

9076

1577 JEFFERSON
90 MAR 10 AM 9:10

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
Check necessary
copies from this
copy and **PLACE
BACK IN FILE**

**CLERK'S SUPPLEMENTAL
COMPENSATION FUND**
Baton Rouge, Louisiana

AUDIT REPORT

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, 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: MMF 1 8 1998

CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	1-2
General Purpose Financial Statements	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to the Financial Statements	6-8
Supplementary Information	
Schedule of General Government Expenditures	10
Miscellaneous Required Reports	
Independent Auditor's Report on the Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	12-14
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	16-17
Schedule of Noncompliance with Laws and Regulations	18-19



A Professional Corporation of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Clerks' Supplemental Compensation Fund Board
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, management. 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; Governmental Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide. 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 statements 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 Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, as of June 30, 1997, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 22, 1998 on our consideration of Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, internal control structure and a report dated February 22, 1998 on its compliance with laws and regulations.

GREGORY J. INZERELLA, CPA

BARBARA B. FELDMAN, CPA

ERIC J. BRIDGEMAN, CPA

J. DAVID BRANN, CPA

JULE W. FOURCAL, CPA

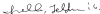
THE B. HOFFER, CPA

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GOVERNMENT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

To the Clerks' Supplemental Compensation Fund Board

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



INZERELLA, FELDMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

February 22, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

CLERKS' SUPPLEMENTAL COMPENSATION FUND
Baton Rouge, Louisiana

Balance Sheet
June 30, 1997

ASSETS	
Cash	\$ 34,803
Accounts Receivable	<u>14,272</u>
TOTAL ASSETS	<u>\$ 49,075</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	\$ 0
FUND BALANCE RESERVED	<u>49,075</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 49,075</u>

The accompanying notes are an integral part of this statement.

Page 4

CLERKS SUPPLEMENTAL COMPENSATION FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Two Years Ended June 30, 1997

REVENUES	
Opening revenues	\$1,287,180
Interest earned on investments	<u> 4,863</u>
TOTAL REVENUES	1,292,043
GENERAL GOVERNMENT EXPENDITURES	<u>1,308,432</u>
EXCESS OF REVENUES OVER EXPENDITURES	(16,389)
FUND BALANCE, JUNE 30, 1995	<u> 85,068</u>
FUND BALANCE, JUNE 30, 1997	<u>\$ 68,679</u>

The accompanying notes are an integral part of this statement.

Page 5

CLERKS' SUPPLEMENTAL COMPENSATION FUND
Baton Rouge, Louisiana

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 8, 1987, Louisiana Revised Statute 13:761 created the Clerks' Supplemental Compensation Fund. It was created to supplement the salaries of the clerks of court of the district courts and is in addition to any compensation otherwise authorized by law. The Clerks' Supplemental Compensation Fund Board was created and is composed of five members appointed by the board of directors of the Louisiana Clerks of Court Association. The uncompensated members of the board shall serve two-year terms unless otherwise specified and they may not serve more than two successive terms. The Chairman of the Board shall be responsible for the distribution of the proceeds of the fund and he shall keep detailed and accurate records.

The accounting and reporting policies of the Clerks' Supplemental Compensation Fund conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, *Audit of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. FINANCIAL REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the 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.

For financial reporting purposes, there are no other funds, account groups, activities, or assets, that are financially accountable to the Clerks' Supplemental Compensation Fund.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
Baton Rouge, Louisiana

Notes to the Financial Statements (Continued)

B. FUND ACCOUNTING

The accounts of the Clerks' Supplemental Compensation Fund are organized on the basis of a fund. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in this individual fund based upon the purpose for which they are to be spent, and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:763, is the principal fund of the Clerks' Supplemental Compensation Fund and is used to account for the operations of the Clerks' Supplemental Compensation Fund.

The clerk of each district court shall remit to the Clerks' Supplemental Compensation Fund from the funds transferred from the advance-deposit account to the salary fund account an amount calculated at the statutorily established rate for every original civil suit filed in his office. Each clerk of court shall remit all costs so collected to the board monthly on or before the tenth day of each calendar month. The amount remitted by the clerk is the Operating Revenues of the Clerks' Supplemental Compensation Fund. The disbursements paid by the Clerks' Supplemental Compensation Fund may be authorized only by a majority of the members of the board. After making provisions for necessary and associated administrative expenses, the board shall then distribute the proceeds from the fund monthly in equal amounts to the clerks of the district courts.

C. 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 bases applied.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
Baton Rouge, Louisiana

Notes to the Financial Statements (Continued)

The governmental funds are maintained on the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The following practices are utilized in recording revenues and expenditures:

Revenues

All operating revenues are recorded in the month they become due.

Interest income on investments is recorded as earned.

Expenditures

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

NOTE 2 - CASH AND INVESTMENTS

At June 30, 1991, the starting amount of cash was \$34,863 and the bank balance was \$61,163. The entire bank balance of \$91,163 was covered by Federal Depository Insurance.

NOTE 3 - FUND BALANCE RESERVED

The fund balance is reserved for payment of compensation to the clerks.

NOTE 4 - COMPENSATION TO BOARD MEMBERS

The board members do not receive any additional compensation for being on the board.

NOTE 5 - COMPLIANCE WITH LAWS AND REGULATIONS

Louisiana law requires that annual sworn financial statements be provided to the Legislative Auditor's Office within 90 days after the close of the accounting year. The Clerks' Supplemental Compensation Fund has not filed its annual sworn financial statements.

Louisiana law requires that audited financial statements be provided to the Legislative Auditor's Office within six months after the close of the accounting year. The Clerks' Supplemental Compensation Fund did not file its audited financial statements within the six month period.

Supplementary Information

CLERKS' SUPPLEMENTAL COMPENSATION FUND

Schedule of General Government Expenditures
For the Two Years Ended June 30, 1997

Supplemental Compensation		\$1,901,809
Administrative Expenditures		
Bank charges	\$ 175	
Legal and Accounting	2,442	
Total Administrative Expenditures		<u>2,617</u>
TOTAL GENERAL GOVERNMENT EXPENDITURES		<u>\$1,904,426</u>

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



**INZERELLA, FELDMAN
and Company**

A Professional Corporation of Qualified Public Accountants



A Professional Corporation of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Clerk's Supplemental Compensation Fund Board
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Clerk's Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1997, and have issued our report thereon dated February 22, 1998.

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.

The management of the Clerk's Supplemental Compensation Fund, Baton Rouge, Louisiana, 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 general purpose 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.

Page 12

GREGORY J. INZERELLA, CPA

BARRISRA B. FELDMAN, CPA

ERIC J. BROUSSARD, CPA

J. DAVID BRANT, CPA

ROSE M. FOURCADE, CPA

AND B. GARDNER, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
LOUISIANA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

To the Clerks' Supplemental Compensation Fund Board

In planning and performing our audit of the general purpose financial statements of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, for the two years ended June 30, 1997, 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

1. Accounting Records

Finding -

A subsidiary ledger is maintained to account for the funds received from the clerks of court of each parish participating in the fund. However, the subsidiary ledger is not being reconciled with the general ledger. As a result, the total funds received recorded on the general ledger, supported by deposit tickets, was different from the total funds received recorded in the subsidiary ledger, by an immaterial amount.

Recommendation -

The total funds received from the clerks of court recorded in the subsidiary ledger should be reconciled to the general ledger on a monthly basis. Any differences should be investigated and corrected.

Response -

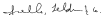
In the future, the fund will take the necessary steps to see that the subsidiary ledger is reconciled on a monthly basis with the general ledger.

To the Clerk's Supplemental Compensation Fund Board

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Clerk's Supplemental Compensation Fund Board. However, this report is a matter of public record and its distribution is not limited.



INZERELLA, FELDMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

February 22, 1998

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



a Professional Corporation of Certified Public Accountants

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

To the Clerk's Supplemental Compensation Fund Board
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Clerk's Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1997, and have issued our report thereon dated February 22, 1998.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Clerk's Supplemental Compensation Fund, Baton Rouge, Louisiana, is the responsibility of the Clerk's Supplemental Compensation Fund, Baton Rouge, Louisiana, management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Clerk's Supplemental Compensation 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.

Page 16

GREGORY J. INZERELLA, CPA BARBARA B. FELDMAN, CPA ERIC J. BROUSSARD, CPA J. DAVID BRADY, CPA JULE B. FOURCADE, CPA
TERRY G. GIBSON, CPA

MEMBERS

NATIONAL SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL SOCIETY OF GOVERNMENT ACCOUNTANTS

301 E. ST. PETER ST. • P.O. BOX 9408 • NEW ORLEANS, LA. 70002-9408 • (504) 384-0808 FAX (504) 384-0872

To the Clerk's Supplemental Compensation Fund Board

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have included in our schedule of Noncompliance with Laws and Regulations.

This report is intended for the information of the Clerk's Supplemental Compensation Fund Board. However, this report, in a matter of public record and its distribution is not limited.



INZERELLA, FELDMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

February 22, 1998

Clerks' Supplemental Compensation Fund
Schedule of Noncompliance with Laws and Regulations
For the Two Years Ended June 30, 1997

1. Sworn Annual Financial Statements

Finding -

Louisiana Revised Statute 24:514 requires sworn annual financial statements to be filed by the Clerks' Supplemental Compensation Fund with the Legislative Auditor, within ninety days after the end of its fiscal year. No filings are required for years that the fund files an approved engagement letter providing for an audit of the fiscal year. For the year ended June 30, 1996, the fund did not engage an auditor, nor did it file the sworn annual financial statements.

Recommendation -

For each year the fund is not audited, sworn annual financial statements should be filed with the Legislative Auditor within sixty days after the end of the fiscal year. For years the fund is audited, the audit engagement letter should be filed and approved by the Legislative Auditor within sixty days after the end of the fiscal year.

Response -

The fund will comply in future years with appropriate statutory requirements.

2. Audited Financial Statements

Finding -

Under Louisiana law, the fund is required to be audited every two years. The audited financial statements are required to be filed by the fund with the Legislative Auditor's Office within six months after the end of the fiscal year. The auditors were requested not to begin the audit because the Board was in the process of approving the move of its administrative office. Due to this delay, confirmations were prepared and mailed later than in prior years. One hundred percent of the confirmations were not received until after the due date for the audit, therefore, the audited financial statements were not filed within the six month period.

Clerks' Supplemental Compensation Fund
Schedule of Noncompliance with Laws and Regulations (Continued)
For the Two Years Ended June 30, 1997

Recommendation -

Every effort should be made by the fund to retain the audit firm and provide information requested by the auditor in a timely manner in order for the audited financial statements to be filed by the fund with the Legislative Auditor's Office within six months after the end of the fiscal year.

Response -

The fund will comply in future years with appropriate statutory requirements.