OF ESTIMATES

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

F. VACATION AND SICK LEAVE

Employees of the Clerk's office earn two weeks of vacation leave and five days of sick leave each two years. The leave must be used in the two years earned. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure to conform with generally accepted accounting principles.

NOTE 2 CASH AND CASH EQUIVALENTS

It is the Clerk's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Clerk's deposits are categorized to give an indication of the level of risk assumed by the District at year-end. The categories are describes as follows:

- **Category 1** – Insured or collateralized with securities held by the Clerk or by its agent in the Clerk's name.
- **Category 2** – Collateralized with securities held by pledging financial institution's trust department or agent in the Clerk's name.
- **Category 3** – Uncollateralized.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

Book	<u>\$ 859,476</u>
Bank	<u>1,021,197</u>
Secured as Follows:	
FDIC (Category-1)	574,640
Pledged Securities	<u>972,748</u>
Total	<u>\$1,547,388</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the clerk, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk of court that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 RECEIVABLES

A summary of receivables by fund at June 30, 2004 are as follows:

Balance as of June 30,	<u>2003</u>	<u>2004</u>
Accounts Receivable	\$12,005	\$12,005
Due from Agency Fund	<u>17,690</u>	<u>17,690</u>
Total Receivables	<u>\$29,695</u>	<u>\$29,695</u>

The allowance for bad debts for the general fund was determined to be immaterial and, therefore, is not presented.

NOTE 4 CAPITAL ASSETS

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 capitalizes all asset purchases.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Clerk, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>
Buildings and building improvements	20-40 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years
Equipment	5-10 years

**LaSalle Parish Clerk of Court
Jena, Louisiana**

A summary of changes in capital assets (office furnishings and equipment) follows:

	<u>2003</u>	<u>2004</u>
Balance, July 1,	\$157,893	\$157,893
Additions	0	38,179
Deletions	<u>0</u>	<u>(25,891)</u>
Balance, June 30,	157,893	170,181
Less: accumulated depreciation	<u>(86,624)</u>	<u>(77,973)</u>
Net capital assets, June 30,	<u>\$ 71,269</u>	<u>\$ 92,208</u>

NOTE 5 - LONG-TERM DEBT

A summary of changes in long-term debt follows:

Balance, July 1, 2002	\$ 1,602
Additions	0
Deletions	<u>(1,602)</u>
Balance, June 30, 2003	0
Additions	34,074
Deletions	<u>(5,255)</u>
Balance, June 30, 2004	<u>\$ 28,819</u>

The clerk's office has the following capital lease as of June 30, 2004:

GMAC lease for the purchase of an auto originated on November 3, 2003 in the amount of \$34,074, payable in 48 monthly installments of \$792.49, interest at 5.95%.

Debt service requirements for the next years, which include \$2,881 in interest payments, are as follows:

2005	\$	9,510
2006		9,510
2007		9,510
2008		<u>3,170</u>
Total		<u>\$ 31,700</u>

NOTE 6 - PENSION PLAN

Plan Description

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

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after the age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for 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 for produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions

**LaSalle Parish Clerk of Court
Jena, Louisiana**

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 (504) 293-1162.

Funding Policy

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the LaSalle Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.50 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the LaSalle Parish Clerk of Court 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 LaSalle Parish Clerk of Court's contributions to the System for the years ending June 30, 2004, 2003, 2002 and 2001 were \$30,372, \$24,571, \$23,381, and \$23,387 respectively, equal to the required contributions for each year.

NOTE 7 - POSTRETIREMENT BENEFITS

The LaSalle Parish Clerk of Court provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided by an insurance company with monthly premium payments being made by the Clerk to the Louisiana Clerks of Court Association. The LaSalle Parish Clerk of Court provides 100 percent of the cost of the monthly premiums for active employees and retired employees. The Clerk of Court recognizes the cost of providing these benefits (Clerk's portion of premiums for active and retired employees) as an expenditure when the monthly premiums are due. Total cost of these post retirement benefits to the Clerk's office during the years 2004 and 2003 was \$7,356 and \$7,162 respectively.

NOTE 8 - CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances follows:

	<u>Non Support</u>	<u>Advance Deposit</u>	<u>Registry Of Court</u>	<u>Total</u>
Balance, July 1, 2002	\$ 20	\$ 207,493	\$ 54,796	\$ 262,309
Additions	13,365	324,796	29,767	367,928
Reductions	<u>(13,365)</u>	<u>(307,851)</u>	<u>(443)</u>	<u>(321,659)</u>
Balance, June 30, 2003	20	224,438	84,120	308,578
Additions	12,207	387,318	584,910	984,435
Reductions	<u>(11,184)</u>	<u>(296,724)</u>	<u>(185,655)</u>	<u>(493,563)</u>
Balance, June 30, 2004	<u>\$ 1,043</u>	<u>\$ 315,032</u>	<u>\$ 483,375</u>	<u>\$ 799,450</u>

**LaSalle Parish Clerk of Court
Jena, Louisiana**

NOTE 9 - LITIGATION AND CLAIMS

According to legal counsel, the Clerk of Court is not involved in any litigation at June 30, 2004, nor are they aware of any unasserted claims.

NOTE 10 - EXPENDITURES PAID BY THE PARISH POLICE JURY

The Clerk of Court's office is located in the parish courthouse. Expenditures for maintenance and operation of the parish courthouse are, as required by Louisiana law, paid by the LaSalle Parish Police Jury. These expenditures are not included in the accompanying financial statements.

NOTE 11 - GENERAL LIABILITY INSURANCE

The Clerk of Court is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk of Court purchases commercial insurance policies for any and all claims relating to the above types of risks.

NOTE 12 - ENCUMBRANCES

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

NOTE 13 - NEW FINANCIAL REPORTING MODEL

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The two most significant additions are the Management's Discussion and Analysis and the Government-Wide Financial Statements (GWFS). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the Fund Financial Statements (FFS), rather than the traditional fund-type display.

NOTE 14 - INSUFFICIENT SOFTWARE DEVELOPMENT COST DOCUMENTATION

Expenditures made by a government should be reasonable and properly documented. Generally, a large expenditure amount requires more documentation than a smaller expenditure.

By oral agreement, the Clerk of Court has engaged a private company software developer to develop a Clerk of Court software program. This development has been underway for several years. During the two years ended June 30, 2004, the Clerk paid Smith DataCom, a Houston, Texas software developer, \$101,341 for the development of the computer software "Unicourt Systems." The invoices which Smith DataCom submitted to the Clerk for payment are not detailed as to the exact "development" they performed for the monies expended by the Clerk. The invoices examined by the auditors stated a per hour charge of \$50 for hours worked. Generally, the invoices noted that the vendor charged the Clerk for 160 hours in a specific month at an hourly rate of \$50 an hour for a total invoice amount of \$8,000. The monthly invoices, several of which were for \$8,000, did not provide the date the hours were incurred, the specific hours incurred each day, the person who performed the service, nor the actual task that was performed. These costs were charged to the operating services function of the general fund.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

LASALLE PARISH CLERK OF COURT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2003

Schedule 1

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES				
Licenses and permits	\$ 16,313	\$ 88,482	\$ 108,235	\$ 19,753
Fees, charges, and commissions for services:				
Court costs, fees and charges	224,538	230,301	229,726	(575)
Fees for recording legal documents	155,154	92,157	94,298	2,141
Fees for certified copies of documents	66,651	47,653	57,594	9,941
Non support	0	0	0	0
Miscellaneous	29,156	63,148	75,241	12,093
Use of money and property - interest earnings	187	1,234	1,294	60
Total revenues	<u>491,999</u>	<u>522,975</u>	<u>566,388</u>	<u>43,413</u>
EXPENDITURES				
Current:				
General government - judicial:				
Personal services and related benefits	300,332	324,392	300,964	23,428
Operating services	182,303	257,423	258,796	(1,373)
Materials and supplies	9,364	5,663	13,728	(8,065)
Travel and other charges	0	0	3,131	(3,131)
Total expenditures	<u>491,999</u>	<u>587,478</u>	<u>576,619</u>	<u>10,859</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	(64,503)	(10,231)	54,272
FUND BALANCES - BEGINNING	<u>1,266</u>	<u>64,503</u>	<u>64,503</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 1,266</u>	<u>\$ 0</u>	<u>\$ 54,272</u>	<u>\$ 54,272</u>

LASALLE PARISH CLERK OF COURT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2004

Schedule 2

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Licenses and permits	\$ 88,482	\$ 88,482	\$ 132,938	\$ 44,456
Fees, charges, and commissions for services:				
Court costs, fees and charges	230,301	230,301	257,936	27,635
Fees for recording legal documents	92,157	92,157	89,065	(3,092)
Fees for certified copies of documents	47,653	47,653	57,947	10,294
Non support	0	0	1,850	1,850
Miscellaneous	63,148	63,148	73,034	9,886
Use of money and property - interest earnings	1,234	1,234	262	(972)
Total revenues	<u>522,975</u>	<u>522,975</u>	<u>613,032</u>	<u>90,057</u>
EXPENDITURES				
Current:				
General government - judicial:				
Personal services and related benefits	324,392	324,392	325,677	(1,285)
Operating services	239,284	239,284	243,989	(4,705)
Materials and supplies	23,802	23,802	20,790	3,012
Travel and other charges	0	0	7,010	(7,010)
Total expenditures	<u>587,478</u>	<u>587,478</u>	<u>597,466</u>	<u>(9,988)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(64,503)</u>	<u>(64,503)</u>	<u>15,566</u>	<u>80,069</u>
FUND BALANCES - BEGINNING	<u>64,503</u>	<u>64,503</u>	<u>67,583</u>	<u>3,080</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,149</u>	<u>\$ 83,149</u>

LASALLE PARISH CLERK OF COURT
GENERAL FUND
Notes to Budgetary Comparison Schedules
For the Years Ended June 30, 2003 and 2004

Note A - Budget Practices

The administrative budget for the 2003 and 2004 fiscal year was prepared on the modified accrual basis of accounting. All appropriations contained in the budget lapse at year-end. The budgets were not amended.

Note B - Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>2003</u>	<u>2004</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedules	\$ 566,388	\$ 613,032
 Proceeds from capital lease are inflows of budgetary resources but are not revenue for financial reporting purposes	0	0
 Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 566,388	\$ 613,032
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 576,619	\$ 597,466
 Capital outlay is an actual expenditure but is not budgeted	0	38,179
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 576,619	\$ 635,645

**LaSalle Parish Clerk of Court
Jena, Louisiana**

SUPPLEMENTAL INFORMATION

**LaSalle Parish Clerk of Court
Jena, Louisiana**

FIDUCIARY FUND TYPE – AGENCY FUNDS

NON SUPPORT FUND

The Non Support Fund is to pay the Clerk for work performed on cases involving child support.

ADVANCE DEPOSIT FUND

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

REGISTRY OF COURT

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, accounts 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 order of the court.

LASALLE PARISH CLERK OF COURT
AGENCY FUNDS
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2003 and 2004

Schedule 3

	NON SUPPORT		ADVANCE DEPOSIT		CLERK REGISTRY		TOTAL	
	2003	2004	2003	2004	2003	2004	2003	2004
ASSETS								
Cash and cash equivalents	\$ 20	\$ 1,043	\$ 164,438	\$ 255,032	\$ 84,120	\$ 483,375	\$ 248,578	\$ 739,450
Investments	0	0	60,000	60,000	0	0	60,000	60,000
TOTAL ASSETS	20	1,043	224,438	315,032	84,120	483,375	308,578	799,450
LIABILITIES								
Unsettled deposits held for others	\$ 20	\$ 1,043	\$ 224,438	\$ 315,032	\$ 84,120	\$ 483,375	\$ 308,578	\$ 799,450

LASALLE PARISH CLERK OF COURT

AGENCY FUNDS

**Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Years Ended June 30, 2003 and 2004**

	NON SUPPORT		ADVANCE DEPOSIT	
	2003	2004	2003	2004
UNSETTLED DEPOSITS AT BEGINNING OF YEAR	\$ 20	\$ 20	\$ 207,493	\$ 224,438
ADDITIONS				
Deposits - suits and successions	13,365	12,207	324,258	387,043
Appropriations from state	0	0	0	0
Interest earned on investments	0	0	538	275
Other additions	0	0	0	0
Total additions	<u>13,365</u>	<u>12,207</u>	<u>324,796</u>	<u>387,318</u>
Total	<u>13,385</u>	<u>12,227</u>	<u>532,289</u>	<u>611,756</u>
REDUCTIONS				
Clerk's costs to General Fund	296	511	353	0
Deposits settled to:				
Secretary of State fees	0	0	0	0
Settlements to litigants	0	0	58,768	51,313
Witnesses, appraisers, keepers, etc.	0	0	440	398
Stenographer's fees	0	0	133	2,130
Judicial district fees	0	0	10,619	10,336
Appraisers, curators, and keepers	0	0	2,482	11,450
Sheriff's fees	4,300	3,416	24,288	22,268
Other reductions	8,769	7,257	1,293	4,011
Transfers	0	0	209,475	194,818
Total reductions	<u>13,365</u>	<u>11,184</u>	<u>307,851</u>	<u>296,724</u>
UNSETTLED DEPOSITS AT END OF YEAR	\$ 20	\$ 1,043	\$ 224,438	\$ 315,032

LASALLE PARISH CLERK OF COURT

AGENCY FUNDS

**Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Years Ended June 30, 2003 and 2004**

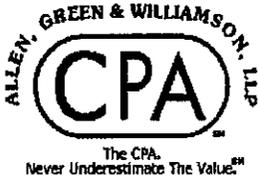
Schedule 4

CLERK REGISTRY		TOTAL	
2003	2004	2003	2004
\$ 54,796	\$ 84,120	\$ 262,309	\$ 308,578
29,404	584,287	367,027	983,537
0	0	0	0
363	623	901	898
0	0	0	0
<u>29,767</u>	<u>584,910</u>	<u>367,928</u>	<u>984,435</u>
<u>84,563</u>	<u>669,030</u>	<u>630,237</u>	<u>1,293,013</u>
0	644	649	1,155
0	0	0	0
427	184,988	59,195	236,301
0	0	440	398
16	23	149	2,153
0	0	10,619	10,336
0	0	2,482	11,450
0	0	28,588	25,684
0	0	10,062	11,268
0	0	209,475	194,818
<u>443</u>	<u>185,655</u>	<u>321,659</u>	<u>493,563</u>
<u>\$ 84,120</u>	<u>\$ 483,375</u>	<u>\$ 308,578</u>	<u>\$ 799,450</u>

**LaSalle Parish Clerk of Court
Jena, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The report following this page is a report on compliance and on internal control over financial reporting based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The section of the report on compliance is based solely on the audit of the basic financial statements and presents, where applicable, compliance matters that would be material to the basic financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

Phone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA

Margie Williamson, CPA

Nicole Walker, CPA
Diane Ferschhoff, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

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

Honorable Steve H. Crooks
LaSalle Parish Clerk of Court
Jena, Louisiana

We have audited the financial statements of the governmental activities, the major fund, and the fiduciary activities of the LaSalle Parish Clerk of Court, as of June 30, 2003 and 2004 and for the years then ended, which collectively comprise the Clerk's basic financial statements and have issued our report thereon, dated January 3, 2005. Our report was qualified because the Advance Deposit Agency Fund has not been reconciled between the cash in the bank and the remaining liability due to others and because of insufficient software development costs documentation. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. However, we noted several matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Clerk's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable conditions are described in the accompanying Schedule of Auditors' Comments and Recommendations as items 04-F1, 04-F2 and 04-F5.

A material weakness is a condition in which the design or operation of one or more of internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be reportable conditions. We believe reportable conditions 04-F2 and 04-F5 noted above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's basic 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and as identified in the accompanying Schedule of Comments and Recommendations as item 04-F3 and 04-F4

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

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 3, 2005

**LaSalle Parish Clerk of Court
Schedule of Auditors' Comments and Recommendations
For the Years Ended June 30, 2003 and 2004**

Reference # and title: 04-F1 Travel and Credit Cards

Criteria or specific requirement: Travel and credit card purchases should be documented by the retention of actual receipts for expenses.

Condition found: In testing ten travel/credit card expenditures, none were found to have receipts for expenses other than the line items charge on the monthly credit card statements. The Clerk in at least one case paid travel expenses for SmithDataCom, a private software development vendor, to attend a Clerk of Court Convention.

Possible asserted effect (cause and effect):

Cause: The Clerk of Court does not have an approved travel policy stating the procedure by which travel expense are to be paid or documentation needed or which sets the per diem rate of reimbursement.

Effect: *The Clerk of Court does not retain complete receipts for travel expenses.*

Recommendations to prevent future occurrences: The Clerk of Court should adopt a travel policy, stating the procedures to be followed and documentation required. All travel should have documentation stating the date, business purpose of travel, and number of miles driven. Advances should be reconciled with actual travel expense and any excess monies repaid to the Clerk of Court's office.

Reference # and title: 04-F2 Advance Deposit Fund

Criteria or specific requirement: Good internal control requires the reconciling of cash balances to detail accounting records to ensure completeness and accuracy. Reconciliation should be performed routinely to detect any errors or omissions to the accounting records and corrective action taken in a timely manner.

Condition found: The Clerk of Court does not routinely reconcile or agree its detail books of advance deposits with current cash on deposit in the Advance Deposit Fund.

Possible asserted effect (cause and effect):

Cause: The Clerk of Court's software does not generate detailed accounting records in which the cash account can be reconciled with.

Effect: The Advance Deposit cash account is not reconciled to accounting records.

Recommendations to prevent future occurrences: The Clerk of Court should routinely reconcile the Advance Deposit cash account to determine its accuracy with detailed accounting records.

Reference # and title: 04-F3 Asset Management Law

Criteria or specific requirement: Louisiana Revised Statute LSA-RS 24:515 requires the assignment of an identification number to each item of equipment and to physically tag each piece of equipment with this number. The listing of equipment should be updated with each purchase and deletion to ensure accuracy and accountability of the use of public funds.

Condition found: The Clerk of Court does not follow the asset management law by tagging fixed assets. The listing appeared to be incomplete. When examining credit card purchases, it appeared that assets were purchased but not added to the listing of equipment.

**LaSalle Parish Clerk of Court
Schedule of Auditors' Comments and Recommendations
For the Years Ended June 30, 2003 and 2004**

Recommendations to prevent future occurrences: The Clerk of Court should put in place procedures to tag all movable property for existing equipment and, in the future, all equipment purchased should be tagged with an identification number.

Reference # and title: **04-F4** **Late Submission of the Audit Report**

Criteria or specific requirement: In accordance with LSA-R.S. 24:513A (5)(a) "Audits shall be completed within six months of the close of the entity's fiscal year."

Condition found: The audit report was filed with the Legislative Auditor's office after the deadline of December 31, 2004.

Possible asserted effect (cause and effect):

Cause: The report was filed late due to the auditors being unable to obtain a comfort level regarding the documentation and the appropriateness of costs incurred by the Clerk of Court for software development. More information regarding the software development costs is included in another comment later in this Schedule of Auditors' Comments and Recommendations.

Effect: The audit report was not filed timely.

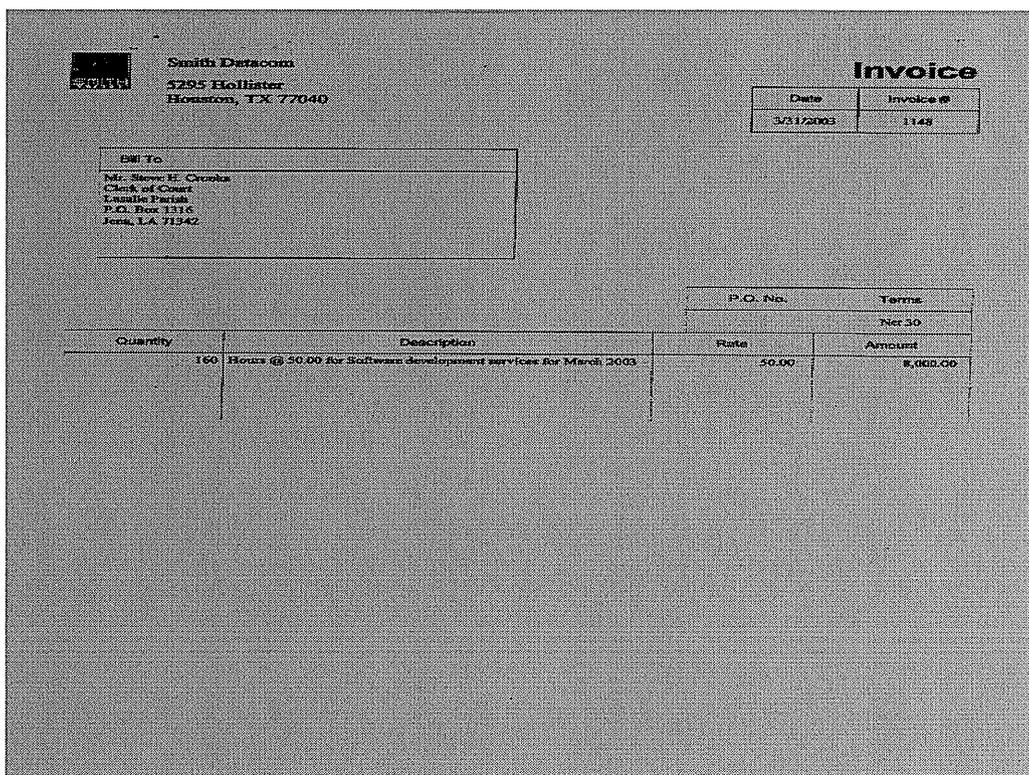
Recommendations to prevent future occurrences: The Clerk of Court should execute a contract with the software development vendor for the services provided and the software development vendor should submit detail invoices of the work performed.

Reference # and title: **04-F5** **Auditors Question Software Development Cost**

Criteria or specific requirement: Expenditures made by a government should be reasonable and properly documented. Generally, a large expenditure amount requires more documentation than a smaller expenditure.

Condition found: By oral agreement, the Clerk of Court has engaged a second private company software developer to develop a Clerk of Court software program. This development has been underway for several years. The Clerk indicates that once developed the software will be sold to other Clerk of Courts. During the two years ended June 30, 2004, the Clerk paid Smith DataCom, a Houston, Texas software developer, more than \$100,000 for the development of the computer software "Unicourt Systems." The invoices which Smith DataCom submitted to the Clerk for payment are not detailed as to the exact "development" they performed for the monies expended by the Clerk. The invoices examined by the auditors stated a per hour charge of \$50 for hours worked. Generally, the invoices noted that the vendor charged the Clerk for 160 hours in a specific month at an hourly rate of \$50 an hour for a total invoice amount of \$8,000. The monthly invoices, several of which were for \$8,000, did not provide the date the hours were incurred, the specific hours incurred each day, the person who performed the service, nor the actual task that was performed. An image of one \$8,000 expenditure is below.

**LaSalle Parish Clerk of Court
Schedule of Auditors' Comments and Recommendations
For the Years Ended June 30, 2003 and 2004**



The auditors attempted to contact Smith DataCom to obtain some details of the arrangement. Repeated phone messages left by the auditors over several days with the Smith DataCom's Houston Headquarters in December 2004 were never returned. The Clerk estimates that the cost expended on Smith DataCom and its predecessor is around \$300,000.00. To date the Clerk's office has received no revenue from sales or licensing of the software. According to the Clerk the software is still in development and is being enhanced and rewritten for Oracle Software but it is noted that the Smith DataCom and the Unicourt Systems websites reflect that the Unicourt System software is fully developed. The Clerk has also advised that Smith DataCom is working at a reduced rate and will receive a percentage of revenue when the software is complete.

Possible asserted effect (cause and effect):

Cause: The Clerk of Court believes his documentation is adequate.

Effect: The documentation for the software expenditures is inadequate. The auditors are unable to document the nature and amount of work performed by Smith DataCom and are unable to ascertain the reasonableness of the expenditures. Moreover, the lack of a written agreement between the Clerk of Court and Smith DataCom regarding the scope of the work undertaken, the rates to be charged, the future sale percentages to be received by Smith, and other matters regarding their relationship renders it impossible to have any assurance that the expenditures were properly or prudently made.

Recommendations: The Clerk of Court should

- a. Before expending public funds, require detailed invoices from Smith DataCom as to the exact nature of the work performed, the specific date the work was performed, and the person who performed the task,
- b. Require an estimate from Smith DataCom as to the necessary future expenditures required of the LaSalle Parish Clerk of Court for the software to be fully developed
- c. Execute a written contract with Smith DataCom to include at a minimum the nature, scope, product and completion date of the project and the compensation to be paid to Smith DataCom in consideration thereof.

LaSalle Parish Clerk of Court
Schedule of Auditors' Comments and Recommendations
For the Years Ended June 30, 2003 and 2004

- d. Request an Attorney General opinion regarding the appropriateness of such expenditures, and
- e. Complete the development of the software during the current term of the Clerk of Court. A future Clerk of Court may decide not to continue such a long-term software development, resulting in the cost incurred to date being of no value.

**LaSalle Parish Clerk of Court
Jena, Louisiana**

Other Information

The information in the following section concerns management's actions or intentions concerning prior-year audit findings and current-year Auditors' comments and recommendations. This information has been prepared by the management of the LaSalle Parish Clerk of Court. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors and accordingly, no opinion is expressed.

**LaSalle Parish Clerk of Court
Status of Prior Year Audit Findings
June 30, 2004**

Reference # and title: **02-F1** **Amended Budgets**

Initially occurred: June 30, 2001

Condition found: The Clerk's Office over budgeted revenue by 9% during fiscal year June 30, 2001. The local budget act requires that budgets be amended when they have an unfavorable variance of more than 5%.

Corrective action taken: The Clerk of Court is in compliance with Local Government Budget Act for the years ending June 30, 2003 and June 30, 2004.

Reference # and title: **02-F2** **Advance Deposit Fund**

Initially occurred: June 30, 2000

Condition found: The Clerk's Office does not routinely reconcile or agree its detail books of advance deposits with current cash on deposit in the Advance Deposit Fund.

Corrective action taken: The Clerk of Court has not reconciled the current cash balance in the Advance Deposit funds with detail accounting records as of June 30, 2004. See current-year 04-F2.

**LaSalle Parish Clerk of Court
Corrective Action Plan for Auditors' Current-Year Comments and Recommendations
June 30, 2004**

Reference # and title: 04-F1 Travel and Credit Cards

Condition: In testing ten travel/credit card expenditures, none were found to have receipts for expenses other than the line items charge on the monthly credit card statements.

Corrective action planned: Although all expenses incurred for travel which have been paid by the LaSalle Parish Clerk of Court are and have been business related, in the future all expenses will be stapled with the agenda which corresponds to the disbursement.

Person responsible for corrective action:

Mr. Steve Crooks, Clerk of Court Phone: (318) 992-2158
LaSalle Parish Clerk of Court Fax: (318) 992-2157
1050 Courthouse
Jena, LA 71342

Anticipated completion date: Immediately.

Reference # and title: 04-F2 Advance Deposit Fund

Condition: The Clerk of Court does not routinely reconcile or agree its detail books of advance deposits with current cash on deposit in the Advance Deposit Fund.

Corrective action planned: I have long been aware of the inability of the present advance deposit computer system to reconcile with the bank statement. Not only does that problem exist with the present system but it also pertained to the system which was in place previously. I have instructed the software designer to design a simple system which will allow my staff to reconcile the funds on hand with the appropriate accounts. When that is done we can disburse those funds.

Person responsible for corrective action:

Honorable Steve H. Crooks Phone: (318) 992-2158
LaSalle Parish Clerk of Court Fax: (318) 992-2157
Jena, Louisiana

Anticipated completion date: Immediately.

Reference # and title: 04-F3 Asset Management Law

Condition: The Clerk of Court does not follow the asset management law by tagging fixed assets. The listing appeared to be incomplete. When examining credit card purchases, it appeared that assets were purchased but not added to the listing of equipment.

Corrective action planned: The LaSalle Parish Clerk of Court's office is aware of the requirement to keep all equipment which it owns which shows a number corresponding to a number on the particular equipment. That list has been maintained by my accountant, John Vercher's office. It may be that some of the purchases of equipment may not have been added to that list. We will add any times which may have been omitted to the listing.

Person responsible for corrective action:

Honorable Steve H. Crooks Phone: (318) 992-2158
LaSalle Parish Clerk of Court Fax: (318) 992-2157
Jena, Louisiana

Anticipated completion date: Immediately.

LaSalle Parish Clerk of Court
Corrective Action Plan for Auditors' Current-Year Comments and Recommendations
June 30, 2004

Person responsible for corrective action:

Honorable Steve H. Crooks Phone: (318) 992-2158
LaSalle Parish Clerk of Court Fax: (318) 992-2157
Jena, Louisiana

Anticipated completion date: Immediately.

GOLD, WEEMS, BRUSER, SUES & RUNDELL

A PROFESSIONAL LAW CORPORATION

2001 MACARTHUR DRIVE

POST OFFICE BOX 6118

ALEXANDRIA, LOUISIANA 71307-6118

TELEPHONE (318) 445-6471

FACSIMILE (318) 445-6476

www.goldweems.com

OF COUNSEL
CAMILLE F. GRAVEL

LEO GOLD (1907-1987)
GEORGE B. HALL (1924 - 1971)

CHARLES S. WEEMS, III ¹
HENRY B. BRUSER, III
EUGENE J. SUES
EDWARD E. RUNDELL ²
ROBERT G. NIDA
SAM N. POOLE, JR.
PEGGY D. ST. JOHN ^{*}
KENNETH O. ORTEGO
RAYMOND L. BROWN, JR.
RANDALL L. WILMORE
DORRELL J. BRISTER ^{1,2,3}
GREGORY B. UPTON
RANDALL M. SEESER
MICHAEL J. O'SHEE
E. JUNE WELLS-FOSTER
BRANDON A. SUES
J. GRAVES THEUS, JR. ^{1,4}
LAWRENCE S. SEARCY, JR. ²
LOTTIE L. BASH ^{*}
TREVOR S. FRY
CHRISTOPHER M. SYLVIA

MISTY SHANNON ANTOON
DAVID C. HESSER
BRADLEY L. DRELL ⁶
BARBARA BELL MELTON
STEVEN M. OXENHANDLER ⁷
STEPHEN A. LAFLEUR
TAMMYE CAMPBELL BROWN
LACEY HUFFMAN EDWARDS
SHAWN H. KIEFER

¹ BOARD CERTIFIED SPECIALIST IN
TAXATION

² ALSO ADMITTED IN TEXAS

³ BOARD CERTIFIED SPECIALIST IN
ESTATE PLANNING & ADMINISTRATION

⁴ ALSO ADMITTED IN WASHINGTON

⁵ ALSO ADMITTED IN GEORGIA

⁶ ALSO ADMITTED IN MARYLAND

⁷ ALSO ADMITTED IN FLORIDA

⁸ BOARD CERTIFIED SPECIALIST IN
BUSINESS BANKRUPTCY

March 9, 2005

Mr. Tim Greene, CPA
Allen, Greene & Williamson, LLP
P.O. Box 6075
Monroe, LA 71211-6075

Please Note: This letter is a supplement to Management's Corrective Action Planned for finding 04-F5 as noted on page 44 in this document.

Re: Unicourt Systems Software Development
Our File Number: 12-04-0154

Dear Mr. Greene:

Mr. Crooks forwarded your letter of inquiry dated February 25, 2005 for our review and opinion. That letter requested clarification of certain matters. Since your inquiry invokes legal issues, Mr. Crooks asked us to address the questions posed in your letter. It is our understanding that you are examining a two year window of time.

1. As to your first question, it is true that the 1/9/03 proposed agreement between Smith Datacom and the LaSalle Parish Clerk of Court was not signed. Mr. Crooks never agreed to the 1/9/03 proposal and it did not ripen into a contract. This "no contract" position effectively eliminates some of your concerns and this theme will be recited in the applicable sections hereinbelow.
2. Your second question involves the \$8,000.00 payment made on October 24, 2002 as compared with the terms and provisions of the 1/9/03 proposed agreement.

Please note that **since the proposed agreement was never signed, the terms and provisions of that proposed agreement do not apply to any services or costs for services** provided to the LaSalle Parish Clerk by Smith Datacom. The applicable general standard is that of "what is a reasonable rate for services provided" or "the going rate."

Please also keep in mind that in exchange for the "discounted" rates cited by Smith Datacom in the 1/9/03 proposed agreement, the Clerk of Court was required to give benefits to Smith Datacom that were not in the best interests of the taxpayers of LaSalle Parish. Further, at the time that the proposal was submitted, it was determined that another operating language and other improvements to the system would be more beneficial and cost effective over the long run; thus the proposal was inapplicable. For these reasons, Mr. Crooks exercised his right to obtain services from Smith Datacom

at the "going rate" rather than enter the contract as proposed.

Of further importance, in light of our inquiries to other Clerks of Court from comparable jurisdictions, (which we will address hereinbelow) it is our opinion that the rates and amounts paid within the anticipated two year window of time that is being examined are at a reduced rate, quite reasonable and actually a savings to the taxpayers of LaSalle Parish.

3. Your third question pertains to the hourly rate charged by Smith Datacom as compared with the terms and provisions of the 1/9/03 "proposed agreement," as you correctly identify it in this paragraph.

Since the proposed agreement was not signed, the obligation of the LaSalle Parish Clerk is to pay Smith Datacom a reasonable rate for services provided.

4. Your fourth question appears to include a comparison of the total costs paid to Smith Datacom for the period ending June 30, 2004, to the terms and provisions of the 1/9/03 proposed agreement.

Again, since the proposed agreement was not signed, the LaSalle Parish Clerk must pay Smith Datacom a reasonable rate for services.

In responding to your questions, we obtained information from two Clerk of Court offices to compare what Mr. Crooks paid Smith Datacom with what other Clerks were paying for comparable services. These Clerks' offices, in St. James Parish and Winn Parish, are of comparable size and volume to that of LaSalle Parish. Their systems include the components of program evaluation, installation, implementation, data migration, end-user training and maintenance which are comparable to that employed in LaSalle Parish.

We learned that there are two cost elements to the software services systems provided to these Clerks of Court; (1) a bulk payment to obtain an end-user license and (2) payments to cover monthly/yearly maintenance.

As to the bulk payment; the Clerk in Winn Parish has recently been asked by Software and Services, Inc. to pay \$125,000.00 for an upgrade of the end-user license he currently utilizes. (His initial end-user license was \$100,000.00 or more.) Similarly, the Clerk in St. James Parish has recently been invoiced by Cott Index Company for \$156,000.00 for an upgrade of his existing system. This type of upgrade is becoming required at a more frequent interval (every 3 to 5 years) as web-based programs are improved.

Typically, when entering an agreement to purchase an end-user license for any software package along with all of the necessary components, a clerk is required to enter a monthly and/or yearly maintenance contract.

The St. James Parish Clerk's office is currently charged \$6,500.00 per month for his monthly maintenance arrangement, however, in the history of his tenure, he has paid as much as \$10,000.00 per month on a maintenance contract. The St. James Clerk anticipates his maintenance contract will be \$10,000.00 monthly after the implementation of the invoiced upgrade. Thus, in addition to a one-

time fee of \$156,000.00 every three to five years, this smaller parish must pay another \$120,000.00 per year for maintenance. In light of this information, we believe that the rates and amounts paid within the two year audit period are not only quite reasonable, they are at a reduced rate, below market value and are a savings to the taxpayers of LaSalle Parish.

5. Your fifth question pertains to the identification of a Project Manager as set forth in the terms and provisions of the 1/9/03 proposed agreement.

Since the proposed agreement does not govern the relationship between Smith Datacom and the LaSalle Parish Clerk, Mr. Crooks is not required to identify a Project Manager or to initiate Project Change-Request Forms. No PCRs exist.

6. Your sixth question involves what you perceive as conflicting representations between what Mr. Crooks has stated and the provisions of the 1/9/03 proposed agreement.

There is no written contract between Smith Datacom and the LaSalle Parish Clerk of Court. As such, Mr. Crooks is correct in consistently stating that there is no written agreement. Mr. Crooks provided you with this 1/9/03 proposed agreement in response to your request that he provide any and all documents involving the work to be done by Smith Datacom. While the document may outline portions of the work done or to be done by Smith Datacom, it does not bind either party to the terms of the work or the rate of reimbursement for those services. We hope this eliminates any confusion in this regard.

7. Your seventh question includes a comparison of the actual payment for services to Smith Datacom with the terms and provisions of the 1/9/03 proposed agreement.

Again, since the proposed agreement was not signed, the LaSalle Parish Clerk is obligated to pay Smith Datacom what is a reasonable rate. We once again reiterate our opinion that the rates and amounts paid within the two year audit period are quite reasonable and are actually a savings to the taxpayers of LaSalle Parish. We have confirmed from J. Strange of Microsoft Corporation that the \$50 per hour charges for software development in the southern United States are very competitive in pricing.

8. Your eighth question involves what you perceive as conflicting representations between what Mr. Crooks has stated with regard to ownership of copyrights and patents versus the notations on the web pages of Smith Datacom.

In an abundance of caution, we searched the United States Patent Office to request any information with regard to the name of "Unicourt." Currently, there are no patents or copyrights granted to Smith Datacom regarding the name. We did confirm that Smith Datacom was granted a copyright on its own web portal in 2004. Apparently, this notation at the bottom of their web page is the copyright information that you thought infringed upon the programs owned by the LaSalle Parish Clerk of Court. Our findings from the Patent Office confirm Mr. Crooks' representations and should resolve your questions in this regard.

Please advise as to the sums you believe were expended with Smith Datacom during the audit period; we are uncertain if the amounts referenced in section 9 of your letter apply solely to the time frame of the audit you have conducted.

9. Your ninth question involves the submission of the Attorney General Opinion Number 04-0169 and questions of financial support by other Clerks for the development of the Unicourt Systems software.

Although the Attorney General Opinion addresses the validity of a cooperative endeavor agreement, there are additional rulings implicit in that opinion. In Opinion No. 04-0169, the Attorney General's approval of the right of the Livingston Parish Clerk to enter the cooperative endeavor necessarily encompasses the approval of the right of the Livingston Parish Clerk to develop software that he will own and distribute to other clerks under the cooperative endeavor.

During the audit interview, a question was posed by your staff regarding the necessity of prior approval from the Attorney General before pursuing the software development that Mr. Crooks has administered. This Attorney General Opinion was submitted in response to this question during your interview as it includes the implication that pre-approval by an individual Clerk of Court regarding software development is not required.

To our knowledge and that of Mr. Crooks, there have never been nor is it anticipated that another party, person, or entity has or will contribute financially to the development of the Unicourt System. In fact, Mr. Crooks successfully sued the initial software developers, Certified Computer Consultants, for the Clerk's ownership of the system, its components, and associated copyrights. Mr. Crooks has further developed the software system for his internal use and anticipated dissemination to other Clerks to assist them in their constitutional duties and at significant savings over other systems now in use by those Clerks.

CONCLUSION

These responses should hopefully answer your questions. It has been our privilege to work with Mr. Crooks to ensure that the agreements regarding the development of this software system not only comply with the law but provide full protection of the interests of the public.

Please contact me at any time with any questions or concerns. With kindest regards,

Sincerely yours,

GOLD, WEEMS, BRUSER, SUES & RUNDELL

By: _____


Robert G. Nida
June Wells-Foster

JW-F/wal
Enclosure

cc: Mr. Steve Crooks, LaSalle Parish Clerk of Court