

MANAGEMENT LETTER
CASCADILLA AND ASSOCIATES

PREVIOUS YEAR COMMENTS:

1. Review of Budget Expenditures:

Finding: Louisiana Revised Statute 39:1383 states that a political subdivision, including judges but only insofar as the judicial expense fund, shall prepare and adopt a budget in accordance with the above statute. The Fund did prepare and adopt the 1995 budget November 28, 1994. However, state law also requires an amendment if the unavoidable revenue or expenditure variance exceeds 5%. The Fund had minor revenue and expenditure variances which were not amended.

Recommendation: We recommended that the Fund increase its review of the monitoring process for variances exceeding 5%.

Current Status: There were no exceptions noted during our current year review for the 5% variance requirement, however, see the current year comments for a discussion regarding the timeliness of the budget adoption.

2. Review of Various Expenditures:

Finding: Certain expenditures were made for reimbursements of transportation costs, which the Internal Revenue Service considers "commuting expenditures." The Internal Revenue Service requires that amounts received by an employee from an employer, as reimbursement for commuting expenditures, be included in the employee's gross income.

Recommendation: We recommended that any reimbursements of this type, after 1995, should be treated as income to the recipient and reported appropriately on the various payroll reporting forms. Similarly, other reimbursements for certain expenditures which would be considered "taxable fringe benefits" be likewise reported to the recipient as income. During our audit, we also verbally recommended that the Fund obtain a current Form W-4 for any other required employment forms from the Fund's employees.

Current Status: During our current year testing, we did not note any expenditures for "commuting." We do note that the Fund did not obtain a current Form W-4 for its one employee. During the current year, we could not locate an approval signature for four disbursements. We note that these disbursements appeared to be reasonable and necessary expenditures. This probably was a simple oversight. We continue to recommend that the payroll forms noted above be obtained and also recommend that more emphasis be placed on documenting the approval of the check disbursements.

**MANAGEMENT LETTER
COMMENTS AND RECOMMENDATIONS**

CURRENT YEAR COMMENTS:

1. Preparation of Form 1099-MISC for Contract Labor Payments:

Finding: The Internal Revenue Service requires that Form 1099-MISC be filed for each person to whom payments of \$600 or more are made during the year. The Fund disbursed \$812 to one individual for computer programming services. Form 1099-MISC was not filed at the end of the year.

Recommendation: We recommend that the Fund review its procedures for accumulating information needed to prepare the year end reports to ensure that all required reporting is completed correctly and on a timely basis.

2. Budget Adoption:

Finding: Louisiana Revised Statute 39:1301 states that a political subdivision, including judges but only insofar as the judicial expense fund, shall prepare and adopt a budget in accordance with the above statute. The Fund did prepare and adopt the 1996 budget in July, 1996. State law requires the adoption of the budget before the beginning of the budget year.

Recommendation: As in previous years, we recommend that the Fund increase its review of the requirements regarding the adoption and amendment of the operating budget.



GUS SCHRAM & CO., Ltd.

APPROVAL OF THE BOARD OF DIRECTORS
OF THE COMPANY ACCOUNTS

Report Date: 1997

To the Board of Directors
18th Judicial District Court Judicial Expense Fund
Cameron, Louisiana

In planning and performing our audit of the component unit financial statements of the 18th Judicial District Court Judicial Expense Fund as of and for the year ended December 31, 1996 we considered the Fund's internal control structure to determine our audit procedures for the purpose of expressing an opinion on the component unit financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our concerns and suggestions regarding these matters. This letter does not affect our report dated June 18, 1997 on the component unit financial statements of 18th Judicial District Court Judicial Expense Fund.

We will review the status of these concerns during our next audit engagement. We have already discussed these concerns and suggestions with the Fund's officials, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. A copy of this letter will be provided to the Legislative Auditor.

Gus Schram & Co., 1997

JUNE 18, 1997

- American Institute of Certified Public Accountants
- Private Company Program Section (ACPA)
- Society of Louisiana Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH
GOVERNMENT ACCOUNTING STANDARDS**

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

We have audited the component unit financial statements of 38th Judicial District Court Judicial Expense Fund as of and for the year then ended December 31, 1996, and have issued our report thereon dated June 26, 1997.

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 component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to 38th Judicial District Court Judicial Expense Fund is the responsibility of the Fund's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of 38th Judicial District Court Judicial Expense Fund's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test 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 reported to the management of the Fund in a separate letter dated June 18, 1997.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Gus Schram & Co., Ltd.

June 26, 1997

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 judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Lack of Segregation of Duties

An effective internal control structure 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. Because of the entity's size, it is not feasible to segregate duties to achieve effective internal accounting control. Therefore, the audit was performed more efficiently by performing substantive tests as no reliance was placed on internal control. We do strongly recommend that, whenever possible, approval signatures be dated on the supporting documentation.

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 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 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 the reportable condition described above is a material weakness. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the component unit financial statements for the year ended December 31, 1996.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Fund in a separate letter dated June 14, 1997.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Ann Schum & Co., Ltd

June 14, 1997



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Judge E. Ward Fontenot
18th Judicial District Court Judicial Expense Fund
Cameron, Louisiana

We have audited the component unit financial statements of the 18th Judicial District Court Judicial Expense Fund, as of and for the year then ended December 31, 1996, and have issued our report thereon dated June 14, 1997.

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 component unit financial statements are free of material misstatement.

The management of 18th Judicial District Court Judicial Expense Fund 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 component unit 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.

In planning and performing our audit of the component unit financial statements of 18th Judicial District Court Judicial Expense Fund for the year then ended December 31, 1996, 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 component unit financial statements and not to provide assurance on the internal control structure.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public

I. MEMORANDUM ONLY - TOTAL CHARGES

Total charges 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 charges do not present information that reflect financial position or results of operations in accordance with generally accepted accounting principles.

NOTE 2: CASH AND INVESTMENTS

At December 31, 1996, 28th Judicial District Court Judicial Expense Fund had the following balance in its cash accounts:

	Bank Balance	Book Balance
Hibernia National Bank:		
Checking	\$12,500	\$12,500

The full amount is covered by federal deposit insurance.

NOTE 3: GENERAL FIXED ASSETS

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

	Balance December 31, <u>1995</u>	Additions	Balance December 31, <u>1996</u>
Equipment	\$17,100	\$1,800	\$18,900

NOTE 4: LIABILITIES, CLAIMS, AND SIMILAR CONTINGENCIES

Management has represented that there is no litigation pending against the Judicial Expense Fund at December 31, 1996.

B. BUDGET POLICY

Louisiana Revised Statute 19:1393 states that a political subdivision, including judges but only insofar as the judicial expense fund, shall prepare and adopt a budget in accordance with the above statute. The District did prepare and adopt the 2006 budget on July 19, 2006, which was not timely in accordance with state law. Actual revenues were less than budgeted amounts by \$108, which is less than the 5% unfavorable variance that requires budget amendment according to state law.

F. 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.

G. 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. (See Note 5 for additional cash disclosures.)

H. FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Accrual Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

Fixed assets are valued at historical cost. Public domain general fixed assets for infrastructure assets are 100% capitalized and therefore not included in the account group totals.

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.

I. ESTIMATES

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

Legal 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 18th Judicial District Court Judicial Expense Fund are classified as a governmental fund type (general fund). The fund accounts for the 18th Judicial District Court Judicial Expense 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.

Account Groups are used to establish accounting control and accountability for the Fund's general fixed assets. The general fixed assets account group is established to account for the fixed assets purchased with Judicial Expense Funds. Fixed assets are recorded at cost or estimated historical cost. Assets in this account group are not depreciated.

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 consider the collections described above to be susceptible to accrual.

28TH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The 28th Judicial District Court Judicial Expense Fund was created by Louisiana Revised Statute 15:995.51. 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 its supplemental and in addition to any and all other funds, salaries, expenses, or other monies provided, authorized, or established by law for any such purposes." Until September, 1993, 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, 1996 but not the District Court.

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. GASB has since then reviewed a redefinition 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

THIRTY-EIGHTH JUDICIAL DISTRICT COURT
 JUDICIAL EXPENSE FUND
 (continued)

Statement 2

 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 1996

	Budget	Actual	Variance (Unfavorable)
REVENUES			
Fees	\$ 22,888	\$ 22,881	\$ (7)
EXPENDITURES			
Judicial:			
Court Fees	8,880	8,117	(763)
Dues and Subscriptions	200	184	(16)
Miscellaneous	876	681	(195)
Salaries and Payroll Taxes	1,850	1,178	(672)
Rent and Travel	14,000	13,480	(520)
Supplies	50	110	60
Telephone	500	(50)	550
Capital Outlay	4,000	3,388	(612)
Total Expenditures	<u>34,456</u>	<u>30,188</u>	<u>4,268</u>
Excess (Deficiency) of revenues over expenditures	8,432	2,793	(5,639)
Fund Balance January 1	<u>8,628</u>	<u>8,628</u>	<u>0</u>
Fund Balance December 31	\$ <u>17,060</u>	\$ <u>11,421</u>	\$ <u>(5,639)</u>

The Accompanying Notes are an Integral Part of this Statement.

THIRTY-EIGHTH JUDICIAL DISTRICT COURT
 JUDICIAL (BENEFIT) FUND
 MONROE, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES
 AND ACCOUNT GROUPS
 As of December 31, 1990

Statement A

	Governmental		Account Group	TOTALS
	Fund Type			
	General Fund	Special Fund	Account Group	(Millions of Dollars)
ASSETS				
Cash on hand	\$ 1,500	\$	\$	\$ 1,500
Due from Other Governments	888			888
Equipment (Note 2)			20,240	20,240
TOTAL ASSETS	\$ 2,388	\$	\$ 20,240	\$ 22,628
LIABILITIES & FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 808			\$ 808
Accrued payroll taxes	88			88
Total Liabilities	\$ 896			\$ 896
FUND EQUITY				
Investment in general fund assets			20,240	20,240
Fund balance:				
Unreserved - undesignated	13,411			13,411
Total Fund Equity	\$ 13,411		\$ 20,240	\$ 33,654
TOTAL LIABILITIES & FUND EQUITY	\$ 14,304	\$	\$ 20,240	\$ 34,544

The Accompanying Notes are an Integral Part of this Statement.



INDEPENDENT AUDITORS' REPORT

Honorable Judge H. Ward Fontaine
38th Judicial District Court Judicial Expense Fund
Canaan, Louisiana

We have audited the accompanying component unit financial statements of the 38th Judicial District Court Judicial Expense Fund as of December 31, 1984, and for the year then ended, as listed in the Table of Contents. These component unit financial statements are the responsibility of the District'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statements 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, 1984, 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 June 18, 1987 on our consideration of the district's internal control structure and a report dated June 14, 1987 on its compliance with laws and regulations.

Gus Schram & Co., Ltd.

June 26, 1987

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20TH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
 COMPONENT UNIT FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, and to other appropriate public officials. This 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 4-22-07