

INDEPENDENT AUDITORS' REPORT

ON

FINANCIAL STATEMENTS

COMPLIANCE AND

INTERNAL CONTROLS

OF

SECOND PARISH COURT

JUDICIAL EXPENSE FUND

FOR THE PARISH OF JEFFERSON

DECEMBER 31, 1998

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INDEPENDENT AUDITORS' REPORT
ON
GENERAL PURPOSE FINANCIAL STATEMENTS
COMPLIANCE AND
INTERNAL CONTROLS
OF
SECOND PARISH COURT JUDICIAL EXPENSE FUND
FOR THE PARISH OF JEFFERSON, LOUISIANA

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: 7-11-99

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**REBOVIE & COMPANY / HANFORD M. HARRISON
KUSHNER LAGRAZZE LLP**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Roy M. Casco
Judge, Division "A"
Honorable Calvin J. Howard, Jr.
Judge, Division "D"
Second Parish Court for the Parish of Jefferson
New Courthouse
Gretna, Louisiana

We have audited the accompanying general-purpose financial statements of the Second Parish Court Judicial Expense Fund (the Fund) as of and for the year ended December 31, 1999. These general-purpose financial statements are the responsibility of the Fund's management. 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. 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 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 Second Parish Court Judicial Expense Fund as of December 31, 1999, 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 April 30, 1999, on our consideration of the Second Parish Court Judicial Expense Fund's compliance and internal control over financial reporting.

The year 2000 supplementary information on page 9 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Second Parish Court is or will become year 2000 compliant, the year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Second Parish Court does business are or will become year 2000 compliant.

REBORE & COMPANY/HAMFORD M. HARRISON
A Professional Corporation

Rebore & Company

Hamford M. Harrison

KUSHNER LAGRADE, L.L.P.

Kushner LaGrade, L.L.P.

Notario, Louisiana
April 30, 1999

Second Parish Court Judicial Expense Fund
for the Parish of Jefferson

COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS

December 31, 1998

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>TOTAL CHROMASTON TOTALS</u>
ASSETS			
Due from Parish (Note Aa)	\$ 1,318,187	\$ -	\$1,318,187
Due from other governments (Note B)	1,550	-	1,550
Property and equipment (Notes Aa & C)	-	159,414	159,414
TOTAL ASSETS	<u>\$ 1,319,737</u>	<u>\$159,414</u>	<u>\$1,479,151</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES	\$ -	\$ -	\$ -
FUND EQUITY			
Investment in general fixed assets	\$ -	\$159,414	\$ 159,414
Fund balance	1,319,737	-	1,319,737
TOTAL FUND EQUITY	<u>\$ 1,319,737</u>	<u>\$159,414</u>	<u>\$1,479,151</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,319,737</u>	<u>\$159,414</u>	<u>\$1,479,151</u>

The accompanying notes are an integral part of this statement.

Second Parish Court Judicial Expense Fund
for the Parish of Jefferson

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE

Year Ended December 31, 1996

	<u>GENERAL FUND</u>
Revenues	
Charges for services	
Court cost assessments	\$104,862
Fines and forfeitures	<u>19,425</u>
Total revenues	<u>124,287</u>
Expenditures	
Current	
general government	
supplies and office expense	4,568
travel	13,105
law clerk salary	48,225
professional fees	<u>1,819</u>
Total expenditures	67,717
Excess of revenues over expenditures	56,570
Fund balance	
beginning of year	<u>64,238</u>
End of year	<u>\$1,210,317</u>

The accompanying notes are an integral part of this statement.

Second Parish Court Judicial Expenses Fund
for the Parish of Jefferson

NOTE TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Second Parish Court Judicial Expenses Fund for the Parish of Jefferson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

1. Reporting Entity

The Second Parish Court Judicial Expenses Fund for the Parish of Jefferson was established July 18, 1981, under the provisions of Louisiana R. S. 11:2512.22. These statutes provide for this fund to operate under the sole and exclusive authority of the Second Parish Court Judges. As such, the Parish Council is not financially accountable for these funds.

As required by generally accepted accounting principles, this report includes all funds and account groups of the Second Parish Court Judicial Expense Fund (the primary government) that are controlled or dependent on the judges of the Second Parish Court.

2. Fund Accounting

The Judicial Expense Fund uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by aggregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are typically classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Second Parish Court Judicial Expense Fund
for the Parish of Jefferson

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The General Fund of the Judicial Expense Fund is classified as a "Governmental Fund". Governmental funds are used to account for all or most of a government's general activities.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Fines and fees collected and held by intermediary collection governments at year end on behalf of the Judicial Expense Fund are considered susceptible to accrual and are recognized as revenue.

4. Budgetary Accounting

Formal budgetary accounting is not employed as a management control device during the year for the General Fund.

5. Due from Parish

The funds of the Judicial Expense Fund are held on account by the Parish as part of its General Fund. Transactions during the year are posted to this account by the Parish. Transactions affecting the balance of the account may only be authorized by the Second Parish Court judges.

Second Parish COURT Judicial Expense Fund
for the Parish of Jefferson

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. General Fixed Assets

Fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to fixed assets are capitalized.

Assets in the general fixed assets account group are not depreciated.

7. Total column on Combined Balance Sheet

The total column on the Combined Balance Sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position and results of operations in conformity with generally accepted accounting principles.

NOTE B - DUE FROM OTHER GOVERNMENTS

This amount represents the fines and fees due from the State of Louisiana, Department of Public Safety for collections made through December 31, 1998 and not yet remitted to the Judicial Expense Fund.

Second Parish Court Judicial Expense Fund
for the Parish of Jefferson

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

NOTE C - FIXED ASSETS

A summary of changes in the General Fixed Assets Account Group follows:

	BALANCE JANUARY 1, <u>1998</u>	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, <u>1998</u>
Equipment	\$ 71,783	\$ -	\$ 2,160	\$ 69,623
Furniture and fixtures	6,888	-	-	6,888
Vehicles	71,694	-	49,576	22,118
Building Improvements	60,985	-	-	60,985
Construction in Progress	-	-	-	-
	<u>\$ 210,350</u>	<u>\$ -</u>	<u>\$ 51,736</u>	<u>\$ 158,614</u>

NOTE D - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The statutes which created the Judicial Expense Fund place certain limitations and restrictions on the collections and disbursements of the fund. The Judicial Expense Fund is in compliance with all significant limitations and restrictions for 1998.

SECOND PARISH COURT JUDICIAL EXPENSE FUND
FOR THE PARISH OF JEFFERSON
SUPPLEMENTAL INFORMATION
DECEMBER 31, 1988

Parish of Jefferson Year 2000 Issue (Unaudited)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the operations of the Second Parish Court.

As of December 31, 1988, the second Parish Court completed the awareness stage and began the assessment stage necessary to implement a Year 2000-compliant system. These stages include establishing a project plan to address the Year 2000 issues and identifying systems and individual system components that may be affected by the Year 2000 and that are necessary to conducting the second Parish Court operations.

During 1989 the Second Parish Court will begin the remediation of validation/testing stages. The Second Parish Court plans to utilize both internal and external resources to reprogram or replace affected computer hardware and software to ensure that they are Year 2000 compliant. Testing and validation of the systems will need to be completed after the hardware and software are installed. The Second Parish Court is expecting to complete Year 2000 compliance for all major systems including testing of these systems by September 30, 1989.

While the Second Parish Court expects a successful resolution of all issues, there can be no guarantee that the systems of other companies on which the Second Parish Court relies will be converted by a supplier or that a failure to convert by a supplier would not have a material adverse effect on the Second Parish Court.

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 cannot assure that the Second Parish Court is or will be Year 2000 ready, that the Second Parish Court remediation efforts will be successful in whole or in part, or that parties with whom the parish does business will be year 2000 ready.

**REBOWE & COMPANY / HANFORD M. HARRISON
KUSHNER LAGRAIZE LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Roy M. Casco
Judge, Division "A"
Honorable Calvin J. Harard, Jr.
Judge, Division "B"
Second Parish Court for the Parish of Jefferson
New Courthouse
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Second Parish Court Judicial Expense Fund (the Fund) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 30, 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 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Second Parish Court, the Parish of Jefferson, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

REBOVE & COMPANY/HANFORD M. HARRISON
A Professional Corporation

Rebove & Company

Hanford M. Harrison

KUSHNER LAGRAIZE, L.L.P.

Kushner LaGratze, L.L.P.

Metairie, Louisiana
April 30, 1999