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JUDICIAL CLERK'S FUND OF THE  
THIRTY-FOURTH JUDICIAL DISTRICT COURT  
CHALMETTE, LOUISIANA

REPORT ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended December 31, 1995

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 7-31-96

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

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Member  
Society of Louisiana  
Certified Public Accountants

January 19, 1996

## INDEPENDENT AUDITOR'S REPORT

The Honorable David S. Gorbaty, Chief Judge  
and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

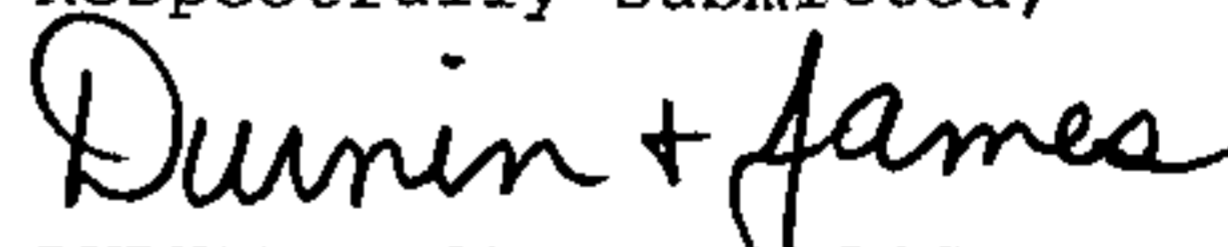
We have audited the accompanying general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, as of December 31, 1995, and for the year then ended. These general purpose financial statements are the responsibility of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court as of December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

Respectfully submitted,

  
DURNIN & JAMES, CPA'S

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1995

	<u>GOVERNMENTAL FUNDS</u>		<u>ACCOUNT GROUPS</u>	<u>TOTALS</u>	
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>(MEMORANDUM ONLY)</u>	
				<u>1995</u>	<u>1994</u>
<b><u>ASSETS</u></b>					
Assets:					
Cash	\$ 3,008	\$13,862	\$ -	\$16,870	\$18,082
Due from other governments	14,225	-	-	14,225	29,061
Prepaid expenditures	2,400	-	-	2,400	2,400
Office equipment	-	-	9,382	9,382	-
<b>TOTAL ASSETS</b>	<b><u>\$19,633</u></b>	<b><u>\$13,862</u></b>	<b><u>\$ 9,382</u></b>	<b><u>\$42,877</u></b>	<b><u>\$49,543</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Accounts payable	\$ 837	\$ -	\$ -	\$ 837	\$ 725
<b>Total Liabilities</b>	<b>\$ 837</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 837</b>	<b>\$ 725</b>
Fund equity:					
Investment in general fixed assets	\$ -	\$ -	\$ 9,382	\$ 9,382	\$ -
Fund balances:					
Unreserved-undesignated	18,796	13,862	-	32,658	28,170
Unreserved-designated for capital outlay	-	-	-	-	20,648
<b>Total Fund Equity</b>	<b><u>\$18,796</u></b>	<b><u>\$13,862</u></b>	<b><u>\$ 9,382</u></b>	<b><u>\$42,040</u></b>	<b><u>\$48,818</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$19,633</u></b>	<b><u>\$13,862</u></b>	<b><u>\$ 9,382</u></b>	<b><u>\$42,877</u></b>	<b><u>\$49,543</u></b>

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1995

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
			<u>1995</u>	<u>1994</u>
<b>Revenues:</b>				
Court costs	\$110,898	\$ -	\$110,898	\$102,308
Interest revenue	551	-	551	374
Supplement income for library from the St. Bernard Parish Council	-	-	-	20,648
Supplement income for law clerks from the St. Bernard Parish Council	-	-	-	-
Probation supervision fees	-	8,343	8,343	-
Intergovernmental grant	-	11,250	11,250	-
<b>Total Revenues</b>	<b>\$111,449</b>	<b>\$ 19,593</b>	<b>\$131,042</b>	<b>\$123,330</b>
<b>Expenditures:</b>				
Current:				
General government:				
Salaries	\$119,700	\$ -	\$119,700	\$ 94,201
Payroll taxes	9,284	-	9,284	7,331
Insurance	2,400	-	2,400	2,400
Accounting & auditing fees	4,203	-	4,203	3,606
General office expenditures	858	1,375	2,233	922
Capital outlay	5,026	4,356	9,382	-
<b>Total Expenditures</b>	<b>\$141,471</b>	<b>\$ 5,731</b>	<b>\$147,202</b>	<b>\$108,460</b>
Excess of Revenues Over Expenditures	\$(30,022)	\$ 13,862	\$(16,160)	\$ 14,870
Fund Balance at Beginning of Year	48,818	-	48,818	33,948
Fund Balance at End of Year	<u>\$ 18,796</u>	<u>\$ 13,862</u>	<u>\$ 32,658</u>	<u>\$ 48,818</u>

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS)  
AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 1995

	<u>GENERAL FUND</u>		<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	
<b>Revenues:</b>			
Court Costs	\$104,000	\$105,086	\$ 1,086
Criminal court fund	20,000	20,648	648
Interest revenue	500	551	51
<b>Total Revenues</b>	<b>\$124,500</b>	<b>\$126,285</b>	<b>\$ 1,785</b>
<b>Expenditures:</b>			
Current:			
General government:			
Salaries-law clerks	\$120,000	\$119,700	\$ 300
Payroll taxes	9,700	9,172	528
Insurance	2,400	2,400	-
Accounting & auditing fees	4,300	4,203	97
General office expenditures	900	858	42
Capital Outlay	5,050	5,026	24
<b>Total Expenditures</b>	<b>\$142,350</b>	<b>\$141,359</b>	<b>\$ 991</b>
Excess (Deficiency) of Revenues Over Expenditures	\$(17,850)	\$(15,074)	\$ 2,776
Fund Balance at Beginning of Year	18,082	18,082	-
Fund Balance at End of Year	<u>\$ 232</u>	<u>\$ 3,008</u>	<u>\$ 2,776</u>

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June, 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana.

The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith.

The judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the Judicial Clerk's Fund. In like manner, the judges, en banc, may utilize the moneys in the Judicial Clerk's Fund to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

The accounting and reporting policies of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

The accompanying general purpose financial statements of the Judicial Expense Fund of the Thirty-Fourth Judicial District 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.

**A. Reporting Entity -**

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

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1995

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

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

Because the Parish Council provides for office space, courtrooms and approval authority over its capital budget and therefore is fiscally dependent on the council, the Judicial Clerk's Fund was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Judicial Clerk's Fund and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. Fund Accounting -**

The accounts of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court are organized on the basis of one fund. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures. The fund presented in the financial statements is described as follows:

General Fund

The General Fund is the general operating fund of the Judicial Clerk's Fund. It is used to account for all financial resources.

**C. Fixed Assets -**

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 sheet.



Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1995

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. No depreciation has been provided on the general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

**D. 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.

All governmental fund revenues (court costs and interest revenue) are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Insurance is recognized as an expenditure in the period to which it is allocable.

**E. Budgets and Budgetary Accounting -**

The Fund adopted an operating budget for the general fund for the fiscal year ended December 31, 1995. The budget for the general fund is adopted on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

The Fund follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Chief Judge prepares a proposed budget and submits same to the Judges of the Thirty-Fourth Judicial District Court for their review.
2. A meeting is then held to review the proposed budget and formal adoption is made by majority vote of the Judges of the Thirty-Fourth Judicial District Court.
3. Copies of the adopted budget are kept on file for public inspection.
4. Budgetary amendments due to increase or decrease in revenues or expenditures over amounts estimated require the approval of the Judges

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1995

of the Thirty-Fourth Judicial District Court.

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

	<u>1995</u>
General Fund:	
Excess (Deficiency) of Revenues Over Expenditures (Exhibit B)	\$(30,022)
Add:	
Prior Year Receivables	29,061
Current Year Payables	837
Less:	
Current Year Receivables	14,225
Prior Year Payables	<u>725</u>
Excess (Deficiency) of Revenues Over Expenditures (Exhibit C)	<u>\$(15,074)</u>

The Fund did not comply with certain provisions of the local government budget act which require a budget to be adopted for the general fund and all special revenue funds. The Fund did not adopt a budget for the special revenue fund for the year ended December 31, 1995.

**F. Inventory -**

The Fund had no inventory on hand at December 31, 1995. Expendable supplies in the General Fund are recorded as expenditures at the time the supplies are purchased.

**G. Compensated Absences -**

There is no written policy for compensated absences. All full-time employees earn one week of annual leave. This leave is taken when the judges take their leave. Sick leave and annual leave is non-cumulative. In governmental funds, the cost of sick leave and annual leave is recognized when payments are made to employees.

**H. Fund Equity -**

**Designated Fund Balances**

Designated fund balances represent tentative plans for future use of financial resources.

**(2) CASH -**

For reporting purposes, cash includes demand deposits and time certificates of deposits. Under Louisiana law the Fund may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the Union, or under the laws of the United States. Further, the Fund may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1995

banks having principal offices in Louisiana.

As reflected in the accompanying combined balance sheet, the Fund had cash totaling \$16,870 at December 31, 1995. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash as confirmed by financial institutions at December 31, 1995, with the related federal deposit insurance. The cash at December 31, 1995, was secured as follows:

	<u>CONFIRMED BANK BALANCES DEC. 31, 1995</u>	<u>FDIC INSURANCE</u>	<u>BALANCES UNINSURED</u>
Cash	\$ 18,702	\$ 18,702	\$ -
Cash Equivalents - Time Certificates of Deposit	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total	<u>\$ 18,702</u>	<u>\$ 18,702</u>	<u>\$ -</u>

All deposits on account with financial institutions are adequately secured by the Federal Depository Insurance Corporation (FDIC) as of December 31, 1995.

**(3) DUE FROM OTHER GOVERNMENTAL UNITS -**

Due from other governmental units represent court costs collected in 1995 and received in 1995 from the following:

Court Costs:	
St. Bernard Parish Clerk of Court	\$ 10,820
St. Bernard Parish Sheriff	<u>3,405</u>
Total	<u>\$ 14,225</u>

No allowance for uncollectible receivables is required at December 31, 1995.

**(4) PREPAID EXPENDITURES -**

Prepaid expenditures at December 31, 1995 include prepaid professional liability insurance premiums.

**(5) ACCOUNTS PAYABLE -**

Accounts payable at December 31, 1995, including payroll withholding taxes and accrued payroll taxes total \$837 at December 31, 1995.

**(6) LITIGATION -**

There is no litigation pending against the Judicial Clerk's Fund at December 31, 1995.

Judicial Clerk's Fund of the  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1995

(7) **CHANGES IN GENERAL FIXED ASSETS**

The general fixed assets of the Judicial Clerk's Fund include only those assets purchased by funds provided for in the Judicial Expense Fund.

A summary of changes in general fixed assets for the year ended December 31, 1995, follows:

	<u>Balance</u> <u>01/01/95</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/95</u>
Equipment and Furniture	\$ -	\$ 9,382	\$ -	\$ 9,382
Total	\$ -	\$ 9,382	\$ -	\$ 9,382

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

# Durnin & James

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January 19, 1996

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

The Honorable David S. Gorbaty, Chief Judge  
and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

We have audited the general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, for the year ended December 31, 1995, and have issued our report thereon dated January 19, 1996.

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.

The management of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court 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 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 Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court for the year ended December 31, 1995, 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 an opinion on the internal control structure. Accordingly, we do not express such an opinion.

However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial Court, for the year ended December 31, 1995.

JUDICIAL CLERK'S FUND OF THE  
THIRTY-FOURTH JUDICIAL DISTRICT COURT

Juvenile Probation Fee Revenue

Inadequate Pre-Numbered Receipts

**Condition:** During our audit and review of receipts for juvenile probation fee revenue, we noted a number of conditions which need to be improved. First, a control copy of each pre-numbered receipt issued is not kept in the receipt book. Second, numerous receipt books are used simultaneously. Third, unissued receipt books are not kept locked and issued only when a book is completed. Improvement is needed over the pre-numbered receipts issued to make sure that all collections received are adequately accounted for. The cause of this condition appears to be an inadequate design of the internal control procedures. As a result of this condition, collections of juvenile probation fee revenue could be received and not adequately accounted for.

**Recommendation:** We recommend the present receipt books be revised to include a four-part, pre-numbered receipt. One part of the four-part receipt should be maintained in the receipt book as a control copy. We further recommend the receipt books be used one at a time with all unissued books kept in a locked drawer until needed.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated the present receipt books will be revised to include a four-part, pre-numbered receipt. A copy of the receipt will be kept in the book as a control copy. Also, receipt books will be used one at a time with all unissued books kept in a locked drawer until needed.

Collection of Cash and Personal Checks

**Condition:** During our audit and review of receipts for juvenile probation fee revenue, we noted probation officers are allowed to collect cash and personal checks from juveniles. We further noted that all probation officers are allowed to receive payments. We were unable to determine, however, if these probation officers are adequately bonded. The ability of probation officers to accept cash and personal checks combined with the inadequate receipts referred to above creates an environment in which cash could be received and not adequately accounted for. The cause of this condition appears to be an inadequate design in the internal control policies over cash collections. As a result, cash collections could be received by probation officers and not be adequately accounted for.

**Recommendation:** We recommend the Judges adopt a policy which prohibits the probation officers from accepting cash or personal checks from juveniles. We further recommend all employees with authority to accept payments be adequately bonded.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated the court will adopt a policy which prohibits probation officers from accepting cash or personal checks from juveniles. In addition, all probation officers allowed to receive payments will be adequately bonded.

Lack of Monitoring Date

**Condition:** During our audit and review of receipts for juvenile probation fee revenue, we noted the chief probation officer has authority to reduce a juvenile's sentence and to reduce the supervision fee. We further noted a monitoring date is not scheduled by the court for each juvenile to monitor the juvenile's compliance with the terms of probation. Improvement is needed in this area to make sure that all conditions of probation, including the payment any supervision fees, is complied with before a juvenile is released by the court from probation. The cause of this condition appears to be an inadequate design in the internal control procedures over juvenile probation monitoring. As a result, a juvenile could have his sentence reduced, his supervision fee reduced or waived, or other conditions of probation changed without the consent of the court.

**Recommendation:** We recommend the court consider setting a monitoring date for each juvenile six months after the sentencing date. At the monitoring date, the status of each juvenile could be assessed prior to releasing him from probation. Any changes to the original sentencing including reduction in term or changes in the supervision fee assessed



JUDICIAL CLERK'S FUND OF THE  
THIRTY-FOURTH JUDICIAL DISTRICT COURT

could be documented in the court minutes.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated the court will consider adopting a monitoring date to review the status of each juvenile before a juvenile is released from probation.

**Expenditures For Goods and Services**

**Condition:** During our audit and review of expenditures for goods and services for the Juvenile Probation Fee Special Revenue Fund, we noted the checks only contain one signature line. We did notice, however, that the checks were signed by two individuals: the chief probation officer and the chief judge. Two signature lines should be provided on each check to make sure two authorized signatures are obtained before a check is cleared by the bank. The cause of this condition appears to have been an oversight on the part of management. As a result of this condition, the bank could clear a check without the required two authorized check signers.

**Recommendation:** We recommend the present checks for the Juvenile Probation Fee Special Revenue Fund be revised to include two lines for authorized check signers.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated that they will revise the present checks for the Juvenile Probation Fee Special Revenue Fund to include two lines for authorized check signers.

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not to limit the distribution of this report which, upon acceptance by the Judges of the Thirty-Fourth Judicial District court, is a matter of public record.

Respectfully submitted,

*Durnin + James*  
DURNIN & JAMES, CPA'S

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

The Honorable David S. Gorbaty, Chief Judge  
and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

We have audited the general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, a component unit of the St. Bernard Parish Council, as of and for the year ended December 31, 1995, and have issued our report thereon dated January 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Governmental 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 Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is the responsibility of the Fund's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the 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 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 material instance of noncompliance.

## COMPLIANCE WITH STATE LAW

### Local Governmental Budget Law

The Judicial Clerk's Fund did not comply with certain budget requirements imposed by state law. Budget procedures applicable to the Judicial Clerk's Fund are specified in state law, Louisiana Revised Statutes (LSA-R.S.) 39:1301-1314. The pertinent parts of the law and the manner in which the Judicial Clerk's Fund failed to comply with the law are as follows:

State law, (LSA-R.S.)1304-1308 requires the Judicial Clerk's Fund to adopt a budget for the general fund and each special revenue fund each year.

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**Finding:** The Judicial Clerk's Fund did not adopt a budget for the Juvenile Probation Supervision Fee Special Revenue Fund for the year ended December 31, 1995. Adoption of a budget for this special revenue fund is required by state law.

**Recommendation:** We recommend the Judicial Clerk's Fund adopt a budget for the Juvenile Probation Supervision Fee Special Revenue Fund as required by state law.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated the Judicial Clerk's Fund will adopt a budget for the Juvenile Probation Supervision Fee Special Revenue Fund as required by state law.

**Asset Management Laws**

The Judicial Clerk's Fund did not comply with certain asset management requirements imposed by state law. Asset management procedures applicable to the Judicial Clerk's Fund are specified in state law, Louisiana Revised Statutes (LSA-R.S.) 24:515. The pertinent parts of the law and the manner in which the Judicial Clerk's Fund failed to comply with the law are as follows:

State law LSA-R.S. 24:515 requires political subdivisions to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase, the initial cost, the disposition, the purpose of such disposition and the recipient of the property or equipment disposed.

**Finding:** The Judicial Clerk's Fund did not maintain a complete inventory of fixed assets meeting the requirements of state law. There are no identification stickers placed on any movable assets of the Judicial Clerk's Fund. In addition, the Judicial Clerk's Fund has no inventory records containing the inventory tag number, date of purchase, vendor name, make and model number, serial number, the initial cost, location of asset, the disposition, the purpose of such disposition and recipient of the property and other information relevant to each asset.

Failure to adequately inventory and tag all movable assets places the Judicial Clerk's Fund in noncompliance with state law and reduces the effectiveness of the Judicial Clerk's Fund's control and management of its fixed asset inventory which could result in the unauthorized disposition of property.

**Recommendation:** The Judicial Clerk's Fund should immediately conduct a complete inventory of its fixed assets and tag all movable property identifying the asset as the property of the Judicial Clerk's Fund. We further recommend an inventory record be prepared for each asset identifying the tag number, date of purchase, vendor name, make and model number, serial number, the initial cost, location of the asset, the disposition, the purpose of such disposition and recipient of the property and other information relevant to each asset.

**Management's Response:** In a letter dated May 20, 1996, the Chief Judge indicated the Judicial Clerk's Fund will order identification stickers. All movable assets will be tagged and an inventory completed as required by state law.

We considered these instances of noncompliance in forming our opinion on whether the Judicial Clerk's Fund 1995 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 January 19, 1996, on those general purpose financial statements.

Except as described above, the results of our tests of compliance indicate that with respect to the items tested, the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court complied, in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that the Judicial Clerk's Fund had not complied, in all material respects, with those provisions.

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This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not to limit the distribution of this report which, upon acceptance by the Judges of the Thirty-Fourth District is a matter of public record.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPA'S