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VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Annual Financial Report
As of and for the Year Ended June 30, 2006
With Supplemental Information Schedules
(With Comparative Totals, June 30, 2005)

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 1/10/07

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Annual Financial Report
As of and For the Year Ended June 30, 2006
With Supplemental Information Schedules
(With Comparative Totals, June 30, 2005)

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VERNON PARISH CLERK OF COURT
Leesville, Louisiana
MANAGEMENTS' DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006
(With Comparative Totals For the Year Ended June 30, 2005)

The discussion and analysis of the Vernon Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the year ended June 30, 2006. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The basic financial statements of the Vernon Parish Clerk of Court, as of and for the year ended June 30, 2006, provides the following insights into the financial position and the results of operations. Governmental funds reported a general fund surplus of \$297,500, an increase of \$2,632 from the prior year. Total spending for all programs was \$994,873 for the year. The clerk's revenues increased by approximately 2 per cent and the expenditures decreased by less than 1 per cent. The decrease, in the budgeted revenues and expenditures, is due to a general fluctuation in annual operations.

USING THIS ANNUAL REPORT

The clerk's basic financial statements consists of a series of financial statements that show information for the clerk as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the clerk as a whole and present a longer-term view of the clerk's finances. For the clerk's governmental activities, these statements report how the clerk finances its services in the short-term as well as what remains for future spending. Fund statements may also provide insights into the clerk's overall financial position. Fund financial statements also report the clerk's operations in more detail than the government-wide financial statements by providing information about the clerk's general fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the clerk acts solely as an agent for the benefit of others.

The Statement of Net Assets and the Statement of Activities are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received and/or paid. These statements present the governmental activities of the clerk which comprises all of the clerk's services.

These statements report the clerk's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as a way to measure the clerk's financial position. Increases or decreases in the clerk's net assets, as reported in the Statement of Activities, are an indicator of whether the clerk's financial position is improving or deteriorating. The difference between revenues and expenses presents the clerk's operating results; however, the clerk's objective is to provide services to the residents of the parish and the public in general, and not to generate profits as a commercial enterprise.

Vernon Parish Clerk of Court
Leesville, Louisiana
Management's Discussion and Analysis (Continued)

The fund financial statements provide detail information about the general fund of the clerk, but not the clerk as a whole. The general fund is required to be established by State law to enable the clerk to control and manage financial resources for particular purposes or to demonstrate that the clerk is meeting legal requirements for the expenditure of revenues.

The clerk's services are reported in governmental funds which focus on showing how financial resources flow into and out of funds and the balances remaining at year-end that may be available for future spending, using the modified accrual basis of accounting, which measures cash and other financial assets that may be readily converted to cash. This basis of accounting provides a detailed short-term view of the clerk's operations and the services it provides. The governmental fund information enables financial statement users to determine whether there are more or fewer financial resources that can be spent in the near future to finance the clerk's programs. The relationship between governmental activities reported in the government-wide financial statements (Statement A and B) and the governmental funds in the fund financial statements (Statement C and E) is presented in a reconciliation on Statements D and F.

FIDUCIARY RESPONSIBILITIES

The clerk is the trustee, or fiduciary, for the Advance Deposit Fund and the Registry of the Court Fund. Fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These financial activities are excluded from the clerk's other financial statements because they cannot be used to finance its operations. The clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

As reported on the Statement of Net Assets, (Statement A) the clerk's net assets were \$311,978, at June 30, 2006. This represents a net decrease of \$27,107 or 8 per cent from the prior year. The \$269,904 in unrestricted net assets of governmental activities represents the accumulated results of all past year's operations. It means that if the clerk had to pay off all of its bills (current liabilities) at June 30, 2006, a balance of \$269,904, would be remaining.

As reported in the Statement of Activities, page 7, (Statement B) the results of this year's operations for the clerk reflected a decrease of \$53,1730 or 14 per cent. The clerk intends to closely monitor future expenditures with adherence to the approved budget to ensure financial stability.

FUND FINANCIAL STATEMENTS (FFS)

As reported on the Governmental Fund Balance Sheet (Statement C) the clerk reported total assets of \$311,052, this is a increase of approximately \$4,178 or 1 per cent from the prior year.

As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), the total revenues increased by \$19,527 or 2 per cent and expenditures decreased by \$8,694 or less than 1 per cent from the prior year.

Vernon Parish Clerk of Court
Leesville, Louisiana
Management's Discussion and Analysis (Continued)

BUDGETARY HIGHLIGHTS

Budgetary information is presented on Schedule 1 demonstrates the level of budgetary control exercised by the clerk as well as compliance with State law relating to budgets and the budgetary process.

CAPITAL ASSETS

The capital assets of the clerk of court is limited to office furniture, equipment and automobiles. Office space, as required by Louisiana law, is provided by the parish police jury. At June 30, 2006, the clerk had investments in capital assets (net of accumulated depreciation) totaling \$42,074.

DEBT

The debt of the clerk is limited to vested interest in vacation leave by employees. At June 30, 2006, the debt related to vested vacation benefits totaled \$27,596, a 12 per cent decrease from the previous year.

CONTACTING THE CLERK OF COURT

The financial report is designed to provide a general overview of the clerk's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Honorable Willie Deon, Vernon Parish Clerk of Court, Post Office Box 40, Leesville, LA 71449 at phone number 337-238-1384.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

55 Terra Avenue
Alexandria, LA 71303
318/442-7568
Fax: 318/449-9159

Independent Auditor's Report

HONORABLE WILLIE DEON, JR.
VERNON PARISH CLERK OF COURT
Leesville, Louisiana

I have audited the basic financial statements of the Vernon Parish Clerk of Court as of June 30, 2006, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Vernon Parish Clerk of Court's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Clerk of Court as of June 30, 2006, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Required Supplementary Information (Part I & II), as listed in the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This Required Supplementary Information is the responsibility of the management of the Vernon Parish Clerk of Court. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

VERNON PARISH CLERK OF COURT
INDEPENDENT AUDITOR'S REPORT
CONTINUED

In accordance with Government Auditing Standards, I have also issued a report dated December 22, 2006, on my consideration of internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The financial information for the year ended June 30, 2005, which is included for comparative purposes, was taken from the financial report for that year in which I expressed an *unqualified opinion* dated December 22, 2005, on the basic financial statements of the Vernon Parish Clerk of Court.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 22, 2006

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

STATEMENT OF NET ASSETS

JUNE 30, 2006
(With Comparative Totals, June 30, 2005)

ASSETS	2006	2005
-----	-----	-----
Cash and cash equivalents	\$297,643	\$288,792
Receivables	13,409	18,082
Capital assets, net of accumulated depreciation	42,074	77,828
	-----	-----
TOTAL ASSETS	\$353,126	\$384,702
	=====	=====
LIABILITIES		

Accounts, salaries, and withholdings payable	\$13,552	\$12,007
Compensated absences payable	27,596	33,610
	-----	-----
Total Liabilities	41,148	45,617
	-----	-----
NET ASSETS		

Invested in capital assets	42,074	77,828
Unrestricted	269,904	261,258
	-----	-----
TOTAL NET ASSETS	\$311,978	\$339,086
	=====	=====

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Statement of Activities
For the Year Ended June 30, 2006
(With Comparative Totals For the Year Ended June 30, 2005)

EXPENSES	2006	2005
-----	-----	-----
Current - Judicial:		
Personal services and related benefits	\$828,227	\$819,110
Operating services	83,929	102,919
Materials and supplies	29,095	28,558
Travel and other charges	9,516	6,275
Intergovernmental	38,092	38,537
Depreciation expense	35,754	35,753
	-----	-----
TOTAL EXPENSES	1,024,613	1,031,152
	-----	-----
PROGRAM REVENUES		

Civil suits and successions	309,580	318,679
Criminal fees and charges	70,419	70,940
Filings and recordings	477,765	493,498
Court attendance	8,640	5,860
Miscellaneous fees and charges	99,841	77,339
	-----	-----
TOTAL PROGRAM REVENUES	966,245	966,316
	-----	-----
NET (EXPENSE) REVENUE	(58,369)	(64,836)
GENERAL REVENUES		

Interest earnings	31,261	11,663
	-----	-----
TOTAL GENERAL REVENUES	31,261	11,663
	-----	-----
CHANGES IN NET ASSETS	(27,107)	(53,173)

NET ASSETS - JULY 1, 2005	339,086	392,259
	-----	-----
NET ASSETS - JUNE 30, 2006	\$311,978	\$339,086
	=====	=====

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

GOVERNMENTAL FUND
Balance Sheet, June 30, 2006
(With Comparative Totals, June 30, 2005)

ASSETS	2006	2005

Cash and cash equivalents	\$297,643	\$288,792
Receivables	13,409	18,082
	-----	-----
TOTAL ASSETS	\$311,052	\$306,874
	=====	=====
LIABILITIES AND FUND BALANCE		

Liabilities:		
Accounts, salaries, and withholdings payable	\$13,552	\$12,007
	-----	-----
Fund balance - unreserved - undesignated	297,500	294,868
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$311,052	\$306,874
	=====	=====

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2006
(With Comparative Totals, June 30, 2005)

	2006	2005
	-----	-----
Total Fund Balances - Governmental Funds	\$297,500	\$294,868
Cost of capital assets	\$385,058	
Less - accumulated depreciation	(342,984)	77,828

Long-term liabilities - compensated absences	(27,596)	(33,610)
	-----	-----
Net Assets	\$311,978	\$339,086
	=====	=====

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
GOVERNMENTAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006
(With Comparative Totals For the Year Ended June 30, 2005)

	2006	2005
REVENUES		
Civil suits and successions	\$309,580	\$318,679
Criminal fees and charges	70,419	70,940
Filings and recordings	477,765	493,498
Court attendance	8,640	5,860
Interest earnings	31,261	11,663
Miscellaneous fees and charges	99,841	77,339
Total revenues	997,506	977,979
EXPENDITURES		
Current - Judicial:		
Personal services and related benefits	828,227	819,110
Operating services	83,929	102,919
Materials and supplies	19,622	24,169
Travel and other charges	15,530	14,444
Intergovernmental	38,092	38,537
Capital outlay	9,473	4,389
Total expenditures	994,873	1,003,567
EXCESS OF REVENUES OVER EXPENDITURES	2,632	(25,588)
FUND BALANCE AT BEGINNING OF YEAR	294,868	320,455
FUND BALANCE AT END OF YEAR	\$297,500	\$294,868

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2006
(With Comparative Totals For the Year Ended June 30, 2005)

	2006	2005
	-----	-----
Total net change in fund balances - governmental funds	\$2,632	(\$25,588)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 expense exceeds capital outlay in the period	(35,754)	(35,754)
In the Statement of Activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time used exceeded the amount earned.	6,014	8,168
	-----	-----
Change in net assets of governmental activities	(\$27,107)	(\$53,173)
	=====	=====

The notes to the financial statements are an integral part of this statement.

VERNON PARISH CLERK OF COURT
 Leesville, Louisiana
 FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 2006

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	OTHER FUNDS	TOTAL
	-----	-----	-----	-----
ASSETS				

Cash and cash equivalents	\$689,947	\$234,781	\$125,328	\$1,050,056
	=====	=====	=====	=====
LIABILITIES				

Unsettled deposits due to others	\$689,947	\$234,781	\$125,328	\$1,050,056
	=====	=====	=====	=====

See independent accountants report.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2006

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 shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Vernon Parish Clerk of Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernon Parish Clerk of Court is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Vernon Parish Clerk of Court may, without the approval or consent of another governmental entity, determine or modify its own budget and set rates or charges. The Vernon Parish Clerk of Court also has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected clerk of court are financially accountable. With the exception of the unrecorded transaction between the Vernon Parish Police Jury and the clerk of court where the Vernon Parish Police Jury provides, as required by Louisiana law, office space and utilities for the clerk of court, there are no other primary governments with which the clerk of court has a significant relationship.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

C. FUND ACCOUNTING

The clerk of court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources that may be used to finance future operations of the clerk of court. The clerk of court's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the clerk are described as follows:

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'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.

Fiduciary (Agency) Funds -- fiduciary funds reporting focuses on the net assets and changes in net assets. The only funds accounted for in this category by the clerk of court are agency funds. The agency funds account for assets held by the clerk as an agent for litigants held pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds have no measurement focus, but use modified accrual basis of accounting. The Advance Deposit and Registry of Court agency funds account for assets held as an agent for others.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) - include the Statement of Net Assets (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the clerk of court as a whole. Fiduciary funds are not included at this level, as they are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Allocation of Indirect Expenses - The clerk of court reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation which cannot be specifically identified by function is assigned to the "travel and other charges" function due to the fact that the assets serve multiple purposes.

Fund Financial Statements (FFS) - governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the school board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The school board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

Revenues

Recordings, cancellations, court attendance, criminal costs, et cetera, are recorded in the year in which they are earned.

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

Substantially all other revenues are recognized when received by the clerk of court.

Based on the above, recordings, court attendance, criminal costs, et cetera are subject to accrual.

Expenditures

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

Deferred Revenues

The clerk of court reports deferred revenues on its fund financial statements balance sheet. Deferred revenues arise when resources are received by the school board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the clerk of court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

E. BUDGET PRACTICES

A proposed budget is published in the official journal at least ten days prior to a public hearing. The public hearing is held at the clerk's office during the month of June for comments from taxpayers. The proposed budget is then legally adopted by the clerk and amended during the year, as necessary. Budgets are established and controlled by the clerk at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Although formal budgetary integration is not employed as a management control device, the bookkeeper provides the clerk of court with monthly comparisons as a means of controlling expenditures. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the clerk of court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. INVESTMENTS

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the clerk of court, upon determination of the availability of funds in excess of immediate cash requirements, may invest in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or United States government instrumentalities, provided that such obligations are backed by the full faith and credit of the United States government; and savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the clerk of court may invest in mutual or trust fund institutions (limited to 25 per cent of the funds considered available for investment under this section) provided that they are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies. Investments are stated at fair value.

I. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods and services provided or rendered. These receivables and payables are classified as interfund receivables and payables on the fund financial statements but are eliminated for reporting purposes on the government-wide financial statements. Included in these transactions, are the fees that are transferred from the Advance Deposit Agency Fund. These fees represent fees earned by the clerk of court from continuing operations and are transferred from litigant's money deposited in the Advance Deposit Agency Fund.

VERNON PARISH CLERK OF COURT
 Leesville, Louisiana
 Notes to the Basic Financial Statements
 (Continued)

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost. 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 \$5,000 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated Useful Life (Years)
Office equipment	5
Furniture and fixtures	5
Automobiles	5

K. COMPENSATED ABSENCES

Employees earn from 5 to 25 days of vacation leave each year, depending on length of service. Vacation leave can only be accumulated with specific approval by the clerk of court. Employees earn one day of sick leave each month and may accumulate a maximum of 45 days. Employees, with proper notice given concerning retirement or resignation, are paid up to 45 days of accumulated sick leave at their current rate of pay. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The liability related is reported on the Government-Wide Financial Statements, with only the current portion of the liability reported in the Fund Financial Statements.

L. RESTRICTED NET ASSETS

For Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either, externally imposed by creditors (such as debt covenants, construction contracts, etc.), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation.

M. FUND EQUITY

In the Fund Financial Statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

N. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the clerk of court, which are either unusual in nature or infrequent in occurrence.

O. USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Under state law, the clerk 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 may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2006, the clerk has cash and cash equivalents as follows:

Petty cash	\$250
Demand deposits	71,033
Time and certificates of deposit	<u>226,360</u>
Total Governmental Funds	<u>\$297,643</u>
Demand deposits	197,335
Time and certificates of deposit	<u>852,721</u>
Total Agency Funds	<u>\$1,050,056</u>
Total Cash and Equivalents	<u><u>\$1,347,699</u></u>

VERNON PARISH CLERK OF COURT
 Leesville, Louisiana
 Notes to the Basic Financial Statements
 (Continued)

The Louisiana Asset Management Pool (LAMP) is a non-profit corporation created under Louisiana law. This corporation, created at the initiative of the Louisiana State Treasurer's Office and governed by a board of directors, allows units of local government to pool their cash balances as a means of increasing their rate of return on investments. LAMP invests only in securities and other obligations that are permissible under Louisiana law for municipalities and parishes; accordingly, these investments are restricted to securities issued, guaranteed or otherwise backed by the United States Government or one of its agencies, enterprises or instrumentalities. Since participation in LAMP constitutes a direct investment in the assets constituting the pool, there are no specific collateralization requirements; accordingly, these cash equivalents are considered uncollateralized under generally accepted accounting principles. At June 30, 2006, the clerk of court has \$297,359, on deposit with LAMP.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities, with the exception of LAMP funds, are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2006, the clerk has cash and cash equivalents (collected balances, net of LAMP) of \$1,313,983, with \$448,819 being considered uncollateralized under generally accepted accounting principles.

Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank and/or financial institution to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent bank has failed to pay deposited funds upon demand.

3. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended June 30, 2006, follows:

Beginning Balance - Capital Assets	\$385,058
Additions	NONE
Reductions	NONE

Ending Balance - Capital Assets	385,058
Less - accumulated depreciation	(342,984)

Net Capital Assets	\$42,074
	=====

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

4. PENSION PLAN

Substantially all employees of the Vernon Parish clerk of court are members of the Louisiana Clerks of Court Retirement and Relief Fund ("System"), a multiple-employer, public employee retirement system (PERS), controlled and 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 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 per cent 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 who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

Members are required by state statute to contribute 8.25 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 14.50 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contributions for the years ending June 30, 2006, 2004, and 2003, were \$84,370, \$75,403, and \$57,712, respectively, equal to the required contributions for each year.

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.

VERNON PARISH CLERK OF COURT
 Leesville, Louisiana
 Notes to the Basic Financial Statements
 (Continued)

5. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to others follows:

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	OTHER FUNDS	2006	2005
UNSETTLED DEPOSITS AT BEGINNING OF YEAR	\$645,737	\$167,881	\$104,575	\$918,193	\$747,244
ADDITIONS					
Suits and successions	659,312	162,904		822,216	885,286
Court costs, fees and charges			53,950	53,950	64,192
Interest earned on investments	26	2,314	1,451	3,790	12,025
Total additions	659,338	165,218	55,400	879,956	961,503
Total	1,305,075	333,099	159,976	1,798,150	1,708,747
REDUCTIONS					
Clerk's costs (transferred to General Fund)	309,576		24,887	334,463	351,324
Settlements to litigants and others	222,227	98,317	8,500	329,044	344,620
Local sheriff's costs	62,635		1,261	63,896	72,886
Other sheriff's and clerk's costs	20,691			20,691	21,724
Total reductions	615,128	98,317	34,648	748,094	790,554
UNSETTLED DEPOSITS AT END OF YEAR	\$689,947	\$234,781	\$125,328	\$1,050,056	\$918,193

6. RISK MANAGEMENT

The clerk's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The clerk has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
GENERAL FUND

Budgetary Comparison Schedule
For the Year Ended June 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Civil suits and successions	\$335,491	\$313,323	\$309,580	(\$3,743)
Criminal suits	74,773	63,441	70,419	6,978
Filing and recording	512,133	459,897	477,765	17,868
General revenue	89,286	119,479	139,742	20,263
Total revenues	1,011,683	956,140	997,506	41,366
EXPENDITURES				
Current:				
General government - Judicial:				
Personal service and related benefits	854,441	825,580	828,227	(2,647)
Operating services	104,119	104,119	83,929	20,190
Materials and supplies	24,132	24,132	19,622	4,510
Travel and other charges	5,431	5,431	15,530	(10,099)
Intergovernmental	21,552	21,552	38,092	(16,540)
Capital outlay	11,000	11,000	9,473	1,527
Total expenditures	1,020,675	991,814	994,873	(3,059)
EXCESS (Deficiency) OF REVENUES				
OVER EXPENDITURES	(8,992)	(35,674)	2,632	38,306
FUND BALANCES AT BEGINNING OF YEAR	314,191	275,485	294,868	19,383
FUND BALANCES AT END OF YEAR	\$305,199	\$239,811	\$297,500	\$57,689

See independent auditor's report.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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Alexandria, LA 71303
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

I have audited the financial statements of the Vernon Parish Clerk of Court as of and for the year ended June 30, 2006, and have issued my report thereon dated December 22, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Compliance and Internal Control Report
(Continued)

Prior Year Audit Findings

The audit for the year ended June 30, 2005, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

General

This report is intended for the information of the audit committee, management, and certain state regulatory entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public documents.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 22, 2006