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INDEPENDENT AUDITOR'S REPORT

**38TH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

COMPONENT UNIT FINANCIAL REPORT

DECEMBER 31, 1999

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Release Date 7/19/00

THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA

ANNUAL FINANCIAL STATEMENT WITH AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

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McRight & Associates

Certified Public Accountants
11817 Bricksome Ave., Suite E
Baton Rouge, LA 70816
(504) 292-2041

Jeanette R. McRight, CPA, MBA

L. Dalton McRight, CPA, MBA

INDEPENDENT AUDITORS' REPORT

Honorable Judge H. Ward Fontenot
38th Judicial District Court
Judicial Expense Fund
Cameron, Louisiana

We have audited the general purpose financial statements of the 38th Judicial District Court Judicial Expense Fund a component unit of the Cameron Parish Police Jury, Cameron, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These component unit financial statements are the responsibility of the Districts's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the 38th Judicial District 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 our report dated June 14, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

McRyba & Associates

Baton Rouge, Louisiana
June 14, 2000

**THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1999**

A S S E T S

	<u>Governmental Fund Type</u>	<u>General Fund</u>
Cash (Note 5)	\$ 22,733	
Due from other Governments	2,360	
Equipment (Note 2)	-	
	\$ 25,093	
Total Assets	\$ 25,093	

L I A B I L I T I E S A N D F U N D E Q U I T Y

Liabilities:		
Accounts Payable	\$	
Total Liabilities		
Fund Equity:		
Investment in General Fixed Assets		
Fund Balance:		
Unreserved - Undesignated	25,093	
Total Fund Equity	25,093	
Total Liabilities and Fund Equity	\$ 25,093	

The accompanying notes are an integral part of this statement

<u>Account Group</u>	<u>Total (Memorandum Only)</u>
<u>General Fixed Assets</u>	<u>1999</u>
\$ -	\$ 22,733
-	2,360
<u>33,354</u>	<u>33,354</u>
<u>33,354</u>	\$ <u>58,447</u>
\$ -	\$
-	
<hr/>	<hr/>
-	
<hr/>	<hr/>
33,354	33,354
	<u>25,093</u>
<u>33,354</u>	<u>58,447</u>
\$ <u>33,354</u>	\$ <u>58,447</u>

THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
<u>REVENUES</u>	
Court Fees	\$ 25,315
<u>EXPENDITURES</u>	
Judicial	
Audit Fees	1,500
Dues & Subscriptions	44
Office	7,418
Salaries & Payroll Taxes	2,123
Seminars and Travel	7,707
Supplies	899
Capital Outlay	11,151
TOTAL EXPENDITURES	30,842
Excess of revenues over expenditures	(5,527)
Fund Balance at beginning of year	30,620
	25,093
Fund Balance at end of year	25,093

The accompanying notes are an integral part of this statement

THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVOR.)</u>
<u>REVENUES</u>			
Court Fees	\$25,000	\$ 25,315	315
<u>EXPENDITURES</u>			
Judicial			
Audit Fees	1,500	1,500	
Dues & Subscriptions	45	44	1
Office	7,500	7,418	82
Salaries & Payroll Taxes	2,150	2,123	27
Seminars and Travel	7,700	7,707	(7)
Supplies	900	899	1
Capital Outlay	12,000	11,151	849
TOTAL EXPENDITURES	<u>31,795</u>	<u>30,842</u>	<u>953</u>
Excess of revenues over expenditures	(6,795)	(5,527)	1,268
Fund Balance at beginning	<u>30,620</u>	<u>30,620</u>	<u>0</u>
Fund Balance at end of year	<u><u>23,825</u></u>	<u><u>25,093</u></u>	<u><u>1,268</u></u>

The accompanying notes are an integral part of this statement

**THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The 38th Judicial District Court Judicial Expense Fund was created by Louisiana Revised Statute 13:996.51. This fund was established "for any purpose or purposes connected with, incidental to, or related to the proper administration or function of the court or the offices of the individual judges and is supplemental and in addition to any and all other funds, salaries, expenses, or other monies provided, authorized, or established by law for these purposes." Until September, 1992, the accounting for these funds was performed by the Cameron Parish Police Jury. At that time, the District Judge authorized the remaining funds under the Police Jury's control to be transferred to the Criminal Court Fund to be used to offset expenses of the District Court. Any new collections and subsequent disbursements were accounted for through this fund.

This fund is a function of the Cameron Parish District Court system, which is a component unit of the Cameron Parish Police Jury, and as such this fund is also a component unit of the Cameron Parish Police Jury. This report includes all of the funds relating to the Judicial Expense Fund itself as of December 31, 1999 but not the District court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the 38th Judicial District Court Judicial Expense Fund, a component unit of the Cameron Parish Police jury, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) was established to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financial 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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury 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 police jury.
2. Organizations of which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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 of one or more of the reasons stated above, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting unit. The accompanying financial statements present information only on the Judicial Expense Fund maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Agency 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 segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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.

General Fund

The General Fund is the principal fund of the Agency and is used to account for the fund's collection and subsequent disbursement of the specifically designated fee collected by the clerk of court or sheriff from every defendant who is convicted after trial or after plea of guilty, or who forfeits his bond. General operating expenditures are paid from this fund.

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.

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. The Fund does consider the collections described above to be susceptible to accrual.

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

E. BUDGET PRACTICES

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year end.

F. ENCUMBRANCES

The Agency does not use encumbrance accounting.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the assessor 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.

Investments are limited by R.S. 33:2955 and the Agency's investment policy. If the original maturities exceed 90 day they are classified as investments; however if the original maturities are 90 days or less, they are classified as cash equivalents.

H. PREPAID ITEMS

The Agency's policy is to expenses all items in the period purchased. This policy does not materially misstate the financial statements.

I. FIXED ASSETS

Fixed assets used in the 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 when purchased. Fixed assets are valued at historical cost and no depreciation has been provided on the general fixed assets.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

J. RETIREMENT/ VACATION BENEFITS

The Judge's salary and other court employees' salaries are paid by other reporting entities and their retirement will be provided by those entities. These individuals are employees of the Cameron Parish Police Jury. This Fund only pays a minor amount of salary for bookkeeping services and does not provide any other retirement or vacation benefits.

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from the General Fund are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when due.

L. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future time.

Designated Fund Balance

Designated fund balance represents tentative plans for future use of financial resources.

M. TOTAL COLUMNS ON STATEMENTS

The total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CHANGES IN GENERAL FIXED ASSETS

Changes in general fixed assets are summarized as follows:

	<u>1999</u>
Balance - beginning	\$22,203
Additions	11,151
Deletions	
Balance - ending	<u>33,354</u>

3. CASH AND RELATED INVESTMENTS

At December 31, 1999, the Agency has cash and cash equivalents (book balances) totaling \$22,733 as follows:

Demand Deposits	\$ 22,733
Time Deposits	
Total	<u>22,733</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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, 1999, the Agency has \$22,733 in deposits. These deposits are secured from risk by \$22,733 of federal deposit insurance and the remainder, if any, is secured by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category #3) under the provisions of GASB Statement 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 Agency that the fiscal agent has failed to pay deposited funds upon demand.

5. EXPENDITURES OF THE AGENCY NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Cameron Parish Police Jury provided the office space and utilities for the Agency's office for the year ended December 31, 1999. Expenditures for these items are not reflected in the accompanying financial statements.

6. JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Management has represented that there is no litigation pending against the Judicial Expense Fund at December 31, 1999.

McRight & Associates

Certified Public Accountants
11817 Bricksome Ave., Suite E
Baton Rouge, LA 70816
(504) 292-2041

Jeanette R. McRight, CPA, MBA

L. Dalton McRight, CPA, MBA

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

We have audited the component unit financial statements of the 38th Judicial District Court Judicial Expense Fund, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 14, 2000. 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 38th Judicial District Court Judicial Expense Fund's component unit 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 38th Judicial District Court Judicial 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 structure 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 a 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 component unit 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 weakness.

This report is intended for the information of the 38th Judicial District Court Judicial Expense Fund's management and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

McRynold Associates

June 14, 2000

**THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA**

**SCHEDULE OF CURRENT FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

SECTION 1 SUMMARY OF AUDITORS' REPORTS/RESULTS

- A. The type of report issued on the financial statements was an unqualified opinion.
- B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control Material Weaknesses Yes No
Internal Control Reportable Condition Yes No

Compliance Material to Financial Statements Yes No

- C. Federal Awards

Not applicable

- D. A management letter was not issued.

SECTION II FINANCIAL STATEMENT FINDINGS

None

**THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1999**

Prior audits have included a finding for "inadequate segregation of duties" on which the Agency has stated that the costs to establish proper segregation of duties would be more than the benefits obtained. Therefore, we believe that the finding does not warrant further action.

**THIRTY-EIGHTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CAMERON, LOUISIANA**

**CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1999**

**THERE WERE NO AUDIT FINDING OR MANAGEMENT LETTER COMMENTS FOR
THE CURRENT YEAR.**