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RUSTON CITY JUDGE'S OFFICE
RUSTON, LOUISIANA

FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 ~~SEP 27 1998~~

RUSTON CITY JUDGE'S OFFICE
FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

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DON M. McGEHEE
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INDEPENDENT AUDITOR'S REPORT

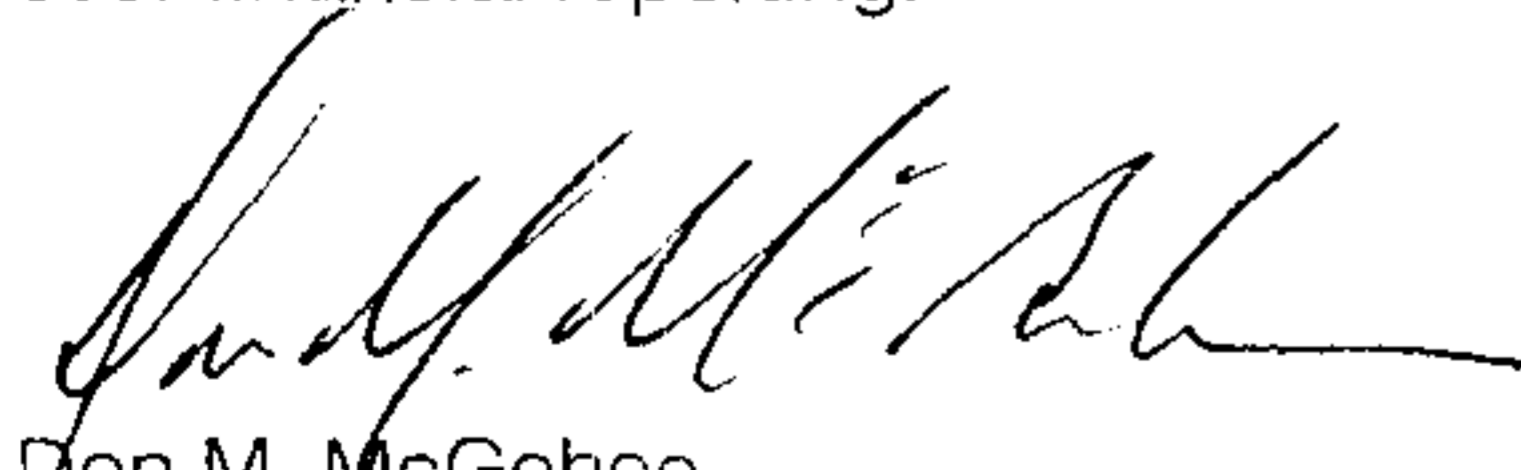
Ruston City Judge's Office
P. O. Box 1821
Ruston, Louisiana 71273-1821

I have audited the general purpose financial statements of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ruston City Judge's Office management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ruston City Judge's Office as of September 30, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated October 29, 1998, on my consideration of the Ruston City Judge's Office compliance and internal control over financial reporting.



Don M. McGehee
Certified Public Accountant

October 29, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS—OVERVIEW)

RUSTON CITY JUDGE'S OFFICE
 COMBINED BALANCE SHEET -- ALL FUND TYPES AND ACCOUNT GROUP
 SEPTEMBER 30, 1998

	Governmental Fund Type		Fiduciary Fund Type		Account Group General		Totals (Memorandum Only)			
	General		Agency		Fixed Assets		1998	1997		
ASSETS										
Cash	\$	14,356	\$	79,875	\$	0	\$	94,231	\$	129,547
Due From –										
Other Funds		0		389		0		389		1,252
Governmental Units		5,058		0		0		5,058		5,604
A/R – Employees		440		0		0		440		0
Prepaid Insurance		1,984		0		0		1,984		1,936
Office Furniture and Equipment		0		0		119,231		119,231		114,379
TOTAL ASSETS	\$	21,838	\$	80,264	\$	119,231	\$	221,333	\$	252,718
LIABILITIES AND FUND EQUITY										
LIABILITIES										
Accounts Payable	\$	5,560	\$	0	\$	0	\$	5,560	\$	3,454
Accrued Liabilities		3,039		0		0		3,039		3,241
Accrued Fees Earned		0		60,650		0		60,650		66,930
Civil Deposits		0		19,614		0		19,614		19,025
Due To –										
Other Funds		389		0		0		389		1,252
Governmental Units		0		0		0		0		0
TOTAL LIABILITIES		8,988		80,264		0		89,252		93,902
FUND EQUITY										
Investment in General Fixed Assets		0		0		119,231		119,231		114,379
Fund Balance -- Unreserved and Undesignated		12,850		0		0		12,850		44,437
TOTAL FUND EQUITY		12,850		0		119,231		132,081		158,816
TOTAL LIABILITIES AND FUND EQUITY	\$	21,838	\$	80,264	\$	119,231	\$	221,333	\$	252,718

The accompanying notes are an integral part of this statement.

RUSTON CITY JUDGE'S OFFICE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -- GOVERNMENTAL FUND TYPE
FOR YEAR ENDED SEPTEMBER 30, 1998
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED SEPTEMBER 30, 1997

	1998	1997
REVENUES		
Fines and Court Costs	\$ 89,686	\$ 106,295
Grant Revenue	0	28,000
Interest Income	2,672	2,902
On-Behalf Revenue	148,283	118,138
Expense Recovery	18,077	11,223
TOTAL REVENUES	<u>258,718</u>	<u>266,558</u>
EXPENDITURES		
Accounting - Auditing	8,518	9,004
Auto Expense--Insurance	2,374	1,393
Auto Expense--Lease	8,460	7,044
Auto Expense--Operating	3,400	2,786
Capital Outlay	5,811	26,611
Community Development	0	28
Continuing Education Conferences	3,850	1,372
Contract Services	3,302	1,364
Dues	1,055	1,223
Insurance	2,302	1,191
Judge Ad Hoc	7,041	2,425
Juvenile Fines - DA	0	1,927
Juvenile Probation	0	800
Library	2,913	2,781
Office Supplies and Expense	20,784	21,542
On-Behalf Expenses	148,283	118,138
Professional Fees	1,627	1,400
Repairs and Maintenance	2,067	2,810
Retirement Contributions	5,308	4,970
Taxes	2,845	3,596
Telephone	2,806	2,755
Travel -- Seminars	9,392	5,837
Wages	48,167	55,785
TOTAL EXPENDITURES	<u>290,305</u>	<u>276,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,587)	(10,224)
FUND BALANCE -- BEGINNING	44,437	54,661
FUND BALANCE -- ENDING	\$ 12,850	\$ 44,437

The accompanying notes are an integral part of this statement.

RUSTON CITY JUDGE'S OFFICE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL --
GOVERNMENTAL FUND TYPE
YEAR ENDED SEPTEMBER 30, 1998

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Fines and Court Costs	\$ 90,800	\$ 89,686	\$ (1,114)
Interest Income	1,000	2,672	1,672
On-Behalf Revenue	120,000	148,283	28,283
Expense Recovery	18,000	18,077	77
TOTAL REVENUES	229,800	258,718	28,918
EXPENDITURES			
Accounting - Auditing	8,000	8,518	(518)
Auto Expense-Insurance	1,924	2,374	(450)
Auto Expense-Lease	8,400	8,460	(60)
Auto Expense-Operating	2,500	3,400	(900)
Capital Outlay	6,500	5,811	689
Continuing Education Conferences	3,900	3,850	50
Contract Services	3,200	3,302	(102)
Dues	1,400	1,055	345
Insurance	2,700	2,302	398
Judge Ad Hoc	6,000	7,041	(1,041)
Library	3,000	2,913	87
Office Supplies and Expense	20,020	20,784	(764)
On-Behalf Expenses	120,000	148,283	(28,283)
Professional Fees	2,000	1,627	373
Repairs - Maintenance	2,000	2,067	(67)
Retirement Contributions	5,300	5,308	(8)
Taxes	2,800	2,845	(45)
Telephone	2,450	2,806	(356)
Travel - Seminars	9,800	9,392	408
Wages	48,200	48,167	33
TOTAL EXPENDITURES	260,094	290,305	(30,211)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,294)	(31,587)	(1,293)
FUND BALANCE -- BEGINNING	44,437	44,437	0
FUND BALANCE -- ENDING	\$ 14,143	\$ 12,850	\$ (1,293)

The accompanying notes are an integral part of this statement.

RUSTON CITY JUDGE'S OFFICE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ruston City Judge's Office was created on July 8, 1926, under the provisions of Act 157 of the Louisiana Legislature Summer Session.

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. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Ruston City Judge's Office conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

A. Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, The Ruston City Judge's Office is a component unit of the City of Ruston. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. Fund Accounting

The accounts of the Ruston City Judge's Office are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories. The following funds and group of accounts are used by the City Judge:

Governmental Funds--

General Fund

The General Fund is the general operating fund of the Judge's Office. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds--

Agency Fund

The Agency Fund is used to account for assets held by the Judge's Office as an agent for individuals or organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

RUSTON CITY JUDGE'S OFFICE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group—

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets. General fixed assets are recorded as expenditures in the governmental fund type when purchased.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Amounts collected by other governmental units are susceptible to accrual. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

D. Budgetary Practices

The Ruston City Judge's Office prepared an operating budget on its governmental fund type for the year ended September 30, 1998, as required by generally accepted accounting principles as applicable to governmental units, and as required by Louisiana law. Prior to year end, the Judge adopted an amended budget approving revisions to revenues and expenditures. The amended budget for the General Fund is presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

RUSTON CITY JUDGE'S OFFICE
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Total Column on Combined Statement – – Overview

Total column on the combined statement – – overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

I. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Ruston City Judge's Office financial position and operations.

NOTE 2 – CASH IN BANK

Cash consists of interest bearing and non-interest bearing demand deposits. Under state law, the city judge may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Deposits are carried at cost which approximates market value. At September 30, 1998, the carrying amount of deposits was \$94,230 and the bank balance was \$104,638. The bank balance was covered by federal depository insurance.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 1998, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund – Due To Civil Fund		\$389
Agency Fund – Due From General Fund	\$389	

RUSTON CITY JUDGE'S OFFICE
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at September 30, consisted of the following:

	1998	1997
Fines and Court Costs due from the Ruston Ward Marshal	\$ 5,058	\$ 5,604

NOTE 5 – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 10/1/97	Additions	Deletions	Balance 9/30/98
Office Furniture and Equipment	\$ 114,379	\$ 5,811	\$ 959	\$ 119,231
Total General Fixed Assets	\$ 114,379	\$ 5,811	\$ 959	\$ 119,231

NOTE 6 – PENSION PLAN

The Ruston City Judge's Office provides retirement benefits to some court employees through contributions to the Louisiana State Employment Retirement System, a cost sharing multiple-employer defined benefit pension plan administered and controlled by a Board of Trustees. The retirement system provides retirement, disability, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The retirement system issues a publicly available financial report. That report may be obtained by writing to Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling 1-800-256-3000.

Plan members are required to contribute 11.5% of their annual covered salary and the Ruston City Judge's Office is required to contribute at an actuarially determined rate. The current rate is 12.4% of annual covered payroll. The contribution requirements of plan members are established and amended by the Louisiana Legislature and contribution requirements of employers are established annually by the Board of Trustees based upon actuarially determined rates. The Ruston City Judge's Office made contributions for the years ending September 30, 1998 and 1997, of \$5,308 and \$4,970, respectively, equal to the required contributions for each year.

NOTE 7 – GRANT CONTRACT

Effective January 1, 1997, the Ruston City Judge's Office entered into a contract with the State of Louisiana, Department of Social Services, Office of Community Services, to provide services for the Administration and Implementation of Families in Need of Services, Title VII of the Louisiana Children's Code, within the Third Judicial District. The Judge's Office agreed to provide certain services under the contract, and received \$28,000 from the State of Louisiana for their commitment. The contract expired December 31, 1997.

RUSTON CITY JUDGE'S OFFICE
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE 8 – FIDUCIARY FUND

The Ruston City Judge's Office collects deposits from and makes remittances on behalf of citizens who have brought a civil suit to the court. A summary of changes in assets and liabilities are as follows for the year ended September 30, 1998:

	Balance 10/1/97	Additions	Deletions	Balance 9/30/98
Assets				
Cash in Banks	\$ 87,207	\$ 189,150	\$ 196,482	\$ 79,875
Due from General Fund	0	15,151	14,762	389
Total Assets	\$ 87,207	\$ 204,301	\$ 211,244	\$ 80,264
Liabilities				
Due to General Fund	\$ 1,252	\$ 892	\$ 2,144	0
Civil Deposits	19,025	155,973	155,384	19,614
Accrued Fees Earned	66,930	47,436	53,716	60,650
Total Liabilities	\$ 87,207	\$ 204,301	\$ 211,244	\$ 80,264

NOTE 9 – ON-BEHALF PAYMENTS

Employees of the Ruston City Judge's Office received salaries and fringe benefits from the City of Ruston, Lincoln Parish Police Jury, and the State of Louisiana. The following is a summary of these on-behalf payments:

	1998	1997
Salaries	\$ 121,413	\$ 93,213
Fringe Benefits	26,870	24,925
Total On-Behalf Payments	\$ 148,283	\$ 118,138

Fringe benefits paid by the City of Ruston and the State of Louisiana include pension plan contributions to the Louisiana State Employees' Retirement System. The City of Ruston also makes pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

NOTE 10 – AUTO LEASE

The Ruston City Judge's Office leases an auto for the Judge's use. The lease is on a month to month basis and can be terminated at anytime without penalty.

OTHER SUPPLEMENTARY REPORT

DON M. McGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

806 North Trenton

Ruston, Louisiana 71273-1344

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

Ruston City Judge's Office
P.O. Box 1821
Ruston, Louisiana 71273-1821

I have audited the general purpose financial statements of the Ruston City Judge's Office as of and for the year ended September 30, 1998, and have issued my report thereon dated October 29, 1998. I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ruston City Judge's Office's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

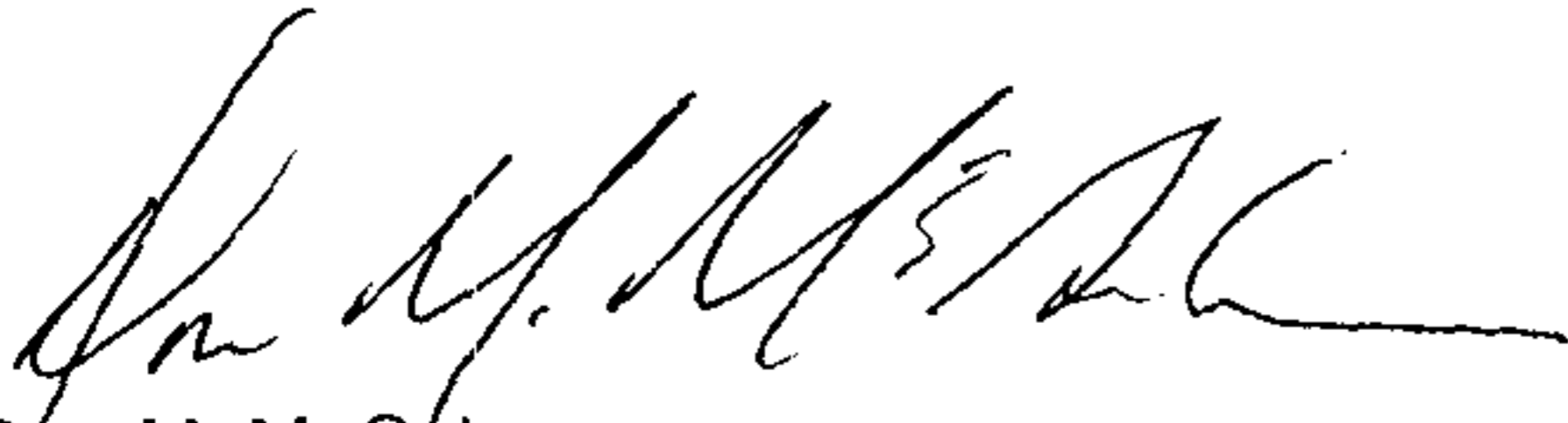
In planning and performing my audit, I considered the Ruston City Judge Office's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Ruston City Judge's Office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described below:

It came to my attention that the Ruston City Judge's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

PAGE TWO

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. My 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, I believe the reportable conditions described above is a material weakness.

This report is intended for the information of management of the Ruston City Judge's Office, the City of Ruston, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee
Certified Public Accountant
October 29, 1998