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

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 8-11-99

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana
Annual Financial Report
Year Ended December 31, 1998

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MEMBERS

AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the
Twenty-Sixth Judicial District
Bossier 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, 1998, 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.

Except as discussed in the following paragraphs, 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 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the Year 2000 issue. The Twenty-Sixth Judicial District Court Expense Fund has included such disclosures in Note 10. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Twenty-Sixth Judicial District Court Expense Fund's disclosures with respect to the Year 2000 issue made in Note 10. Further, we do not provide assurance that the Twenty-Sixth Judicial District Court Expense Fund is or will be Year 2000 ready, that the fund's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the fund does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Twenty-Sixth Judicial Court Expense Fund as of December 31, 1998, 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 our report dated June 24, 1999 on our consideration of the Twenty-Sixth Judicial District Court Expense Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Jamison, Wise & Martin

Minden, Louisiana
June 24, 1999

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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

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 as of and for the year ended December 31, 1998, and have issued our report thereon dated June 24, 1999. We conducted our 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 Twenty-Sixth Judicial District Court Expense Fund's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Twenty-Sixth Judicial District Court Expense Fund's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations 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 the internal control over financial reporting that, in our judgment, could adversely affect the Twenty-Sixth Judicial District Court Expense Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 98-2.

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. Our consideration of the 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 material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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.

Jameson, Wise & Martin

Minden, Louisiana
June 24, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

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

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental	
	Fund	
	Types	
	Judicial	Child
	Expense	Support
	Fund	Enforcement
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 169,455	(13,105)
Certificates of deposit	625,832	-
Due from other:		
governmental units	14,988	-
funds	-	-
miscellaneous	6,468	-
Equipment	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 816,743</u></u>	<u><u>(13,105)</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 5,919	-
Payroll payables and withholdings	43	-
Payable - salary reimb.	14,430	-
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>20,392</u>	<u>-</u>
Fund equity:		
Investment in general fixed assets	-	-
Fund balances:		
Unreserved - undesignated	<u>796,351</u>	<u>(13,105)</u>
Total fund equity	<u>796,351</u>	<u>(13,105)</u>
Total liabilities and fund equity	<u><u>\$ 816,743</u></u>	<u><u>(13,105)</u></u>

The accompanying notes are an integral part of this statement.

Account Group	Totals	
General	(Memorandum Only)	
Fixed	1998	1997
Assets	<u>1998</u>	<u>1997</u>
-	156,350	107,792
-	625,832	609,741
-	14,988	8,639
-	-	18,269
-	6,468	-
<u>177,686</u>	<u>177,686</u>	<u>85,306</u>
<u><u>177,686</u></u>	<u><u>981,324</u></u>	<u><u>829,747</u></u>
-	5,919	4,484
-	43	373
-	14,430	12,023
-	-	18,269
<u>-</u>	<u>20,392</u>	<u>35,149</u>
177,686	177,686	85,306
-	783,246	709,292
<u>177,686</u>	<u>960,932</u>	<u>794,598</u>
<u><u>177,686</u></u>	<u><u>981,324</u></u>	<u><u>829,747</u></u>

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
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Court fees and fines	\$ 141,977	127,917
Interest earnings	27,317	17,914
Other income	1,320	162
FINS grant	28,822	15,078
FSP grant	1,529	-
Total revenues	<u>200,965</u>	<u>161,071</u>
 Expenditures:		
Judicial expenditures -		
Court administrator salary	52,319	50,404
Law clerk salary	39,796	40,776
Law clerk expense	4,232	2,220
Office supplies	5,968	8,600
Seminars and conferences	23,201	30,466
Books and publications	13,880	16,961
Accounting and audit	3,622	4,710
Capital outlay	92,380	2,475
Professional dues and fees	2,076	2,373
Telephone	5,369	3,560
Staff education	632	1,604
Repairs and maintenance	3,383	4,224
Miscellaneous	10,094	13,887
Total judicial expenditures	<u>256,952</u>	<u>182,260</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, 1998 and 1997

	1998	1997
Non-support expenditures -		
Hearing officer expense	22,259	23,378
Non-support secretary expense	27,520	23,900
Non-support wages	1,705	-
Non-support payroll taxes	151	
Non-support office and postage	1,459	288
Hearing officer travel	3,251	2,401
Total non-support expenditures	56,345	49,967
FINS grant expenditures -		
FINS salary expense	25,721	9,987
FINS travel	531	1,495
FINS secretary	4,059	-
FINS payroll taxes	373	-
FINS office and postage	3,657	3,596
Total FINS grant expenditures	34,341	15,078
FSP grant expenditures -		
FSP secretary	3,450	-
FSP payroll taxes	305	-
FSP travel	139	-
FSP office and postage	1,576	-
Total FSP grant expenditures	5,470	-
 Total expenditures	 353,108	 247,305

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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Deficiency of revenues over expenditures	(152,143)	(86,234)
Other financing sources: Operating transfers in	<u>238,988</u>	<u>198,341</u>
Excess of revenues and other sources over expenditures	86,845	112,107
Fund balance, beginning	<u>709,506</u>	<u>597,399</u>
Fund balance, ending	<u><u>\$ 796,351</u></u>	<u><u>709,506</u></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 Balance
Budget (GAAP Basis) and Actual - Judicial Expense Fund
Year Ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Court fees and fines	\$ 136,000	141,977	5,977
Interest earnings	16,000	27,317	11,317
Other income	-	1,320	1,320
FINS grant	33,000	28,822	(4,178)
FSP grant	-	1,529	1,529
Total revenues	185,000	200,965	15,965
Expenditures:			
Judicial expenditures:			
Court administrator salary	49,800	52,319	(2,519)
Law clerk salary	39,500	39,796	(296)
Law clerk expense	2,400	4,232	(1,832)
Office supplies	14,000	5,968	8,032
Seminars and conferences	23,400	23,201	199
Books and publications	14,400	13,880	520
Accounting and audit	3,600	3,622	(22)
Capital outlay	100,000	92,380	7,620
Professional dues and fees	2,000	2,076	(76)
Telephone expense	6,000	5,369	631
Staff education	675	632	43
Repairs and maintenance	-	3,383	(3,383)
Miscellaneous	12,000	10,094	1,906
Total judicial expenditures	267,775	256,952	10,823

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 Balance
 Budget (GAAP Basis) and Actual - Judicial Expense Fund
 (Continued)
 Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Non-support expenditures -			
Hearing officer expense	22,300	22,259	41
Non-support secretary expense	27,200	27,520	(320)
Non-support wages	1,400	1,705	(305)
Non-support payroll taxes	-	151	(151)
Non-support postage and office expense	900	1,459	(559)
Hearing officer travel	3,400	3,251	149
Total non-support expenditures	<u>55,200</u>	<u>56,345</u>	<u>(1,145)</u>
FINS grant expenditures -			
FINS salary expense	29,469	25,721	3,748
FINS travel	-	531	(531)
FINS secretary	-	4,059	(4,059)
FINS payroll taxes	-	373	(373)
FINS postage and office expense	1,850	3,657	(1,807)
Total FINS grant expenditures	<u>31,319</u>	<u>34,341</u>	<u>(3,022)</u>
FSP grant expenditures -			
FSP secretary	-	3,450	(3,450)
FSP payroll taxes	-	305	(305)
FSP travel	-	139	(139)
FINS postage and office expense	-	1,576	(1,576)
Total FINS grant expenditures	<u>-</u>	<u>5,470</u>	<u>(5,470)</u>
Total expenditures	<u>354,294</u>	<u>353,108</u>	<u>1,186</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 Balance
Budget (GAAP Basis) and Actual - Judicial Expense Fund
(Continued)
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
(Deficiency) excess of revenues over expenditures	(169,294)	(152,143)	17,151
Other financing sources: Operating transfers in	<u>250,000</u>	<u>238,988</u>	<u>(11,012)</u>
Excess of revenues and other sources over expenditures	80,706	86,845	6,139
Fund balance, beginning	<u>709,506</u>	<u>709,506</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 790,212</u></u>	<u><u>796,351</u></u>	<u><u>6,139</u></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 - Child Support Enforcement
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Non-support revenues	\$ 5,519,777	4,695,275
Administrative fees	230,913	203,233
Other income	-	260
	<u>5,750,690</u>	<u>4,898,768</u>
Expenditures:		
Department of Social Services	5,519,777	4,695,275
Refunds	748	3,782
Office expense	122	-
Bank service charges	3,482	1,228
NSF checks	464	242
	<u>5,524,593</u>	<u>4,700,527</u>
Excess of revenues over expenditures	226,097	198,241
Other financing uses:		
Operating transfers out	<u>(238,988)</u>	<u>(198,341)</u>
Excess (deficiency) of revenues over expenditures and other uses	(12,891)	(100)
Fund balance, beginning	<u>(214)</u>	<u>(114)</u>
Fund balance, ending	<u><u>\$ (13,105)</u></u>	<u><u>(214)</u></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

Notes to Financial Statements
December 31, 1998

INTRODUCTION

The Twenty-Sixth Judicial District Court Expense Fund was established under Louisiana Revised Statutes 13:966.50 which provides for a separate fund for the receipt and disbursement of designated court fines, costs or forfeitures imposed under the law for the judicial expense fund. The judicial expense fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District. The monies of the Twenty-Sixth Judicial District Court Expense Fund may be expended for those expenditures deemed necessary for the proper operation of the court including clerical and other necessary personnel, law library costs, court equipment and supplies, and travel expenses and fees incurred by any judge or clerk in attending seminars or conferences. No salaries may be paid to any of the judges of the district from the judicial expense fund.

The accounting and reporting policies of the Twenty-Sixth Judicial District Court Expense Fund conform to generally accepted accounting principles as applicable to governmental entities.

1. Summary of significant accounting policies

A. Reporting entity

These financial statements include only information pertaining to the transactions of the Twenty-Sixth Judicial District Court Expense Fund. Other local governmental entities are considered separate reporting entities and are thus excluded from the accompanying financial statements.

B. Fund accounting

The accounts of the Twenty-Sixth Judicial Court Expense fund are organized on the basis of funds and account groups, 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 comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Twenty-Sixth Judicial District Court Expense Fund maintains two governmental fund types.

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

Notes to Financial Statements
December 31, 1998

The Judicial Expense Fund is the general operating fund of the Twenty-Sixth Judicial District Court Expense Fund and is used to account for all funds received and expended in accordance with Louisiana Revised Statute 13:996.50. The Child Support Enforcement Fund was established in accordance with Louisiana Revised Statute 46:236.5. This fund is used to account for all funds received and expended for the expedited process for establishment of paternity and establishment or enforcement of support obligation which are brought by the Department of Social Services.

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 investments 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.

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

Notes to Financial Statements
December 31, 1998

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 (in 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, 1998.

E. Cash and cash equivalents

At December 31, 1998, the Twenty-Sixth Judicial District Court Expense Fund has cash and cash equivalents as shown below:

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Demand deposits	\$ (13,105)	\$ 100,208
Interest-bearing deposits	169,455	172,196
Certificates of deposits	<u>625,832</u>	<u>625,832</u>
Total	<u>\$782,182</u>	<u>\$898,236</u>

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 custodial bank that is mutually acceptable to both parties.

At December 31, 1998, the Twenty-Sixth Judicial District Court Expense Fund has \$898,236 in deposits. These deposits are secured from risk by \$682,560 federal deposit insurance and \$172,852 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$42,824 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (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.

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

Notes to Financial Statements
December 31, 1998

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 types when purchased. General fixed assets provided by the parish police juries 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.

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, 1998.

G. Total columns on combined statements

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns 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 Bossier or Webster Parish Police Juries. At December 31, 1998, the expense fund had no full-time employees. Accordingly, there are no accumulated and vested benefits relating to annual and sick leave that requires disclosure or accrual to conform with generally accepted accounting principles.

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

Notes to Financial Statements
December 31, 1998

2. Due from other governmental units

Amounts due from other governmental units are as follows:

	<u>1998</u>	<u>1997</u>
Bossier Parish Clerk of Court	\$ 1,095	920
Bossier Parish Sheriff's Department	6,334	2,205
Webster Parish Clerk of Court	350	345
Webster Parish Sheriff's Department	3,031	2,781
Webster Parish Police Jury	<u>4,178</u>	<u>2,388</u>
Totals	<u>\$14,988</u>	<u>8,639</u>

3. Changes in general fixed assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>January 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 1998</u>
Equipment	<u>\$85,306</u>	<u>92,380</u>	<u>—</u>	<u>\$177,686</u>

4. Pension Plan

All of the expense fund's employees are considered employees of the Bossier and Webster Parish Police Juries and, accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The respective Police Juries 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 at December 31, 1998.

6. Litigation

There is no litigation pending against the expense fund at December 31, 1998.

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

Notes to Financial Statements
December 31, 1998

7. Arrangements with parish governments

The district judges' office space including utilities and certain office equipment and furniture are furnished by the Bossier and Webster Parish Police Juries free of charge.

8. Child Support Enforcement Fund

As established by Louisiana Revised Statute 46:236.5, which allows any court to establish or enforce support obligations to implement an expedited 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 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 Expense Fund. These funds of \$238,988 were transferred to the Expense Fund and are shown as "Other Financing Sources - Operating Transfers In" in the accompanying financial statements.

9. Deficit in Fund Balance

During the year ended December 31, 1998, the Child Support Enforcement Fund had a deficit fund balance of \$(13,105). The deficit was a result of a transfer of funds from the Child Support Enforcement Fund on December 30, 1998, that exceeded the reconciled checking account balance per books as of December 31, 1998. An overdraft in the actual bank account did not occur due to several checks remaining outstanding on December 31, 1998 and significant deposits being made to the checking account on January 6, 1999.

10. Year 2000 Issue (Unaudited)

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

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

Notes to Financial Statements
December 31, 1998

Year 2000 Issue (continued)

The Twenty-Sixth Judicial District Court Expense Fund has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting operations. System upgrades to computer hardware and software, as deemed necessary, have been installed by outside vendors. Testing and validation of the upgraded systems have been completed and the relevant systems appear to be Year 2000 compliant. Communications from the major utility providers and financial institutions indicate Year 2000 compliance. The effect of the Year 2000 issue upon other vendors, state and federal governments, and other parties with which business is conducted has not been determined.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management of the Twenty-Sixth Judicial District Court Expense Fund cannot assure that it is or will be year 2000 ready, that the remediation efforts have been successful in whole or in part, or that parties with whom business is conducted will be Year 2000 ready.

The total Year 2000 remediation costs of the Twenty-Sixth Judicial District Court Expense Fund for the year ended December 31, 1998 was \$78,031.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 1998

98-1: Uncollateralized Deposits

The State of Louisiana, in LSA Revised Statute 39:1225, requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. For the year ended December 31, 1998, the Twenty-Sixth Judicial District Court Expense Fund has \$42,824 in deposits that are not secured by either federal deposit insurance or the pledge of securities (Note 1). It is management's assertion that securities were pledged for the amount of their deposits over FDIC insurance in accordance with Louisiana Revised Statutes. However, during the course of this audit, we did not receive evidence of the pledged securities from the fiscal agent banks on the excess deposits.

98-2: Deficit in Fund Balance

For the year ended December 31, 1998, the Child Support Enforcement Fund had a deficit fund balance of \$(13,105).

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

CORRECTIVE ACTION PLAN
December 31, 1998

MANAGEMENT'S RESPONSE

98-1: Uncollateralized Deposits

The Twenty-Sixth Judicial District Court Expense Fund was assured by the fiscal agent banks that all of its deposits were adequately secured by FDIC insurance and any excess by pledged securities. Upon further investigation, the District discovered that they were under secured by the fiscal agent banks. The banks stated that the problems have been resolved and that all of the District's deposits will be adequately secured for the fiscal year December 31, 1999.

98-2: Deficit in Fund Balance

The deficit of \$(13,105) in the Child Support Enforcement Fund was a result of an excess transfer of funds from the Child Support Enforcement Fund to the Expense Fund on December 30, 1998, that exceeded the reconciled checking account balance per books as of December 31, 1998. However, the transfer was less than the actual balance of monies in the bank. An overdraft of the Child Support Enforcement Fund bank account did not occur due to several checks remaining outstanding on December 31, 1998 and significant deposits being made to the checking account on January 6, 1999. We recommend that management closely monitor the status of the Child Support Enforcement Fund insuring that all monies are deposited daily and that the bank account is reconciled on a timely basis before monies are transferred to the Judicial Expense Fund. Management agreed with these recommendations and implemented them accordingly.

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

SUMMARY OF PRIOR YEAR AUDIT FINDINGS
December 31, 1998

1. The State of Louisiana, in LSA Revised Statutes 39:1301-1314, 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 be made 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 District Court Expense Fund experienced variances in actual expenditures to budgeted expenditures in excess of the 5% limit.

FOLLOW-UP - During the fiscal year ended December 31, 1998, the Twenty-Sixth Judicial District Court Expense Fund experienced variances in actual revenues and expenditures to budgeted revenues and expenditures within the required 5% limit.

2. The State of Louisiana, in LSA Revised Statute 39:1225, requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. For the year ended December 31, 1997, the Twenty-Sixth Judicial District Court Expense Fund has \$118,345 in deposits that are not secured by either federal deposit insurance or the pledge of securities (Note 1).

FOLLOW-UP - See current year finding 98-1.