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**RUSTON CITY JUDGE'S OFFICE**

**FINANCIAL REPORT  
SEPTEMBER 30, 1999**

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 FEB 16 2000

# RUSTON CITY JUDGE'S OFFICE

## FINANCIAL REPORT SEPTEMBER 30, 1999

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**DON M. McGEHEE**  
(A Professional Accounting Corporation)  
P.O. Box 1344  
806 North Trenton  
Ruston, Louisiana 71273-1344

## INDEPENDENT AUDITOR'S REPORT

Honorable Danny Tatum  
Ruston City Judge's Office  
P.O. Box 1821  
Ruston, LA 71273-1821

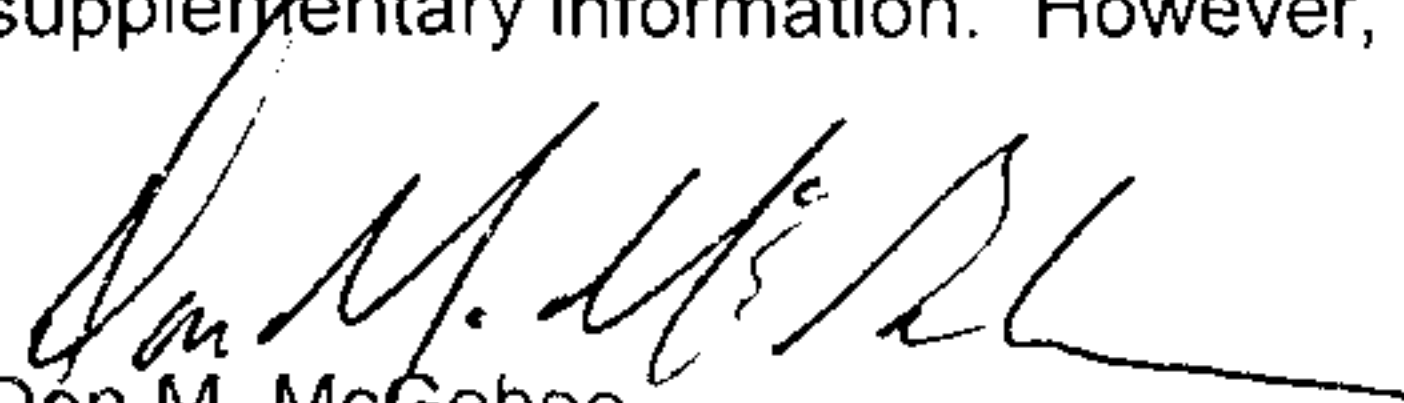
I have audited the accompanying general purpose financial statements of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ruston City Judge's Office's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ruston City Judge's Office as of September 30, 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, I have also issued a report dated September 30, 1999, on my consideration of the Ruston City Judge's Office's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The required supplementary information in Note 9 on the Year 2000 Issue is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Don M. McGehee  
Certified Public Accountant  
January 7, 2000

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

# RUSTON CITY JUDGE'S OFFICE

## COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUP SEPTEMBER 30, 1999

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memoran- dum Only)</u>
	<u>General</u>	<u>Agency</u>	<u>General Fixed Assets</u>	
<b>ASSETS</b>				
Cash	\$ 24,024	\$ 27,995	\$ 0	\$ 52,019
Due From -				
Other Funds	0	70	0	70
Governmental Units	6,839	0	0	6,839
Prepaid Insurance	2,391	0	0	2,391
Furniture and Equipment	<u>0</u>	<u>0</u>	<u>120,386</u>	<u>120,386</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 33,254</u></b>	<b><u>\$ 28,065</u></b>	<b><u>\$ 120,386</u></b>	<b><u>\$ 181,705</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 1,282	\$ 0	\$ 0	\$ 1,282
Accrued Liabilities	3,715	0	0	3,715
Accrued Fees Earned	0	2,530	0	2,530
Civil Deposits	0	25,535	0	25,535
Due To -				
Other Funds	<u>70</u>	<u>0</u>	<u>0</u>	<u>70</u>
<b>TOTAL LIABILITIES</b>	<b><u>5,067</u></b>	<b><u>28,065</u></b>	<b><u>0</u></b>	<b><u>33,132</u></b>
<b>FUND EQUITY:</b>				
Investment in General Fixed Assets	0	0	120,386	120,386
Fund Balance--Unreserved and Undesignated	<u>28,187</u>	<u>0</u>	<u>0</u>	<u>28,187</u>
<b>TOTAL FUND EQUITY</b>	<b><u>28,187</u></b>	<b><u>0</u></b>	<b><u>120,386</u></b>	<b><u>148,573</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 33,254</u></b>	<b><u>\$ 28,065</u></b>	<b><u>\$ 120,386</u></b>	<b><u>\$ 181,705</u></b>

See accompanying notes to financial statements.

# RUSTON CITY JUDGE'S OFFICE

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED SEPTEMBER 30, 1999 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>1999</u>	<u>1998</u>
<b>REVENUES</b>		
Fines and Court Costs	\$ 102,734	\$ 89,686
Interest Income	1,112	2,672
On-Behalf Revenue	143,392	148,283
Expense Recovery	0	18,077
<b>TOTAL REVENUES</b>	<u>247,238</u>	<u>258,718</u>
 <b>EXPENDITURES</b>		
Capital Outlay--Equipment	1,155	5,811
Accounting Fees	15,910	8,518
Auto Expense	1,480	14,234
Continuing Education	1,275	3,850
Contract Services	766	3,302
Dues and Subscriptions	274	1,055
Insurance	1,192	2,302
Judge Ad Hoc	2,100	7,041
Library Expense	3,119	2,913
Office Expense	17,095	20,784
On-Behalf Expenses	143,392	148,283
Professional Fees	0	1,627
Repairs and Maintenance	3,501	2,067
Retirement Contributions	2,560	5,308
Taxes	3,916	2,845
Telephone	409	2,806
Travel	2,628	9,392
Wages	31,129	48,167
<b>TOTAL EXPENDITURES</b>	<u>231,901</u>	<u>290,305</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 15,337	 (31,587)
 <b>FUND BALANCE--BEGINNING</b>	 <u>12,850</u>	 <u>44,437</u>
 <b>FUND BALANCE--ENDING</b>	 <u>\$ 28,187</u>	 <u>\$ 12,850</u>

See accompanying notes to financial statements.

## RUSTON CITY JUDGE'S OFFICE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- BUDGET (GAAP BASIS) AND ACTUAL--GOVERNMENTAL FUND TYPE GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Fines and Court Costs	\$ 104,200	\$ 102,734	\$ (1,466)
Interest Income	800	1,112	312
On-Behalf Revenue	120,000	143,392	23,392
Expense Recovery	90	0	(90)
TOTAL REVENUES	<u>225,090</u>	<u>247,238</u>	<u>22,148</u>
EXPENDITURES			
Capital Outlay--Equipment	0	1,155	(1,155)
Accounting Fees	16,000	15,910	90
Auto Expense	2,500	1,480	1,020
Continuing Education	1,000	1,275	(275)
Contract Services	3,650	766	2,884
Dues and Subscriptions	500	274	226
Insurance	2,100	1,192	908
Judge Ad Hoc	2,100	2,100	0
Library Expense	3,600	3,119	481
Office Expense	21,524	17,095	4,429
On-Behalf Expenses	120,000	143,392	(23,392)
Repairs and Maintenance	550	3,501	(2,951)
Retirement Contributions	3,400	2,560	840
Taxes	4,400	3,916	484
Telephone	900	409	491
Travel	3,100	2,628	472
Wages	32,550	31,129	1,421
TOTAL EXPENDITURES	<u>217,874</u>	<u>231,901</u>	<u>(14,027)</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,216	15,337	8,121
FUND BALANCE--BEGINNING	<u>14,143</u>	<u>12,850</u>	<u>(1,293)</u>
FUND BALANCE--ENDING	<u>\$ 21,359</u>	<u>\$ 28,187</u>	<u>\$ 6,828</u>

See accompanying notes to financial statements.

# **RUSTON CITY JUDGE'S OFFICE**

## **NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 1999**

The Ruston City Judge's Office was created on July 8, 1926, under the provisions of Act 157 of the Louisiana Legislature Summer Session.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Ruston City Judge's Office conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

For financial reporting purposes, in conformity with GASB Statement No. 14, the Ruston City Judge's Office is a component unit of the City of Ruston. For the purposes of this financial report this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

#### **B. Fund Accounting**

The accounts of the Ruston City Judge's Office are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. 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 various funds are grouped, in the financial statements presented in this report, into two generic fund types and two broad fund categories as follows:

##### **Governmental Funds--**

**General Fund.** The General Fund is the general operating fund of the Ruston City Judge's Office. It is used to account for all financial resources except those required to be accounted for in another fund.

##### **Fiduciary Funds--**

**Agency Fund.** The Agency Fund is used to account for assets held by the Ruston City Judge's Office as an agent for individuals and private organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. At any given point in time, total Agency Fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held by the Ruston City Judge's Office. Agency Funds have no fund equity. Agency Funds do not have GAAP operations or GAAP operating statements.

##### **General Fixed Assets Account Group--**

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets. General fixed assets are recorded as an expenditure in the governmental fund type when purchased.



# RUSTON CITY JUDGE'S OFFICE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all revenues. Expenditures are recorded when the related fund liability is incurred.

#### D. Budgetary Practices

The Ruston City Judge's Office prepared an operating budget on its general fund for the year ended September 30, 1999, as required by generally accepted accounting principles as applicable to governmental units and as required by Louisiana law. The operating budget is monitored by management and amended throughout the year as necessary. Prior to the year end, the Judge adopted an amended budget approving revisions to revenues and expenditures. The amended budget for the General Fund is presented in the Statement of Revenue, Expenditures, and Changes in Fund Balance--Budget and Actual. No budgets are necessary on Agency Funds of the Ruston City Judge's Office as these funds are of a custodial nature.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

#### E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided for services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

#### F. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

#### G. Total Columns on the Combined Statement

The total columns on the combined statement is captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

# RUSTON CITY JUDGE'S OFFICE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the financial position and operations. Certain amounts for 1998 have been reclassified to conform to the 1999 presentation.

#### I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 - CASH AND INVESTMENTS

Cash and investments consists of interest bearing demand deposits. Under state law, the City Judge may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Deposits are carried at cost which approximates market value. At September 30, 1999, the carrying amount of deposits was \$52,019 and the bank balance was \$65,938. The bank balance was covered by federal depository insurance.

### NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 1999, consisted of the following individual fund receivables and payables:

Fund	Interfund Receivables	Interfund Payables
General Fund - Due To Civil Fund		\$ 70
Agency Fund - Due From General Fund	\$ 70	
Totals	\$ 70	\$ 70

### NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at September 30, 1999, consisted of the following:

Fines and Court Costs Due from the Ruston Ward Marshal	\$ <u>6,839</u>
--	-----------------

# RUSTON CITY JUDGE'S OFFICE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

### NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets during 1999 is as follows:

	<u>Balance 10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/99</u>
Furniture and Equipment	\$ <u>119,231</u>	\$ <u>1,155</u>	\$ <u>0</u>	\$ <u>120,386</u>
Totals	\$ <u>119,231</u>	\$ <u>1,155</u>	\$ <u>0</u>	\$ <u>120,386</u>

### NOTE 6 - PENSION PLAN

The Ruston City Judge's Office provides retirement benefits to some court employees through contributions to the Louisiana State Employment Retirement System, a cost sharing multiple-employer defined benefit pension plan administered and controlled by a Board of Trustees. The retirement system provides retirement, disability, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The retirement system issues a publicly available financial report. That report may be obtained by writing to Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling 1-800-256-3000.

Plan members are required to contribute 11.5% of their annual covered salary and the Ruston City Judge's Office is required to contribute at an actuarially determined rate. The current rate is 12.4% of annual covered payroll. The contribution requirements of employers are established annually by the Board of Trustees based upon actuarially determined rates. The Ruston City Judge's Office made contributions for the year ending September 30, 1999 of \$2,560 equal to the required contribution for that year.

### NOTE 7 - ON-BEHALF PAYMENTS

Employees of the Ruston City Judge's Office received salaries and fringe benefits from the City of Ruston and the State of Louisiana. The following is a summary of these on-behalf payments:

Salaries	\$ 123,778
Fringe Benefits	<u>19,614</u>
Totals	\$ <u>143,392</u>

Fringe benefits paid by the City of Ruston and the State of Louisiana include pension plan contributions to the Louisiana State Employees' Retirement System. The City of Ruston also makes pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

# RUSTON CITY JUDGE'S OFFICE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

### NOTE 8 - FIDUCIARY FUND

The Ruston City Judge's Office collects deposits from and makes remittances on behalf of citizens who have brought a civil suit to the court. A summary of changes in assets and liabilities are as follows for the year ended September 30, 1999:

	<u>Balance</u> <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/99</u>
<b>ASSETS</b>				
Cash in Banks	\$ 79,875	\$177,556	\$229,436	\$ 27,995
Due from General Fund	<u>389</u>	<u>1,126</u>	<u>1,445</u>	<u>70</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 80,264</u></b>	<b><u>\$178,682</u></b>	<b><u>\$230,881</u></b>	<b><u>\$ 28,065</u></b>
<b>LIABILITIES</b>				
Accrued Fees Earned	\$ 60,650	\$ 43,605	\$101,725	\$ 2,530
Civil Deposits	19,614	131,702	125,781	25,535
Due to General Fund	<u>0</u>	<u>980</u>	<u>980</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 80,264</u></b>	<b><u>\$176,287</u></b>	<b><u>\$228,486</u></b>	<b><u>\$ 28,065</u></b>

### REQUIRED SUPPLEMENTARY INFORMATION:

### NOTE 9 - YEAR 2000 ISSUE

The Ruston City Judge's Office is aware of the Year 2000 issue and that it could affect the operations of the computers used in the office. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.

## **OTHER REPORTS AND SCHEDULES**

**DON M. McGEHEE**  
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P.O. Box 1344  
806 North Trenton  
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S 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 Danny Tatum  
Ruston City Judge's Office  
P.O. Box 1821  
Ruston, LA 71273-1821

I have audited the general purpose financial statements of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 1999, and have issued my report thereon dated January 7, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

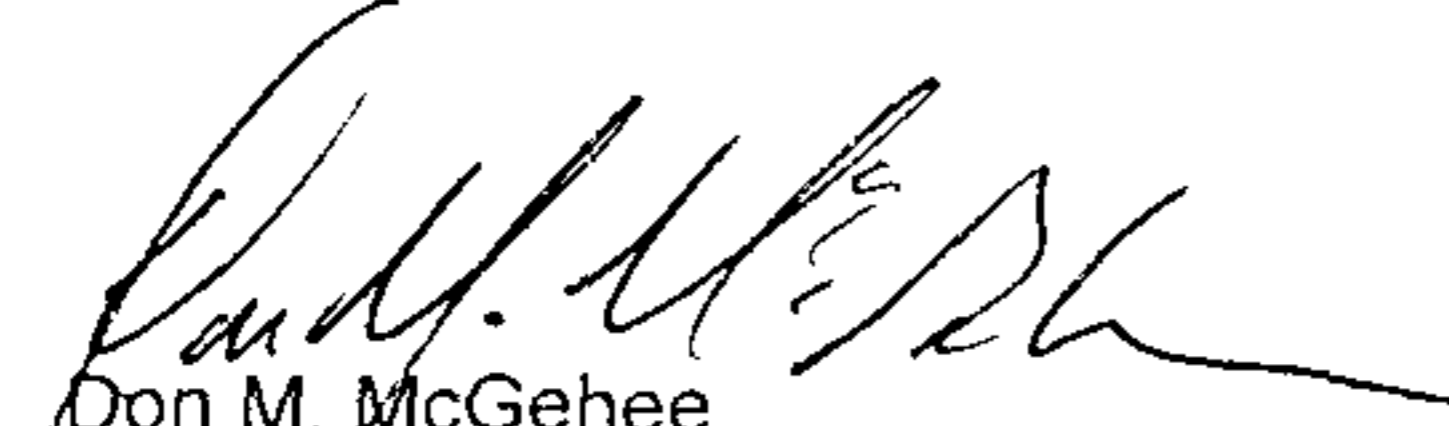
As part of obtaining reasonable assurance about whether the Ruston City Judge's Office's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ruston City Judge's Office's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Ruston City Judge's Office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #1999-1.

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. My 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, I consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the Ruston City Judge's Office, the City of Ruston, and the Legislative Auditor of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee  
Certified Public Accountant

January 7, 2000

# RUSTON CITY JUDGE'S OFFICE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 1999

I have audited the financial statements of the Ruston City Judge's Office as of and for the year ended September 30, 1999, and have issued my report thereon dated January 7, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the *Comptroller General of the United States*. My audit of the financial statements as of September 30, 1999 resulted in an unqualified opinion.

### Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

### Section II Financial Statement Findings

**1999-1.** The Ruston City Judge's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.



# RUSTON CITY JUDGE'S OFFICE

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 1999

### SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

#### FINDINGS

1999-1. **Separation of Duties.** Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

#### RESPONSE

It would not be cost-effective to hire additional personnel to provide adequate separation of duties for internal control for this size workload.

### SECTION II MANAGEMENT LETTER

No findings have been reported under this section.