

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEs, LOUISIANA
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DECEMBER 31, 1998

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GENERAL PURPOSE FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Tenth Judicial District Court Expense Fund
% The Honorable Monty Doggett, Judge
Natchitoches, Louisiana 71457

We have audited the accompanying general purpose financial statements of the Tenth Judicial District Court Expense Fund, Natchitoches, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the management of the Tenth Judicial District Court Expense Fund. 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 and the standards applicable to financial audits contained in 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 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tenth Judicial District Court Expense Fund, Natchitoches, Louisiana, as of December 31, 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, we have also issued a report dated February 3, 1999, on our consideration of the Tenth Judicial District Court Expense Fund's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

The financial information for the year ended December 31, 1997, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion dated April 23, 1998, on the general purpose financial statements of the Tenth Judicial District Court Expense Fund.

Hines, Jackson & Hines

Natchitoches, Louisiana
February 3, 1999

COMBINED STATEMENTS - OVERVIEW

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHE, LOUISIANA
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998 AND 1997

	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
ASSETS				
Cash	\$ 143,555	\$ 0	\$ 143,555	\$ 143,841
Receivables				
Natchitoches parish clerk of court	465	0	465	518
Natchitoches parish sheriff's department	3,430	0	3,430	6,770
Interest	14	0	14	37
State withholding overpayment	0	0	0	917
Furniture and equipment	<u>0</u>	<u>20,178</u>	<u>20,178</u>	<u>13,293</u>
Total Assets	<u>\$ 147,464</u>	<u>\$ 20,178</u>	<u>\$ 167,642</u>	<u>\$ 165,376</u>
 LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ 319	\$ 0	\$ 319	\$ 492
Accrued liabilities	<u>2,808</u>	<u>0</u>	<u>2,808</u>	<u>0</u>
Total Liabilities	3,127	0	3,127	492
Fund Equity				
Investment in general fixed assets	0	20,178	20,178	13,293
Fund balance, unreserved	<u>144,337</u>	<u>0</u>	<u>144,337</u>	<u>151,591</u>
Total Fund Equity	<u>144,337</u>	<u>20,178</u>	<u>164,515</u>	<u>164,884</u>
Total Liabilities and Fund Balance	<u>\$ 147,464</u>	<u>\$ 20,178</u>	<u>\$ 167,642</u>	<u>\$ 165,376</u>

The notes to the financial statements are an integral part of this statement.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEs, LOUISIANA
COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	General Fund	Total (Memorandum Only)	
		1998	1997
Revenues			
Fees	\$ 62,010	\$ 62,010	\$ 72,100
Interest income	6,736	6,736	6,304
Grants	6,885	6,885	0
Miscellaneous	0	0	891
Total Revenues	75,631	75,631	79,295
Expenditures			
General Government			
Accounting	1,800	1,800	1,200
Capital outlay	6,885	6,885	0
Continuing education	0	0	50
Dues	0	0	10
Employer's retirement	4,755	4,755	5,079
Equipment rental	3,406	3,406	4,055
Maintenance and repairs	0	0	125
Miscellaneous	774	774	56
Office	754	754	359
Payroll taxes	510	510	575
Salaries	63,051	63,051	68,243
Supplies	160	160	435
Telephone	662	662	175
Unemployment tax	128	128	158
Total Expenditures	82,885	82,885	80,520
Excess/(Deficiency) of Revenues Over Expenditures	(7,254)	(7,254)	(1,225)
FUND BALANCE, Beginning of year	151,591	151,591	152,816
FUND BALANCE, End of year	\$ 144,337	\$ 144,337	\$ 151,591

The notes to the financial statements are an integral part of this statement.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEES, LOUISIANA
COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Fav./Unfav.</u>
Revenues			
Fees	\$ 65,000	\$ 62,010	\$ (2,990)
Interest income	7,000	6,736	(264)
Grants	7,000	6,885	(115)
Miscellaneous	<u>500</u>	<u>0</u>	<u>(500)</u>
Total Revenues	79,500	75,631	(3,869)
Expenditures			
General Government			
Accounting	1,500	1,800	(300)
Capital outlay	5,200	6,885	(1,685)
Employer's Retirement	4,500	4,755	(255)
Equipment Rental	3,000	3,406	(406)
Miscellaneous	250	774	(524)
Office	700	754	(54)
Payroll taxes	450	510	(60)
Salaries	63,000	63,051	(51)
Supplies	200	160	40
Telephone	600	662	(62)
Unemployment Tax	<u>100</u>	<u>128</u>	<u>(28)</u>
Total Expenditures	<u>79,500</u>	<u>82,885</u>	<u>(3,385)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	(7,254)	<u>\$ (7,254)</u>
FUND BALANCE, Beginning of year		<u>151,591</u>	
FUND BALANCE, End of year		<u>\$ 144,337</u>	

The notes to the financial statements are an integral part of this statement.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tenth Judicial District Court Expense Fund was created by an act of the Legislature of Louisiana during their 1982 regular session. The Fund began operating in August, 1982. The judges of the Tenth Judicial District, who are elected officials, have control over the Fund and all disbursements made therefrom. The Tenth Judicial District encompasses the parish of Natchitoches, Louisiana.

The accounting and reporting policies of the Tenth Judicial District Court Expense Fund conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements set forth in the Louisiana Governmental Audit Guide and to Louisiana Revised Statutes 24:513 and 24:517, and to the industry audit guide, Audits of State and Local Governmental Units.

A. FINANCIAL REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining component units which should be considered part of a primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a) The ability of the primary government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The financial reporting entity consists of a) the primary government b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

For financial reporting purposes, the Tenth Judicial District Court Expense Fund operates autonomously and independently from the State of Louisiana. The judges of the Tenth Judicial District, who have control over the Fund, are elected officials. The Fund has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Fund. Therefore, the Tenth Judicial District Court Expense Fund reports as an independent reporting entity.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING

The accounts of the Fund are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund (the general fund) are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purposes of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The fund is grouped, in the financial statements in this report, into one generic fund type as follows:

Governmental Fund

General Fund - It is the general operating fund of the Tenth Judicial District Court Expense Fund. It is used to account for all financial resources of the Tenth Judicial District Court Expense Fund.

C. ACCOUNT GROUPS

General Fixed Assets Account Group - This is not a fund but rather an account group that is used to account for general fixed assets acquired for general purposes.

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. All general fixed assets that were purchased are valued at historical cost. Any general fixed assets acquired through donation are valued at the estimated fair market value at the time of receipt.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related funds liability is incurred, except that principal and interest on general long-term debt is recognized when due.

Those revenues susceptible to accrual include court fees and interest income.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CASH AND CASH EQUIVALENTS

Consistent with GASB 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

F. BUDGETS AND BUDGETARY ACCOUNTING

The Court prepares a budget for its general fund on a basis consistent with generally accepted accounting principles. The procedures with respect to the budget are designed to meet the requirements of applicable Louisiana Revised Statutes. The Court amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. Formal budgetary accounting is employed as a management control.

G. COMPENSATED ABSENCES

Full-time employees of the Fund earn ten days vacation leave and ten days sick leave each year after completion of at least one year of employment. Leave cannot be accumulated from one calendar year to the next; therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. RECEIVABLES

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

I. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

J. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Court's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. ESTIMATES

The presentation 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.

L. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Tenth Judicial District Court Expense Fund.

M. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general purpose statements are captioned as "Memorandum Only" because the total columns do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 CASH AND TIME DEPOSITS

At December 31, 1998, the Court had cash and time deposits totaling \$143,555, as follows:

Demand deposit accounts	\$	14,099
Time deposits		<u>129,456</u>
Total		<u>\$ 143,555</u>

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 1998, the Court had \$143,555, in bank deposits. These deposits were secured from risk by \$114,099 of federal deposit insurance and \$122,245 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3).

Even though the pledged securities are considered collateralized (category 3) under the provisions of GASB Statement 3, *Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent has failed to pay deposited funds upon demand.*

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCIIITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 3 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Office Furniture & Equipment
Balance, December 31, 1997	\$ 13,293
Additions	6,885
Balance, December 31, 1998	\$ 20,178

NOTE 4 RETIREMENT COMMITMENTS

Substantially all employees of the Tenth Judicial District Court Expense Fund are members of the Parochial Employees' Retirement System of Louisiana, a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Tenth Judicial District Court are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of only the supplemental plan prior to January 1, 1980, the benefit is equal to one percent of their final- average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except New Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana, 70898-4619, or by calling (504) 928-1361.

Plan members are required by state statute to contribute 9.50 percent of their annual covered salary and the Tenth Judicial District Court Expense Fund is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. The contribution requirements for plan members and the Tenth Judicial District Court Expense Fund are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employee contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Tenth Judicial District Court Expense Fund's contributions to the System for the years ended December 31, 1998 and 1997 were \$4,755 and \$5,079, respectively, equal to the required contributions for each year.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 5 LITIGATION

There was no pending litigation involving the Tenth Judicial District Court Expense Fund at December 31, 1998.

NOTE 6 LEASES

The Tenth Judicial District Court Expense Fund had no capital leases in effect as of December 31, 1998.

TENTH JUDICIAL DISTRICT COURT EXPENSE FUND
NATCHITOCHEE, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 1998

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.