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**23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND
COMPONENT UNIT FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 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 _____

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Latuso & Company

Certified Public Accountants

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23rd Judicial District Judicial Expense Fund
Gonzales, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying component unit financial statements of 23rd Judicial District Judicial Expense Fund as of and for the year ended December 31, 1998. These financial statements are the responsibility of the Fund's 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. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the financial activities of the component unit. Financial activities of the oversight unit are not included.

Since the Fund is not legally required to adopt a budget of revenues and expenditures, no budget to actual comparison is presented.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the 23rd Judicial District Judicial Expense Fund, as of December 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Latuso & Company

May 17, 1999

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1998

	DECEMBER 31, 1998		
	<u>GOVERNMENTAL FUND TYPE GENERAL FUND</u>	<u>ACCOUNT GROUP GENERAL FIXED ASSETS</u>	<u>TOTAL MEMORANDUM ONLY</u>
<u>ASSETS</u>			
Cash (Note 2)	\$120,438	\$ -	\$120,438
Investment (Note 2)	130,341	-	130,341
Receivable from Clerk of Court's offices	10,430	-	10,430
General fixed assets (Note 3)	<u>-</u>	<u>83,178</u>	<u>83,178</u>
Total assets	<u>\$261,209</u>	<u>\$83,178</u>	<u>\$344,387</u>
<u>LIABILITIES & FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 97	\$ -	\$ 97
FUND EQUITY:			
Investment in general fixed assets	-	83,178	83,178
Fund balance	<u>261,112</u>	<u>-</u>	<u>261,112</u>
Total liabilities & fund equity	<u>\$261,209</u>	<u>\$83,178</u>	<u>\$344,387</u>

The accompanying notes are an integral part of the statement.

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND
STATEMENTS OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 1998

REVENUES:	
Court fees	\$125,199
Interest income	<u>6,372</u>
Total revenues	131,571
EXPENDITURES:	
General Government:	
Travel and seminars	18,471
Professional fees	4,600
Dues & subscriptions	3,002
Staff uniforms	2,415
Supplies	1,651
Insurance	800
Telephone	520
Miscellaneous	96
Capital outlays	<u>20,256</u>
Total expenses	<u>51,811</u>
EXCESS OF REVENUE OVER EXPENDITURES	79,760
FUND BALANCE, at beginning of year	<u>181,352</u>
FUND BALANCE, at end of year	<u>\$261,112</u>

The accompanying notes are an integral part of the statement.

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The 23rd Judicial District Judicial Expense Fund was established in 1995 under Act No. 435 which was an amendment to Title 13 of the Louisiana Revised Statutes of 1950. The Expense Fund was established for the purpose of paying expenses for the Court deemed necessary by the Judges for efficient operations of the court.

BASIS OF PRESENTATION

The accompanying financial statements of the 23rd Judicial District Judicial Expense Fund conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

FINANCIAL REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Judicial Expense Fund is determined on the basis of the accountability for fiscal matters under the control of the Judicial Expense Fund's Judges.

Because the operations of the Court are funded by Ascension Parish Police Jury government, the Fund was determined to be a component unit of the Ascension Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Judicial Expense Fund and do not present information on the Ascension Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

FUND ACCOUNTING

The Judicial Expense Fund uses funds and account groups to report on 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 government functions or activities.

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)

FUND ACCOUNTING - (CONTINUED)

A fund is a separate accounting entity with self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Judicial Expense Fund are classified as governmental funds. Governmental funds account for the Judicial Expense Fund's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The Judicial Expense Fund maintains the following fund types and account groups:

Governmental fund types, that includes the General Fund, which is used to record the general operations of the Judicial Expense Fund.

General fixed assets, which is used to account for property and equipment purchased by the General Fund.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the Judicial Expense Fund may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which includes compounded interest.

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)

FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No fixed asset costs have been estimated. No depreciation has been provided on general fixed assets.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses 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 focus applied.

All government funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Court fees are considered measurable when in the hands of the clerk of courts and are considered revenue at that time.

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

BUDGETS AND BUDGETARY ACCOUNTING

The expense fund does not use budgeting as part of their financial reporting.

TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

As of December 31, 1998, the total columns on the combined statements - overview are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. There are no interfund transactions or balances.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consist entirely of a checking account and a certificate of deposit. These deposits and certificate are stated at cost, which approximates market.

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS - (CONTINUED)

The certificate of deposit matures on a semi-annual basis, with interest being compounded monthly.

The carrying amount of the Fund's deposits with financial institutions was \$250,779 and the bank balance was \$248,702. The bank balance is collateralized by the bank as follows:

Amount insured by the FDIC	\$100,000
Investments that are insured and being held by agent	<u>148,702</u>
Total bank balance	<u>\$248,702</u>

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows:

	<u>BALANCE DECEMBER 31, 1997</u>	<u>1998 ADDITIONS</u>	<u>BALANCE DECEMBER 31, 1998</u>
Equipment & Furniture	\$ 54,459	\$19,951	\$74,410
Building improvements	<u>8,463</u>	<u>305</u>	<u>8,768</u>
Total general fixed assets	<u>\$ 62,922</u>	<u>\$20,256</u>	<u>\$83,178</u>

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

We have audited the component unit financial statements of the 23rd Judicial District Judicial Expense Fund, for the year ended December 31, 1998 and have issued our report thereon dated May 17, 1999.

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 and contracts applicable to 23rd Judicial District Judicial Expense Fund, is the responsibility of Judicial Expense Fund's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed test of the 23rd Judicial District Judicial Expense Fund's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the component unit financial statements was to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

FINDING:

The result of our tests disclosed that the Judicial Expense Fund did not comply with the requirement that the audited financial statements for the year ended December 31, 1997 be submitted to the Legislative Auditor within six months of the Fund's year end. In our opinion the Judicial Expense Fund's compliance with this requirement is necessary for the 23rd Judicial District Judicial Expense Fund to comply with state law. This finding also occurred during the prior year.

Response: The audit report for the year ended December 31, 1998 is being submitted timely.

FINDING:

The results of our tests also disclosed that the Judicial Expense Fund did not comply throughout 1998 with the requirement that bank balances maintained in excess of insurance coverage be collateralized. In our opinion the Judicial Expense Fund's compliance with this requirement is necessary for the 23rd Judicial District Judicial Expense Fund to comply with state law.

Response: The bank has pledged sufficient collateral on August 18, 1998.

We considered these instances of noncompliance in forming our opinion on whether the 23rd Judicial Expense Fund 1998 component unit financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 17, 1999 on those component unit financial statements.

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

Latuso & Company

May 17, 1999

Latuso & Company

Certified Public Accountants

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Phone (504) 647-2824

23rd Judicial District Judicial Expense Fund
Gonzales, Louisiana

AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROLS

We have audited the component unit financial statements of 23rd Judicial District Judicial Expense Fund as of and for the year ended December 31, 1998, and have issued our report thereon dated May 17, 1999.

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.

In planning and performing our audit of the component unit financial statements of 23rd Judicial District Judicial Expense Fund for the year ended December 31, 1998, we considered its internal control structure 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.

The management of the 23rd Judicial District Judicial Expense Fund is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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.

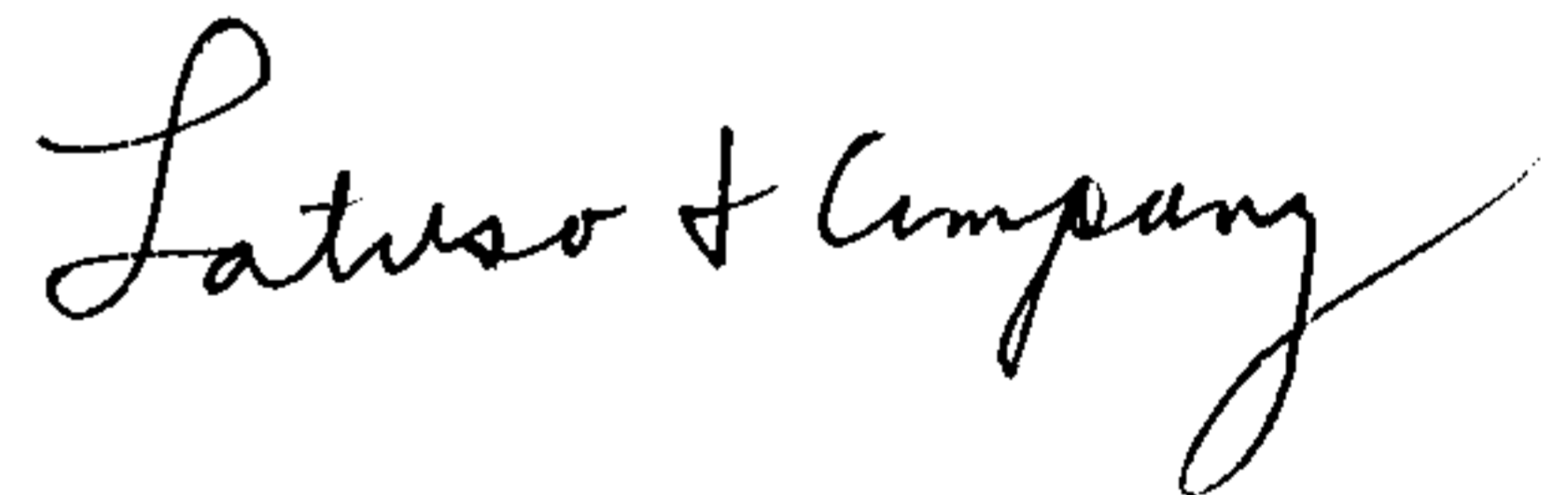
For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cash Receipts/Revenues
Cash Disbursements

For all of the internal control structure categories listed above, 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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



May 17, 1999

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 1998

SCHEDULE OF FEDERAL ASSISTANCE

None

SCHEDULE OF PER-DIEM PAID TO JUDGES

None

23RD JUDICIAL DISTRICT JUDICIAL EXPENSE FUND

DATA COLLECTION FORM

FOR THE YEAR ENDED DECEMBER 31, 1998

SECTION 1: SUMMARY OF AUDITOR'S REPORTS

a. **Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses No Reportable Conditions No

Compliance

Compliance Material to Financial Statements Yes

b. **Federal Awards: None**

c. **Identification of Major Programs: Not Applicable**

SECTION 11: FINANCIAL STATEMENT FINDINGS

1998-1 See pages 10 and 11 for a description of the findings for 1998. These findings were also reported in 1997. Corrective action as indicated was made in 1998.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTION COSTS

1998-2 Not applicable