

TWENTY-SIXTH DISTRICT COURT EXPENSE FUND
Iberia and Webster Parishes
State of Louisiana

Notes to Financial Statements
December 31, 1996

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. No long-term liabilities existed at December 31, 1996.

G. Total revenues on combined statements

Total revenues on combined statements are captioned "Miscellaneous Daily" to indicate that they are presented only to facilitate financial analysis. Data in these revenues do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Vacation and sick leave

All of the employees of the expense fund are considered employees of either the Iberia or Webster Parish Police Juries. As of December 31, 1996, the expense fund had no full-time employees. Accordingly, there are no accumulated and vested benefits relating to vacation and sick leave that require disclosure or accrual in conformity with generally accepted accounting principles.

2. Due from other governmental units

Amounts due from other governmental units are as follows:

| | | |
|-------------------------------------|---------|-------|
| | 1995 | 1996 |
| Iberia Parish Clerk of Court | \$ 858 | 879 |
| Iberia Parish Sheriff's Department | 4,354 | 3,548 |
| Webster Parish Clerk of Court | 338 | 342 |
| Webster Parish Sheriff's Department | 1,892 | 1,299 |
| Totals | \$6,442 | 6,068 |

JAMESON, WISE & MARTIN

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INDEPENDENT AUDITOR'S REPORT

The Honorable Judges of the
Twenty-Sixth Judicial District
Iberia and Webster Parishes, Louisiana

We have audited the accompanying general purpose financial statements of the Twenty-Sixth Judicial District Court Expense Fund as of December 31, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the management of the Twenty-Sixth Judicial District Court Expense Fund. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Twenty-Sixth Judicial District Court Expense Fund as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 26, 1997 on our consideration of the Twenty-Sixth Judicial District Court Expense Fund's internal control structure and a report dated June 26, 1997 on its compliance with laws and regulations.

Jameson, Wise & Martin

Minors, Louisiana
June 26, 1997

TWENTY-SIXTH DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to Financial Statements
December 31, 1996

3. *Changes in general fund assets*

A summary of changes in general fund assets follows:

| | Balance January 1, 1996 | Additions | Debiting | Balance December 31, 1996 |
|-----------|----------------------------|-----------|----------|------------------------------|
| Equipment | \$11,831 | 12,785 | 11,054 | \$13,562 |

4. *Contract/Plan*

All of the expense fund's employees are considered employees of the Bossier and Webster Parish Police Juris and, accordingly, are enrolled by the respective Police Juris as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PPRS), controlled and administered by a separate board of trustees. The respective Police Juris and the expense fund do not guarantee any of the benefits granted by the System.

5. *Leases*

The expense fund does not have any capital or operating leases as of December 31, 1996.

6. *Litigation*

There is no litigation pending against the expense fund as of December 31, 1996.

7. *Arrangements with parish governments*

The district judges' office space is sharing facilities and certain office equipment and furniture are furnished by the Bossier and Webster Parish Police Juris free of charge.

8. *Child Support Enforcement Fund*

As established by Louisiana Revised Statute 48:236.5, which allows any court to establish or enforce support obligations to implement an equitable process for the establishment or enforcement of support, and which provides, that the judges of the appropriate court shall oversee the operations of the fund

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Boomer and Webster Families
State of Louisiana
Annual Financial Report
Year Ended December 31, 1996

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TWENTY-SIXTH DISTRICT COURT EXPENSE FUND

Benice and Webster Parishes
State of Louisiana

Notes to Financial Statements
December 31, 1996

C. Basis of accounting:

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 two funds of the Twenty-Sixth Judicial District Court Expense Fund are accounted for using the modified accrual basis of accounting.

Revenues

Fines, bonds forfeited, civil fees, probate fees, and adoption fees imposed by the district courts are recorded in the year they are collected by the district courts within the judicial district.

The program director fees based on a 5% surcharge on child support payments within the Twenty-Sixth Judicial District are recorded when the income is available.

Interest earned on investe cuts is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

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

D. Budgets and budgetary accounting:

Annually, the judges prepare a budget for the Expense Fund on the modified accrual basis of accounting. The authority to amend the budget is reserved by the judges. Formal budget integration for the accounting records is employed as a management control device during the year. Appropriations lapse at year end and a system of encumbrance accounting is not used by the expense fund. No budget was prepared for the Child Support Enforcement Fund for the year ending December 31, 1996.

E. Cash and cash equivalents:

At December 31, 1996, the Twenty-Sixth Judicial District Court Expense Fund has cash and cash equivalents as shown below:

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Beauregard and Webster Parishes
State of Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balances - Child Support Enforcement
For the Years Ended December 31, 1996 and 1995

| | <u>1996</u> | <u>1995</u> |
|---|------------------|------------------|
| Revenues: | | |
| Manuscript revenues | \$4,173,279 | 2,715,611 |
| Administrative fees | <u>188,654</u> | <u>176,289</u> |
| Total revenues | <u>4,361,933</u> | <u>2,891,900</u> |
| Expenditures: | | |
| Department of Social Services | 4,173,299 | 2,715,611 |
| Office supplies | - | 10 |
| Reprints | 1,187 | 993 |
| Bank service charges | 6 | 24 |
| NSF checks | <u>400</u> | <u>194</u> |
| Total expenditures | <u>4,175,392</u> | <u>2,736,332</u> |
| Excess of revenues over expenditures | 186,541 | 155,568 |
| Other financing uses: | | |
| Operating transfers out | <u>(187,094)</u> | <u>(179,288)</u> |
| Excess (deficiency) of revenues over expenditures and other uses | (13) | 76 |
| Fund balance, beginning | <u>120</u> | <u>98</u> |
| Fund balance, ending | <u>\$ (114)</u> | <u>174</u> |

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
ECONOMY AND WAREHOUSES PARISH
STATE OF LOUISIANA

Dewey E. BURCHETT, JR.
Judge (Div. A)

P.O. Box 909
Bossier, Louisiana 71005

June 27, 1987

Mr. Michael W. Wise
Jenkins, Wise & Martin
P. O. Box 807
Minden, Louisiana 71053-0807

Dear Mr. Wise:

Our Management Response to the audit is as follows:

1. We will immediately make arrangements to insure that all our deposits are fully secured in accordance with Louisiana Revised Statutes. We intend to invest our deposits at each financial institution so as not to exceed the \$100,000.00 FDIC insured amount.
2. We will continue to review our budget each year and make appropriate amendments to remain within the 5 percent budget variance requirements. Budget amendments will be prepared in accordance with Louisiana Revised Statutes at the time the annual budget is prepared at the end of the year.

If you need additional information for our Management Response, please feel free to contact our office.

Sincerely,



Dewey E. Burchett, Jr.

DEB, jr/sho

TWENTY-SIXTH DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to Financial Statements
December 31, 1995

and shall appoint a hearing officer to hear support and support related matters. At the end of the reporting period all residual funds from the Child Support Enforcement Fund are to be transferred to the general operating account of the Expenses Fund. These funds of \$382,034 were transferred to the Expenses Fund and are shown as "Other Financing Sources - Operating Transfers In" in the accompanying financial statements.

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MANAGEMENT LETTER

The Honorable Judges of the
Twenty-Sixth Judicial District
Bossier and Webster Parishes, Louisiana

We have audited the general purpose financial statements of the Twenty-Sixth Judicial District Court Expense Fund for the years ended December 31, 1998, and have issued our report thereon dated June 26, 1999.

In connection with our audit we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the Judicial Expense Fund. As a supplement to the reports which are issued with the financial statements, we submit for your consideration our comments pertaining to the following observations which did not meet the criteria of being material to the general purpose financial statements.

Compliance items not considered material to the general purpose financial statements.

1. Budget Process in Error of 1%

The State of Louisiana, in LSA Revised Statutes 39:1381-1314, requires a budget to be prepared and adopted before the fiscal year begins. The Twenty-Sixth Judicial District Court Expense Fund has prepared a budget in accordance with these statutes. However, the statutes also require amendments to the budget to make a part of public documents when there is a budget variance of more than 5% in revenues and expenditures. During the year the Twenty-Sixth Judicial Court Expense Fund experienced variances in actual vs. compliance to budgeted expenditures in excess of the 5% limit.

We recommend that management continue to adopt a budget in December of each year for the coming year for the coming year's report of expenditures and periodically review the budget against the actual results. If required, management should reexamined and adopt amendments to the budget to eliminate any unforeseen variances that would cause non-compliance with the aforementioned Louisiana Revised Statutes.

2. Security for Deposits

The State of Louisiana, in LSA Revised Statute 39:1221, requires that 100% of the amount of collected funds on deposit by a political subdivision must be secured by FDIC insurance and/or bonds or other interest-bearing securities of the United States, its agencies, the State of Louisiana or any parish or municipality. For the year ended December 31, 1996, \$18,345 of funds on deposit with local banks did not meet the security requirements of Louisiana law.

We recommend that management take the necessary steps to collateralize all funds on deposit with banks in accordance with Louisiana cash management laws.

We would like to express our appreciation for the cooperation and assistance extended to us during our audit. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,



Minot, Louisiana
June 18, 1997

TWENTY-SIXTH DISTRICT COURT EXPENSE FUND
Boerler and Wilcox Parishes
State of Louisiana

Notes to Financial Statements
 December 31, 1998

| | Book Balance | Bank Balance |
|---------------------------|------------------|------------------|
| Demand deposits | \$ 18,608 | \$ 37,833 |
| Interest-bearing deposits | 313,867 | 318,345 |
| Certificates of deposits | 288,248 | 288,248 |
| Total | \$520,723 | \$624,426 |

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank, in a holding or controlled bank that is mutually acceptable to both parties. At December 31, 1998, the Twenty-Sixth Judicial District Court Expense Fund has \$624,426 in deposits. These deposits are secured from risk by \$308,279 of federal deposit insurance. The remaining balance of \$316,147 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered miscellaneous (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Twenty-Sixth Judicial District Court Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

F. Fixed assets and long-term liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund type when purchased. General fixed assets provided by the parish police jurats are not recorded within the General Fixed Assets Account Group. Fixed assets are valued at historical cost or estimated historical cost or, if donated, at fair market value on the date donated. No depreciation has been provided on general fixed assets.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Judges of the
Twenty-Sixth Judicial District
Bossier and Webster Parishes, Louisiana

We have audited the general purpose financial statements of the Twenty-Sixth Judicial District Court Expense Fund for the year ended December 31, 1996, and have issued our report thereon dated June 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Twenty-Sixth Judicial District Court Expense Fund is the responsibility of the Fund's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Twenty-Sixth Judicial District Court Expense Fund's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following instances of noncompliance that may be material to the general purpose financial statements.

ADVERSE FINANCIALS

As discussed in the internal control report on page 3 of this annual report, the Twenty-Sixth Judicial District Court Expense Fund experienced budget variances in excess of 5% in revenues and/or expenditures. This is in violation of 28A Revised Statute 33.131B.

| Account Group | Totals | |
|------------------|-----------------|----------------|
| | Memorandum Only | |
| | 1996 | 1995 |
| - | 248,567 | 153,600 |
| - | 268,948 | 275,193 |
| - | 8,251 | 8,859 |
| - | 18,714 | 14,849 |
| <u>81,831</u> | <u>80,831</u> | <u>71,872</u> |
| <u>81,831</u> | <u>706,211</u> | <u>522,816</u> |
| - | 3,433 | 833 |
| - | 3,449 | 7,248 |
| - | 18,714 | 14,849 |
| - | 28,595 | 21,278 |
| 81,831 | 82,831 | 71,872 |
| - | 297,250 | 428,218 |
| <u>81,831</u> | <u>580,115</u> | <u>500,258</u> |
| <u>81,831</u> | <u>768,711</u> | <u>521,876</u> |

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Ecceles and Webster Parishes
State of Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1996

| | Governmental Fund Types | |
|--|-------------------------------|---------------------------------|
| | Judicial Expense Fund | Child Support Enforcement |
| ASSETS | | |
| Cash | \$ 213,867 | 16,608 |
| Certificates of deposit | 266,348 | - |
| Due from other: | | |
| governmental units | 8,251 | - |
| funds | 16,714 | - |
| Equipment | - | - |
| Total assets | <u>\$ 608,280</u> | <u>16,608</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 3,435 | - |
| Payable - Salary Pmts. | 3,446 | - |
| Due to other funds | - | 16,714 |
| Total liabilities | <u>6,881</u> | <u>16,714</u> |
| Fund equity: | | |
| Investment in general fixed assets | - | - |
| Fund balances: | | |
| Unreserved - unassigned | 292,289 | (119) |
| Total fund equity | <u>292,289</u> | <u>(119)</u> |
| Total liabilities and fund equity | <u>\$ 608,280</u> | <u>16,608</u> |

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balances - Judicial Expense Fund
(Continued)
Years Ended December 31, 1996 and 1995

| | 1996 | 1995 |
|---|----------|----------|
| Non-support expenditures - | | |
| Hearing officer salary | 18,201 | 22,692 |
| Non-support secretary | 22,736 | 18,418 |
| Hearing officer expenses | - | 148 |
| Non-support postage | 1,083 | 255 |
| Non-support consulting | - | 387 |
| Hearing officer travel | 1,081 | 1,875 |
| Total non-support expenditures | 43,101 | 43,875 |
| Total expenditures | 155,431 | 164,648 |
| Deficiency of revenues over expenditures | (18,871) | (58,206) |
| Other financing sources: | | |
| Operating transfers in | 187,874 | 171,288 |
| Excess of revenues and other sources over expenditures | 169,003 | 113,082 |
| Fund balance, beginning | 428,226 | 313,415 |
| Fund balance, ending | 597,229 | 426,597 |

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Beauregard and Webster Parishes
State of Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Judicial Expense Fund
Year Ended December 31, 1985

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|---------------------------------------|----------------|----------------|---|
| Revenues: | | | |
| Court fees and fines | \$ 185,000 | 114,000 | 5,000 |
| Interest earnings | 9,000 | 23,263 | 13,263 |
| Other income | - | 87 | 87 |
| Total revenues | <u>194,000</u> | <u>137,350</u> | <u>23,390</u> |
| Expenditures: | | | |
| Secretarial salaries | 7,000 | 7,867 | (867) |
| Law clerk salary | 34,000 | 35,446 | 14,504 |
| Law clerk expense | 3,000 | 3,200 | 3,217 |
| Payroll taxes | 1,500 | - | 1,500 |
| Office supplies | 7,500 | 8,325 | (825) |
| Seminars and conferences | 28,000 | 24,431 | 3,569 |
| Books and publications | 7,500 | 9,439 | (1,939) |
| Accounting and audit | 4,000 | 3,715 | 285 |
| Capital outlay | 19,500 | 11,785 | 6,715 |
| Staff education | 1,000 | 739 | 260 |
| Professional dues and fees | 1,500 | 4,532 | (3,032) |
| Telephone expense | 6,500 | 4,378 | 2,122 |
| Repairs and maintenance | - | 4,719 | (4,719) |
| Miscellaneous | 6,000 | 8,851 | (2,851) |
| Total judicial expenditures | <u>138,500</u> | <u>131,239</u> | <u>16,780</u> |
| Hearing officer salary | 19,000 | 19,264 | (264) |
| Non-support necessary | 19,200 | 21,734 | (2,534) |
| Non-support postage | 1,200 | 1,083 | 117 |
| Hearing officer travel | 2,000 | 1,881 | 119 |
| Total non-support expenditures | <u>41,400</u> | <u>44,062</u> | <u>(2,762)</u> |

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Forster and Webster Parishes
State of Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (GRAP Basis) and Actual - Judicial Expense Fund
 (Continued)
 Year Ended December 31, 1995

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------|----------|--|
| Total expenditures | 169,580 | 155,421 | 14,079 |
| (Deficiency) excess of revenues over expenditures | (59,580) | (19,071) | 36,429 |
| Other financing sources: | | | |
| Operating transfers in | 189,000 | 182,074 | 7,074 |
| Excess of revenues and other sources over expenditures | 129,580 | 168,003 | 43,000 |
| Fund balance, beginning | 409,076 | 409,076 | ----- |
| Fund balance, ending | \$ 538,656 | 577,079 | 43,000 |

The accompanying notes are an integral part of this statement.

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the reader, or reviewed, 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: WU 09 1992

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Beauregard and Webster Parishes
State of Louisiana

ANNUAL FINANCIAL REPORT
DECEMBER 31, 1991

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1992-1-10-903

LEGAL AGENT AND CASE MANAGEMENT LAWS

As discussed in Note 1, the Twenty-Sixth Judicial District Court Expense Fund had \$108,349 on deposit that were not adequately accrued at December 31, 1996. This is in violation of L.S.A. Revised Statute 18:122.

We considered this instance of non-compliance in forming our opinion on whether the Twenty-Sixth Judicial District Court Expense Fund's December 31, 1996, general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 26, 1997, on these general purpose financial statements.

This report is intended for the information of the judges of the Twenty-Sixth Judicial District and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Jamison, Little & Martin

Monroe, Louisiana
June 26, 1997

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Statement of Revenue, Expenditures and
Changes in Fund Balance - Judicial Expense Fund
Years Ended December 31, 1996 and 1995

| | <u>1996</u> | <u>1995</u> |
|------------------------------------|----------------|----------------|
| Revenues: | | |
| Court fees and fines | \$ 114,000 | 94,763 |
| Interest earnings | 22,263 | 11,294 |
| Sale of equipment | - | 125 |
| Other income | 81 | - |
| Total revenues | <u>136,350</u> | <u>106,182</u> |
| Expenditures: | | |
| Judicial expenditures - | | |
| Secretarial salaries | 7,863 | 2,600 |
| Law clerk salary | 19,446 | 42,467 |
| Law clerk expense | 2,263 | 51 |
| Payroll taxes | - | 868 |
| Office supplies | 8,193 | 2,779 |
| Seminars and conferences | 24,420 | 24,262 |
| Books and publications | 9,428 | 4,898 |
| Accounting and audit | 3,733 | 3,423 |
| Capital outlay | 12,762 | 18,901 |
| Bond insurance | - | 175 |
| Professional fees and fees | 4,512 | 1,833 |
| Telephones | 4,378 | 4,567 |
| Staff education | 718 | - |
| Repairs and maintenance | 4,719 | 5,283 |
| Declarations | - | 1,718 |
| Miscellaneous | 8,806 | 1,113 |
| Total judicial expenditures | <u>111,828</u> | <u>128,668</u> |

The accompanying notes are an integral part of this statement.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assessment of management in the general purpose financial statements.

BUDGET VARIANCES

The State of Louisiana, in LSA Revised Statutes 29:1201-1214, requires a budget to be prepared and adopted before the fiscal year begins. The Twenty-Sixth Judicial District Court Expense Fund has prepared a budget in accordance with these statutes. However, the statutes also require amendments to the budget to make a part of public documents when there is a budget variance of more than 2% in revenues and expenditures. During the year the Twenty-Sixth Judicial District Court Expense Fund experienced variances in actual expenditures to budgeted expenditures in excess of the 2% limit.

We recommend that management continue to adopt a budget in December of each year for the ensuing year's expected expenditures and periodically review the budget against the actual results. If required, management should reevaluate and adopt amendments to the budget to eliminate any unexplained variances that would cause noncompliance with the aforementioned Louisiana Revised Statutes.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

We noted matters involving the internal control structure and its operation that we have reported to the management of the Twenty-Sixth Judicial District Court Expense Fund, in a separate management letter dated June 26, 1993.

This report is intended for the information of the judges of the Twenty-Sixth Judicial District Court Expense Fund and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Samuel, Willie J. Martin

Monroe, Louisiana
June 26, 1993

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Judges of the
Twenty-Sixth Judicial District
Bossier and Webster Parishes, Louisiana

We have audited the general purpose financial statements of the Twenty-Sixth Judicial District Court Expense Fund for the year ended December 31, 1998, and have issued our report thereon dated June 29, 1999.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Twenty-Sixth Judicial District Court Expense Fund is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Twenty-Sixth Judicial District Court Expense Fund for the year ended December 31, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)