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38TH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
COMPONENT UNIT FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 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 ~~APR 9 8 1998~~

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INDEPENDENT EXAMINERS' REPORT

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

We have audited the accompanying component unit financial statements of the 18th Judicial District Court Judicial Expense Fund as of and for the year ended December 31, 1997, 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These 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 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 18th Judicial District Court Judicial Expense Fund as of December 31, 1997, 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 20, 1998 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 21, 1998

- American Institute of Certified Public Accountants
- Private Company Accountants (PCA)
- Society of Louisiana Certified Public Accountants



THIRTEENTH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND Statement A
COMBINED-BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
As of December 31, 1987

	Governmental Fund Type	Account Group General Fund	TOTALS (Non-comparative Only)
ASSETS			
Cash in bank	\$ 11,202	\$	11,202
Due from Other Governments	0,000	\$	0,000
Equipment (Note 02)		21,888	21,888
TOTAL ASSETS	\$ 22,202	\$ 21,888	\$ 41,090
LIABILITIES & FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 385		385
Accrued Salaries	76		76
Accrued payroll taxes	52		52
Total Liabilities	\$ 413		413
FUND EQUITY:			
Investment in general fund assets		21,888	21,888
Fund balance:			
Unreserved - undesignated	19,822		19,822
Total Fund Equity	19,822	21,888	41,090
TOTAL LIABILITIES & FUND EQUITY	\$ 22,214	\$ 21,888	\$ 41,090

The Accompanying Notes are an Integral Part of this Statement.



FOURTEENTH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - JUDICIAL FUND
For the Year Ended December 31, 1987

Statement 0

	<u>1,007</u>
REVENUES	
Court Fees	\$ 33,018
EXPENDITURES	
Judicial	
Court Fees	2,127
Dues and Subscriptions	100
Office	888
Salaries and Payroll Taxes	1,404
Services and Travel	12,849
Supplies	600
Telephones	876
Capital Outlay	<u>8,633</u>
Total Expenditures	<u>25,007</u>
Excess (deficiency) of revenues over expenditures	7,411
Fund Balance January 1	<u>32,411</u>
Fund Balance December 31	\$ <u>39,822</u>

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



STATE'S EIGHTH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND Statement's
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variances Favorable Disfavorable</u>
REVENUES			
Court Fees	\$ 0	\$ 22,019	\$ 22,019
EXPENDITURES			
Judicial:			
Auto Fees	2,000	2,037	(37)
Overs and Subscriptions	800	140	660
Miscellaneous	390	800	(410)
Salaries and Flight/Meal	1,490	1,494	(4)
Seminar and Travel	14,000	12,049	1,951
Supplies	48	663	(615)
Telephone	600	629	(29)
Copier Office	2,500	2,450	50
Total Expenditures	<u>24,428</u>	<u>24,669</u>	<u>(241)</u>
EXCESS (DEFICIENCY) OF REVENUES over EXPENDITURES	<u>22,180</u>	<u>1,411</u>	<u>19,769</u>
Fund Balance January 1	<u>12,911</u>	<u>12,911</u>	<u>0</u>
Fund Balance December 31	<u>\$ 25,091</u>	<u>\$ 14,322</u>	<u>\$ 10,769</u>

The Accompanying Notes are an Integral Part of this Statement.

16TH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1987

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The 16th Judicial District Court Judicial Expense Fund was created by Louisiana Revised Statute 13:288.01. 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 any such purposes." Until September, 1986, 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, 1987 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 released 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 Standards of State and

Local Governmental Union, 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 88th Judicial District Court Judicial Expense Fund are classified as a governmental fund type (general fund). The fund accounts for the 88th 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.

H. BUDGET POLICY

Louisiana Revised Statute 19:1301 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 District did prepare and adopt the 1997 budget on January 27, 1997, which was not timely in accordance with state law. In addition, the original budget did not reflect budgeted revenues. Actual expenditures did exceed budgeted expenditures by \$4,463 which exceeded the 5% variance allowed by state law. State law requires that budgets be amended when actual revenues, expenditures, etc. exceed budgeted amounts by more than five percent. An amended budget was not prepared.

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 3 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 Account 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 (or infrastructure assets) are not 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.

2. MEMORANDUM ONLY - TOTAL COLUMN

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 reflect financial position or results of operations in accordance with generally accepted accounting principles.

NOTE 2: CASH AND INVESTMENTS

At December 31, 1997, 38th Judicial District Court Judicial Expense Fund had the following balance in its cash account:

	Bank Balance	Book Balance
Hibernia National Bank:		
Checking	\$17,500	\$17,500

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, 1996	Additions	Deletions	Balance December 31, 1997
Equipment	\$10,000	6,000	6,000	\$10,000

NOTE 4: JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Management has represented that there is no litigation pending against the Judicial Expense Fund at December 31, 1997.



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

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

We have audited the component unit financial statements of the 38th Judicial District Court Judicial Expense Fund as of and for the year ended December 31, 1997, and have issued our report thereon dated June 26, 1998. 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 as required to be reported under Government Auditing Standards which is described below.

Budget Process

Condition: The budget for 1997 was adopted on January 27, 1997 and did not reflect any budgeted reverses. In addition, actual expenditures exceeded budgeted expenditures by more than five percent.

Criteria: Louisiana Revised Statute 19:1301 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 before the beginning of the budget year. In addition, state statute require amendment of that budget when an unfavorable variance of five percent or more exists.

Effect: The District is not in compliance with state law with respect to the budget process.

Findings: The monitoring of the adherence to the laws regarding budgets was not adequately reviewed.

Recommendation: We recommend that management continue its efforts in improving this area of compliance.

Management Response: The variance cited resulted from the fact that there was an unanticipated acquisition of fixed assets. The future budget will be adjusted internally so that this should not recur.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 10th Judicial District National Expense 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 the District'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 recommend that the District continue to ensure that adequate monitoring and approval is made and maintained.

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 corporate 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. However, we believe that the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated June 20, 1998.

This report is intended for the information of the management of the 3rd Judicial District Judicial Expense Fund of Cameron Parish and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Mud Benham & Co Ltd

Lake Charles, Louisiana
June 20, 1998

**STATE JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1997**

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 X Yes ___ No
 Internal Control Reportable Conditions X Yes ___ No
 Compliance Material to Financial Statements X Yes ___ No
- C. Federal Awards
 Not Applicable
- D. A management letter was issued.

SECTION II - FINANCIAL STATEMENT FINDINGS

- A. Internal Control - See page 19 - Reportable condition and material weakness for Lack of Segregation of Duties reported directly on the Report on Compliance and Internal Control over Financial Reporting.
- B. Compliance - See page 9 - Compliance finding related to the budget process was reported directly on the Report on Compliance and Internal Control over Financial Reporting.

SETH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 1997

There were no prior year findings except the continued reporting of lack of aggregation of duties. The status of prior year "management letter" comments were updated on that separate listing and management addressed those issues in their "Corrective Action Plan".



GUS SCHRAM & CO., Ltd.

Accountants, Chartered
Chartered Public Accountants

Business Consultants

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, 1997 we considered the Fund's internal control 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memoranda that accompany this letter summarize our comments and suggestions regarding these matters. This letter does not affect our report dated June 26, 1998 on the component unit financial statements of 18th Judicial District Court Judicial Expense Fund.

We will review the status of these comments during our next audit engagement. We have already discussed these comments 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 recommendation. A copy of this letter will be provided to the Legislative Auditor.

Gus Schram & Co Ltd
June 26, 1998

MANAGEMENT LETTER
COMMENTS AND SUGGESTIONS

PRIOR YEAR COMMENTS:

1. Review of Various Expenditures:

Findings: During the previous year, there were four disbursements that did not have an approval signature. However, we noted that these disbursements did appear to be reasonable and necessary. We also noted that a Form W-2 and Form I-9 were not prepared for the one part-time employee.

Recommendation: We recommended that the payroll forms noted above be obtained and that more emphasis be placed on documenting the approval of the check disbursements.

Closed Status: During our current year testing, we located similar exceptions as in the prior year and therefore continue to recommend that the above action be implemented. We do note again that the disbursements involved were reasonable and necessary.

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

Findings: 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. In the previous year, the Fund disbursed \$812 to one individual for computer processing services. Form 1099-MISC was not filed at the end of the year.

Recommendation: We recommended 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.

Closed Status: We did not note any exceptions to this requirement and therefore consider this item closed for reporting purposes.

3. Budget Adoptions:

Refer to board report for reference to this comment.

MANAGEMENT LETTER
COMMENTS AND RECOMMENDATIONS

CURRENT YEAR COMMENTS:

1. Travel Reimbursements:

Finding: During our testing of travel expenditures, we noted that on three separate occasions, a reimbursement was miscalculated. This resulted in a total overpayment of \$42.00. The oversights resulted from (1) the miscalculation of the number of per diem meals available and (2) on two payments a meal expenditure from a hotel bill was paid at the same time that a per diem payment was in effect.

Recommendation: We recommend that the above overpayments be corrected. It appears that they were simply oversights on management's part.



Thirty-eighth Judicial District Court

STATE OF LOUISIANA
POL. District 28B
Cameron, Louisiana 70521

June 15, 1995

TELEPHONE:
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714-776-1152

OFFICE OF
H. WARD FOSTERSOFF
1995

Mr. Daniel G. Kyle
Legislative Audit Advisory Council
PO Box 94377
Baton Rouge, LA 70884-8367

MANAGEMENT'S OBJECTIVE ACTION PLAN

Dear Mr. Kyle:

Please accept this as the response to the Independent Auditor's report of the 28th Judicial District Court Judicial Expense Fund.

Government Auditing Standards and the finding that this district is not in compliance with respect to the budget process: The variance cited resulted from the fact that there was an unanticipated acquisition of fixed assets. The future budget will be adjusted incrementally so that this should not occur.

Lack of Segregation of Duties - As noted, the size of this entity and the staff of only one clerical worker makes it impractical to segregate duties any further. The district will continue to accept all recommendations of the independent auditor to insure that adequate monitoring and approval procedures are made and maintained.

Preparation of Forms 1099-MISC for Contract Labor Payments - As noted, the Judicial Expense Fund did not make any payments for contract labor that would require Forms 1099-MISC for this fiscal year. We are satisfied that current procedures and safeguards would avoid any future exceptions to this requirement.

Responses to the Management Letter Comments and Suggestions are as follows:

1) **Travel Reimbursements -** As noted, the three overpayments totaling \$62.88 for per diem meal reimbursements were simple miscalculations and it has been corrected with a reimbursement to the Judicial Fund by the payee.

2) **Review of Various Expenditures -** This comment related to four expenditures for which approval signatures could not be located. In view of the fact that the expenditures were found to be reasonable and necessary, an effort to forgo any such future exceptions, which is now in effect, should address the problem.

Trusting that the above and foregoing is satisfactory, I remain,

Signature

H. WARD FOSTERSOFF