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14TH JUDICIAL DISTRICT COURT CHILD SUPPORT
ENFORCEMENT FUND
COMPONENT UNIT FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 08-30-00

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GUS SCHRAM & CO., Ltd.

A PROFESSIONAL CORPORATION

Certified Public Accountants

Business Consultants

INDEPENDENT AUDITORS' REPORT

Honorable Judge Billy Ezell
14th Judicial District Court Child Support Enforcement Fund
Lake Charles, Louisiana

We have audited the accompanying component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the District's Board. Our responsibility is to express an opinion on these 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 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the 14th Judicial District Court Child Support Enforcement 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 15, 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.

Gus Schram & Co., Ltd.

June 15, 2000

FOURTEENTH JUDICIAL DISTRICT COURT
 CHILD SUPPORT ENFORCEMENT FUND
 LAKE CHARLES, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES
 AND ACCOUNT GROUPS
 As of December 31, 1999

Statement A

	Governmental Fund Type	Account Group	Account Group	TOTALS (Memorandum Only) 1999
	General Fund	General Fixed Assets	General Long-Term Debt	
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Investments	\$ 383,059	\$ -	\$ -	\$ 383,059
Interest Receivable	11,429	-	-	11,429
Miscellaneous Receivable	466	-	-	466
Deferred Expenditures (Note 1-G)	153,647	-	-	153,647
Equipment (Note 3)	-	163,741	-	163,741
Other debits:				
Amount to be provided for retirement of general long-term debt	-	-	18,867	18,867
TOTAL ASSETS AND OTHER DEBITS	\$ 548,601	\$ 163,741	\$ 18,867	\$ 731,209
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 11,332	\$ -	\$ -	\$ 11,332
Capital Leases (Note 4)	-	-	18,867	18,867
Total Leases	11,332		18,867	30,199
FUND EQUITY AND OTHER CREDITS				
Investment in General				
Fixed Assets	-	163,741	-	163,741
Fund Balance:				
Reserved - Deferred Expenditures	153,647	-	-	153,647
Unreserved - Undesignated	383,622	-	-	383,622
Total Fund Equity	537,269	163,741	-	701,010
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 548,601	\$ 163,741	\$ 18,867	\$ 731,209

"The Accompanying Notes are an Integral Part of this Statement."



FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
As of December 31, 1999

Statement B

	<u>1999</u>
REVENUES	
Collection Fees	\$ 363,861
Interest Income	<u>16,817</u>
 Total Revenues	 380,678
 EXPENDITURES	
Current Judicial:	
Audit Fees	2,350
Dues and Subscriptions	8,321
Miscellaneous Operating	11,429
Operating Grants	30,000
Parking Fees	3,042
Police Jury Salary Reimbursement (Note 1-G)	262,144
Registration Fees	3,394
Repairs and Maintenance	3,089
Supplies	9,723
Telephone	5,091
Training/Travel	10,510
Capital Outlay	11,418
Debt Service	<u>10,308</u>
 Total Expenditures	 370,819
 Excess (Deficiency) of Revenue Over Expenditures	 9,859
 Fund Balance - January 1	 <u>527,410</u>
 Fund Balance - December 31	 \$ <u><u>537,269</u></u>

"The Accompanying Notes are an Integral Part of this Statement."

FOURTEENTH JUDICIAL DISTRICT COURT
 CHILD SUPPORT ENFORCEMENT FUND
 LAKE CHARLES, LOUISIANA
 STATEMENT OF CHANGES IN ASSETS AND
 LIABILITIES - AGENCY FUNDS
 For the Year Ended December 31, 1999

Statement C

	Balance January 1,	Additions	Deletions	Balance December 31, 1999
ASSETS				
Cash and Cash Equivalents	\$ -0-	\$ 8,903,693	8,903,693	\$ -0-
LIABILITIES				
Due to other Governments Units	\$ -0-	\$ 8,903,693	\$ 8,903,693	\$ -0-

"The Accompanying Notes are an Integral Part of this Statement."

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The 14th Judicial District Court Child Support Enforcement Fund was created by Louisiana Revised Statute 46:236.5. This fund was established as an expedited process for the establishment or enforcement of child support obligations. According to the authorizing statute, any court with jurisdiction to establish paternity or to establish or enforce support obligations may implement the above expedited process. This fund was established in 1991.

This fund is a function of the Calcasieu Parish District Court System, which is a component unit of the Calcasieu Parish Police Jury, and as such, this fund is also a component unit of the Calcasieu Parish Police Jury. This report includes all of the funds relating to the Child Support Enforcement Fund itself as of December 31, 1999 but not the District Court or the Calcasieu Parish Police Jury.

B. PRESENTATION OF STATEMENTS

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. Since then, GASB reissued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; and, the Louisiana Governmental Audit Guide.

C. FUND ACCOUNTING

The Agency uses funds and account groups to report 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the 14th Judicial District Court Child Support Enforcement Fund are classified as a governmental fund type (general fund) and fiduciary fund type (agency).

The governmental fund (general fund) is the primary operating fund. It accounts for the collection of the authorized administration fee (5%) that is earned and deducted from all collections of child support, including the fees collected for Beauregard Parish as disclosed in Note 6. The remaining funds (95%) are sent directly to the State Treasury and are reported in an agency fund.

Account Groups are used to establish accounting control and accountability for the Fund's general fixed assets and long term debt. The general fixed assets account group is established to account for the fixed assets purchased with Child Support Enforcement Funds. The general long-term debt fund is established to account for long-term debt incurred by the Child Support Enforcement Funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. The Fund does not consider the collections described above to be susceptible to accrual.

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

E. BUDGET POLICY

Since this fund is an extension of the District Court System, the Louisiana Budget Act is not applicable.

F. RETIREMENT/VACATION BENEFITS

The various court employees' salaries are paid by the Calcasieu Parish Police Jury and their retirement and vacation benefits are established and provided by the Police Jury since these individuals are employees of the Police Jury. The Child Support Fund does reimburse the Police Jury for the salaries and benefits of individuals specifically working with this fund's activities. The Fund does not provide any direct benefits in the form of retirement or vacation.

G. DEFERRED EXPENDITURES/RESERVED FUND BALANCE

The fund reimburses the Calcasieu Parish Police Jury for the salary and related benefits of individuals who specifically work on the activities associated with the expedited child support enforcement. In late December of each year, the fund pays salary and related benefits for portions of the following year. Since the expenditure is for 2000, a deferred expenditure has been recorded as well as a reservation of fund balance.

H. FIXED ASSETS

Fixed assets are used in governmental fund types and are recorded in the general fixed asset account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed asset account group are not depreciated.

I. CASH

Cash includes amounts in interest bearing demand deposit accounts. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, certificates of deposit, or securities issued or guaranteed by the U.S. government or its agencies.

Deposits in excess of federally insured amounts are required by statute to be protected by collateral securities of at least equal market value. The types of securities authorized by statute include U.S. Treasury and U.S. government agency obligations, general obligations of any state of the U.S., and general obligation bonds of Louisiana local governments. (See Note 2 for additional cash disclosures.)

J. ESTIMATES

The preparation of the component unit financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

K. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the component unit financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles.

NOTE 2: CASH AND INVESTMENTS

At December 31, 1999, 14th Judicial District Court Child Support Enforcement Fund had the following balance in its cash and investment accounts:

	<u>Bank Balance</u>	<u>Book Balance</u>
<u>Cash Accounts</u>		
Bank One	\$ 34,262	\$ 34,262
Merrill Lynch Money Market Fund	15,808	15,808
<u>Certificates of Deposit</u>		
Cameron State Bank	124,726	124,726
Bank One	118,263	118,263
Merrill Lynch (Certificates of Deposit at one FDIC financial Institute)	<u>90,000</u>	<u>90,000</u>
Total Cash and Certificates of Deposit	<u>\$ 383,059</u>	<u>\$383,059</u>

With the exception of the \$15,808 Merrill Lynch Money Market Fund, the above deposits and certificates of deposit were fully covered by FDIC or pledged collateral and are classified as Category 1 based on the level of credit risk (as defined by the Governmental Accounting Standards Board). The Merrill Lynch Money Market Fund is classified as Category 3.

NOTE 3: GENERAL FIXED ASSETS

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

	Balance December 31, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Equipment	<u>\$152,323</u>	<u>\$11,418</u>	<u>\$ -</u>	<u>\$163,741</u>

Assets in the amount of \$35,987 are included in the above totals and are subject to capital leases as disclosed in Note 4.

NOTE 4: GENERAL LONG-TERM DEBT

Long-Term Debt at December 31, 1999 consists of the following capital leases:

- (1) On October 16, 1997, the Fund leased equipment subject to 36 payments at \$276.68 monthly, with an interest rate of 3.045%.
- (2) On October 17, 1997, the Fund leased equipment subject to 60 payments at \$582.33 monthly, with an interest rate of \$11.50%.

The annual requirements to amortize all debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 7,838	\$ 1,640	\$ 9,478
2001	6,031	957	6,988
2002	<u>4,998</u>	<u>243</u>	<u>5,241</u>
	<u>\$18,867</u>	<u>\$ 2,840</u>	<u>\$21,707</u>

Changes in Long-Term Debt. A summary of changes in long-term obligations is as follows:

	Balance at December 31, <u>1998</u>	Current <u>Additions</u>	Current <u>Retirements</u>	Balance at December 31, <u>1999</u>
Capital Leases	<u>\$ 26,759</u>	<u>\$ -</u>	<u>\$ 7,892</u>	<u>\$ 18,867</u>

NOTE 5: JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

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

NOTE 6: JOINT SERVICE AGREEMENT/OPERATING GRANTS

The Child Support Enforcement Fund entered into a contract with the Beauregard District Court System to establish and administer an expedited child support enforcement activity for that area. The Fund will administer the program in return for one-half of the administrative fee deducted from the child support payments. The contract also states that the hearing officer will attend court several times a month in Beauregard in exchange for additional salary compensation. The total payments for the joint service agreement for 1999 was \$28,239, which is offset against the 5% collection revenue.

The Child Support Enforcement Fund also entered into an operating grant agreement with the Calcasieu Parish Sheriff's office for the employment of two part-time individuals by the Sheriff's office. The individuals were to be hired for the specific purposes of service, notification and other duties commensurate with law enforcement for the Child Support Enforcement Section of the Office of Family Support. The 1999 grant was for \$30,000. Each subsequent year, the grant will also be for \$30,000.



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

Board of Commissioners
14th Judicial District Court Child
Support Enforcement Fund
Lake Charles, Louisiana

We have audited the component unit financial statements of 14th Judicial District Court Child Support Enforcement Fund as of and for the year ended December 31, 1999, and have issued our report thereon dated June 15, 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 Child Support Enforcement'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 Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition noted is described below.

Lack of Segregation of Duties

Condition: There is a lack of segregation of duties over financial activity.

Criteria: An effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Effect: When internal control is limited by a lack of segregation of duties there is always a possibility that transactions could be processed that would negatively affect the entity.

Cause: Because of the entity's size, it is not feasible to segregate duties to achieve effective internal accounting control.

Recommendation: We do recommend that, whenever possible, management take an active interest in reviewing the monthly financial information.

Management's Response: Management concurs with the above recommendation.

A material weakness is a reportable 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of 14th Judicial District Court Child Support Enforcement Fund and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Gus Schram ACo, Ltd.

June 15, 2000

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND
SCHEDULE OF CURRENT YEAR FINDINGS
DECEMBER 31, 1999

SECTION I 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 Conditions Yes No

Compliance Material to Financial Statements Yes No

C. Federal Awards

Not Applicable

SECTION II FINANCIAL STATEMENT FINDINGS

A. Internal Control - See page 12 - Reportable condition and material weakness for Lack of Segregation of Duties reported directly on Report on Compliance and Internal Control over Financial Reporting.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 1999

Besides the continued reporting of lack of segregation of duties, there was one other prior year finding.

Review of Year 2000 Issue (Unaudited):

Finding: Management had not completed identification, modification and testing of all systems for Year 2000 compliance.

Recommendation: Complete efforts to ensure Year 2000 compliance prior to December 31, 1999.

Current Status: Management has encountered no known problems in respect to the Year 2000 issue as of June 15, 2000.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
DECEMBER 31, 1999

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Lack of Segregation of Duties

Due to limited personnel and the small size of the entity, it is not feasible to segregate these duties. Management does perform a monthly overview of the accountability of the fund and will continue to do so.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable to the District.