

RECEIVED  
LEGISLATIVE AUDITOR

99 JUN 25 AM 10:39

OFFICIAL  
FILE COPY

DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
AMITE, LOUISIANA

REPORT ON AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS

For the 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 7-14-99

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended December 31, 1998

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Balance Sheet - All Fund Types and Account Groups	3
Governmental Funds:	
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 15
OTHER INDEPENDENT AUDITOR'S REPORTS AND FINDINGS AND RECOMMENDATIONS	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing         Standards</u>	18 - 19
Findings and Recommendations	21
Corrective Action Plan for Current Year Audit Findings	23
Summary Schedule of Prior Audit Findings	25

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

May 11, 1999

## INDEPENDENT AUDITOR'S REPORT

The Honorable Bruce C. Bennett, Chief Judge  
and Honorable Judges  
Twenty-First Judicial District Court  
Amite, Louisiana

We have audited the accompanying general purpose financial statements of the Judicial Expense Fund of the Twenty-First Judicial District Court as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Judicial Expense Fund of the Twenty-First Judicial District Court's management. Our responsibility is to express an opinion on these general purpose 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 Judicial Expense Fund of the Twenty-First Judicial District Court 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 our report dated May 11, 1999, on our consideration of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants.

Respectfully submitted,

  
DURNIN & JAMES, CPAs

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 December 31, 1998

	<u>GOVERNMENTAL FUNDS</u>		<u>ACCOUNT GROUPS</u>	<u>TOTALS</u>	
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>(MEMORANDUM ONLY)</u>	
				<u>1998</u>	<u>1997</u>
<b>ASSETS</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$395,205	\$381,902	\$ -	\$ 777,107	\$586,512
Receivables	20,760	-	-	20,760	29,314
Due from other governments (net of allowances for uncollectibles)	60,412	39,227	-	99,639	17,583
Due from other funds	-	-	-	-	-
Fixed assets	-	-	290,068	290,068	267,632
<b>TOTAL ASSETS</b>	<u>\$476,377</u>	<u>\$421,129</u>	<u>\$290,068</u>	<u>\$1,187,574</u>	<u>\$901,041</u>
 <b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 63,305	\$164,747	\$ -	\$ 228,052	\$171,700
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 63,305</b>	<b>\$164,747</b>	<b>\$ -</b>	<b>\$ 228,052</b>	<b>\$171,700</b>
 <b>Fund Equity:</b>					
Investment in general fixed assets	\$ -	\$ -	\$290,068	\$ 290,068	\$267,632
Fund balances:					
Unreserved -					
undesignated	413,072	256,382	-	669,454	461,709
<b>Total Fund Equity</b>	<u>\$413,072</u>	<u>\$256,382</u>	<u>\$290,068</u>	<u>\$ 959,522</u>	<u>\$729,341</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$476,377</u>	<u>\$421,129</u>	<u>\$290,068</u>	<u>\$1,187,574</u>	<u>\$901,041</u>

The accompanying notes are an integral part of this statement.

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1998

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			1998	1997
<b>REVENUES</b>				
Fees:				
Civil Court	\$ 68,650	\$ -	\$ 68,650	\$ 73,440
Criminal Court	106,774	-	106,774	102,440
Criminal Court - DOC	3,210	-	3,210	4,090
Criminal probation supervision fees	158,105	-	158,105	130,020
Support enforcement fees	-	399,774	399,774	311,342
Reimbursement from criminal court fund	60,412	32,649	93,061	36,058
Intergovernmental Grant	-	28,000	28,000	28,000
Interest earned	12,601	9,657	22,258	15,421
Other income	(215)	100	(115)	1,916
<b>Total Revenues</b>	<b>\$409,537</b>	<b>\$470,180</b>	<b>\$879,717</b>	<b>\$702,727</b>
<b>EXPENDITURES</b>				
Current:				
Administrator's contract	\$ 43,406	\$ -	\$ 43,406	\$ 36,566
Salaries and related	39,035	681	39,716	34,386
General office expenditures	36,109	21,956	58,065	65,814
Repairs and maintenance	2,663	-	2,663	1,887
Telephone	35,844	3,825	39,669	36,717
Law library, books and cassettes	2,359	667	3,026	4,505
Travel, training and meetings	10,033	8,842	18,875	19,220
Co-operative endeavor agreement	-	-	-	60,269
Accounting, auditing and professional fees	11,065	2,955	14,020	13,645
Court reporters	70,432	28,626	99,058	35,722
Contracted law clerks	-	23,174	23,174	71,039
Insurance	3,743	1,276	5,019	6,391
Probation officer contract	85,247	-	85,247	73,673
Hearing officer contract	-	63,370	63,370	56,823
Stenographer, bailiff, public defender minute clerk and other clerks	-	73,229	73,229	133,457
Data Processing	3,936	3,046	6,982	4,807
FINS program expenditures	(500)	71,246	70,746	48,069
Other	1,201	2,070	3,271	2,078
Capital outlay	7,162	15,274	22,436	77,794
<b>Total Expenditures</b>	<b>\$351,735</b>	<b>\$320,237</b>	<b>\$671,972</b>	<b>\$782,862</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 57,802</b>	<b>\$149,943</b>	<b>\$207,745</b>	<b>\$(80,135)</b>
Other Financing Sources (Uses):				
Operating Transfers In (Out)	(345)	345	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ 57,457</b>	<b>\$150,288</b>	<b>\$207,745</b>	<b>\$(80,135)</b>
<b>FUND BALANCE:</b>				
Beginning of Year	\$355,615	\$106,094	\$461,709	\$541,844
End of Year	\$413,072	\$256,382	\$669,454	\$461,709

The accompanying notes are an integral part of this statement.

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP) BASIS AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
 For the Year Ended December 31, 1998

	GENERAL FUND			SPECIAL REVENUE FUND		
	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>						
Fees:						
Civil Court	\$ 75,000	\$ 68,650	\$ (6,350)	\$ -	\$ -	\$ -
Criminal Court	113,000	106,774	(6,226)	-	-	-
Criminal Court - DOC	3,000	3,210	210	-	-	-
Criminal probation supervision fees	145,000	158,105	13,105	-	-	-
Support enforcement fees	-	-	-	318,500	399,774	81,274
Reimbursement from Criminal Court Fund	38,000	60,412	22,412	-	32,649	32,649
Intergovernmental Grant	-	-	-	28,000	28,000	-
Interest earned	9,000	12,601	3,601	8,500	9,657	1,157
Other income	250	(215)	(465)	-	100	100
<b>Total Revenues</b>	<b>\$383,250</b>	<b>\$409,537</b>	<b>\$ 26,287</b>	<b>\$355,000</b>	<b>\$470,180</b>	<b>\$115,180</b>
<b>EXPENDITURES</b>						
Current:						
Administrator's contract	\$ 41,000	\$ 43,406	\$ (2,406)	\$ -	\$ -	\$ -
Salaries and related	37,000	39,035	(2,035)	500	681	(181)
General office expenditures	36,250	36,109	141	17,550	21,956	(4,406)
Repairs and maintenance	4,000	2,663	1,337	500	-	500
Telephone	36,000	35,844	156	6,000	3,825	2,175
Law library, books and cassettes	4,200	2,359	1,841	1,000	667	333
Travel, training and meetings	12,700	10,033	2,667	13,000	8,842	4,158
Co-operative endeavor	-	-	-	39,000	-	39,000
Accounting, auditing and professional fees	7,000	11,065	(4,065)	4,000	2,955	1,045
Court reporters	70,500	70,432	68	1,000	28,626	(27,626)
Contracted law clerks	-	-	-	35,500	23,174	12,326
Insurance	4,000	3,743	257	3,200	1,276	1,924
Probation officer contract	80,300	85,247	(4,947)	-	-	-
Hearing officer contract	-	-	-	62,000	63,370	(1,370)
Stenographer, bailiff, public defender, minute clerk, and other clerks	-	-	-	104,600	73,229	31,371
Data processing	5,000	3,936	1,064	2,500	3,046	(546)
FINS program expenditures	-	(500)	500	81,700	71,246	10,454
Other	-	1,201	(1,201)	4,200	2,070	2,130
Capital outlay	18,500	7,162	11,338	15,000	15,274	(274)
Debt service-principal	1,000	-	1,000	-	-	-
<b>Total Expenditures</b>	<b>\$357,450</b>	<b>\$351,735</b>	<b>\$ 5,715</b>	<b>\$391,250</b>	<b>\$320,237</b>	<b>\$ 71,013</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 25,800</b>	<b>\$ 57,802</b>	<b>\$ 32,002</b>	<b>\$(36,250)</b>	<b>\$149,943</b>	<b>\$186,193</b>
Other Financing Sources (Uses):						
Operating Transfers In (Out)	-	(345)	(345)	-	345	345
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ 25,800</b>	<b>\$ 57,457</b>	<b>\$ 31,657</b>	<b>\$(36,250)</b>	<b>\$150,288</b>	<b>\$186,538</b>
<b>FUND BALANCE:</b>						
Beginning of Year	\$355,615	\$355,615	\$ -	\$106,094	\$106,094	\$ -
End of Year	\$381,415	\$413,072	\$ 31,657	\$ 69,844	\$256,382	\$186,538

The accompanying notes are an integral part of this statement.

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

For the Year Ended December 31, 1998

NOTES TO THE FINANCIAL STATEMENTS

	<u>Page</u>
Introduction	7
1. Summary of Significant Accounting Policies	7
A. Basis of Presentation	7
B. Reporting Entity	7 - 8
C. Fund Accounting	8 - 9
D. Fixed Assets and Long-Term Liabilities	9
E. Basis of Accounting	9 - 10
F. Budgets and Budgetary Accounting	10
G. Encumbrances	11
H. Cash and Cash Equivalents	11
I. Inventories	11
J. Prepaid Items	11
K. Fixed Assets	11
L. Compensated Absences	11
M. Long-Term Obligations	11
N. Total Column on Combined Statement	12
2. Cash and Cash Equivalents	12
3. Receivables	12 - 13
4. Due from Other Governmental Unit	13
5. Changes in General Fixed Assets	13 - 14
6. Pension Plan	14
7. Leases	14
8. Litigation	14 - 15
9. Year 2000 Issue	15



JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 1998

**INTRODUCTION**

The Judicial Expense Fund of the Twenty-First Judicial District Court (hereafter referred to as "Judicial Expense Fund") was established on July 8, 1981 by Act No. 437, Subsection A of Section 996.6 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. This original Act was amended by Act 1985, Number 64, Section 1.

The Amended Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerks of Court of the Twenty-First Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed ten dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases over which the Twenty-First Judicial District Court has jurisdiction, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed ten dollars, which shall be in addition to all other fines, costs or forfeitures lawfully imposed, and which shall be transmitted to the said clerk for further disposition in accordance herewith.

The judges, en banc, of the Twenty-First Judicial District Court may pay each of their court reporters a salary from the judicial expense fund. The judges, en banc, may further appoint such secretarial, clerical, research, administrative or other personnel as they deem necessary to expedite the business and function of the court and pay all or any part of the salaries of such personnel out of the monies in the judicial expense fund. In like manner, the judges may utilize the monies in the judicial expense fund to pay all or any part of the cost of establishing and maintaining a law library for the court, or for buying and maintaining any type of equipment, supplies or other items consistent with the proper administration and efficient operation of the court.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Judicial Expense Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (council), (b) organizations for which the primary government is financially

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Tangipahoa Parish Council 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 Parish Council to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Council.
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.

Because the Judicial Expense Fund's revenues are self-generated, the Judicial Expense Fund is not fiscally dependent on the council. The Judicial Expense Fund was determined not to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Judicial Expense Fund and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

The accounts of the Judicial Expense Fund are organized on the basis of two funds and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures. 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 and the acquisition or construction of general fixed assets. Governmental funds of the Judicial Expense Fund include:

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. General Fund - the general operating fund of the Judicial Expense Fund accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**D. FIXED ASSETS AND LONG-TERM LIABILITIES**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

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 the general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-term Debt Account Group. The Judicial Expense Fund had no long-term debt at December 31, 1998.

**E. 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. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

practices in recording revenues and expenditures:

Revenues

Substantially all governmental fund revenues (fees, grants and interest earned) are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. An exception to this rule is criminal probation supervision fees which are recorded as revenue when received.

Expenditures

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

**F. BUDGETS AND BUDGETARY ACCOUNTING**

The Judicial Expense Fund adopted an operating budget for the general fund and the special revenue fund for the fiscal year ended December 31, 1998. The budget for the general fund and the special revenue fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

The Judicial Expense Fund follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fund Administrator prepares a proposed budget and submits it to the Judges of the Twenty-First Judicial District Court for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A meeting is then held with the Fund Administrator and the Judges to review the proposed budget and formal adoption is made by majority vote of the Judges of the Twenty-First Judicial District Court. The budget for 1998 was adopted by the Judges on November 5, 1997.
3. Copies of the adopted budget are kept on file for public inspection.
4. Budgetary amendments due to increases or decreases in revenues or expenditures over amounts estimated require majority vote of the Judges of the Twenty-First Judicial District Court. The budget for the year ended December 31, 1998, was amended by majority vote of the Judges on October 7, 1998.
5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed.

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**G. ENCUMBRANCES**

The Judicial Expense Fund does not utilize encumbrance accounting.

**H. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits and time certificates of deposit. Under state law, the Judicial Expense Fund 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.

**I. INVENTORIES**

The Judicial Expense Fund has no inventory on hand at December 31, 1998. Expendable supplies in the General Fund are recorded as expenditures at the time the supplies are purchased.

**J. PREPAID ITEMS**

The Judicial Expense Fund did not record any prepaid items at December 31, 1998.

**K. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs.

**L. COMPENSATED ABSENCES**

All full-time employees earn ten (10) days of annual leave and ten (10) days of sick leave after one year of service. Unused sick leave and annual leave is not accumulated. At December 31, 1998, there were no employee leave benefits requiring recognition in accordance with GASB Statement No. 16.

**M. LONG-TERM OBLIGATIONS**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

N. TOTAL COLUMN ON COMBINED STATEMENT

The total column on the combined statement is captioned Memorandum Only to indicate that it is 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.

2. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include demand deposits and time certificates of deposits. Under Louisiana law the Fund may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Fund may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As reflected in the accompanying combined balance sheet, the Fund had cash and cash equivalents totaling \$777,107 at December 31, 1998. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents as confirmed by financial institutions at December 31, 1998, with the related federal deposit insurance and pledged securities. The cash and cash equivalents at December 31, 1998, were secured as follows:

	CONFIRMED BANK BALANCES DEC. 31, 1998	FDIC INSURANCE	PLEGGED SECURITIES (CATEGORY 3)
Demand Deposits	\$ -	\$ -	\$ -
Interest Bearing Demand Deposits	315,531	224,954	90,577
Time Certificates Deposit	<u>440,014</u>	<u>331,059</u>	<u>108,955</u>
Total	<u>\$755,545</u>	<u>\$556,013</u>	<u>\$199,532</u>

3. RECEIVABLES

Receivables represent accrued interest on certificates of deposit, court filing fees, and support account fees earned in 1998 and received in 1999 from the following:

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Fees:			
Clerk of Court:			
Tangipahoa Parish	\$ -	\$ -	\$ -
Livingston Parish	-	-	-
St. Helena Parish	<u>340</u>	<u>-</u>	<u>340</u>
Civil Court Fees	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ 340</u>
Sheriffs:			
Tangipahoa Parish	\$ 2,190	\$ -	\$ 2,190
Livingston Parish	15,780	-	15,780
St. Helena Parish	<u>2,450</u>	<u>-</u>	<u>2,450</u>
Criminal Court Fees	\$20,420	\$ -	\$20,420
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables	<u>\$20,760</u>	<u>\$ -</u>	<u>\$20,760</u>

No allowance for uncollectible receivables is required at December 31, 1998.

**4. DUE FROM OTHER GOVERNMENTAL UNIT**

Due from other governments consists of unsecured loans made to the Criminal Court Fund of Livingston Parish and amounts due from the Tangipahoa Parish Council - Criminal Court Fund. The outstanding balances as of December 31, 1998 consist of the following:

Criminal Court Fund - Livingston Parish	\$20,122
Tangipahoa Parish Council - Criminal Court Fund	<u>79,517</u>
Subtotal	\$99,639
Less Allowance For Uncollectible Amounts	<u>-</u>
Total	<u>\$99,639</u>

**5. CHANGES IN GENERAL FIXED ASSETS**

The general fixed assets of the Judicial Expense Fund include only those assets purchased by funds provided for in the Judicial Expense Fund.

A summary of changes in general fixed assets for the year ended December 31, 1998 follows:

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance January <u>1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	Balance December <u>31, 1998</u>
Furniture & Fixtures	\$ 28,735	\$ 2,193	\$ -	\$ 30,928
Equipment	<u>238,897</u>	<u>20,243</u>	<u>-</u>	<u>259,140</u>
Total	<u>\$267,632</u>	<u>\$22,436</u>	<u>\$-</u>	<u>\$290,068</u>

**6. PENSION PLAN**

All employees of the Judicial Expense Fund are members of the social security system.

In addition to employee payroll deduction, the Judicial Expense Fund remits funds to match the employee contributions. The Fund's portion of contributions to the social security system for the year ended December 31, 1998, totaled \$1,685. The Judicial Expense Fund does not have any liability for employee pension benefits.

**7. LEASES**

The Judicial Expense Fund records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 1998:

On July 27, 1993, the Judicial Expense Fund entered into a 15 month lease for a photo copier, the lease provides for rental of \$600 per month commencing July 27, 1993 through October 27, 1994; thereafter, for \$300 per month until terminated.

On September 16, 1993, the Judicial Expense Fund entered into a 16 month lease for a photo copier. The lease provides for rental of \$475 per month commencing September 16, 1993 through January 16, 1994; thereafter, for \$275 per month until terminated.

On April 27, 1995, the Judicial Expense Fund entered into a month-by-month lease for office rent in Livingston Parish. The lease provides for rental of \$500 per month commencing May 1, 1995, and can be terminated at any time.

On January 2, 1996, the Judicial Expense Fund entered into a twelve month lease for office rent in Tangipahoa Parish. The lease provides for rental of \$300 per month commencing January 2, 1996, through January 2, 1997; thereafter, for \$350 per month until terminated.

Since each of these four leases may be terminated at any time, the Judicial Expense Fund has no required future annual commitments under these leases.

**8. LITIGATION**

There is no litigation pending against the Judicial Expense Fund at December 31,



JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1998.

9. **YEAR 2000 ISSUE**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Judicial Expense Fund of the Twenty-First Judicial District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the Judicial Expense Fund's operations. Based on this inventory, the Judicial Expense Fund is in the assessment stage, nearing the remediation stage. Testing and validation of the any system changes resulting from the remediation stage will need to be completed after the hardware and software are installed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Judicial Expense Fund is or will be year 2000 ready, that the Judicial Expense Fund's remediation efforts will be successful in whole or in part, or that parties with whom the Judicial Expense Fund does business will be year 2000 ready.

OTHER INDEPENDENT AUDITOR'S REPORTS  
AND FINDINGS AND RECOMMENDATIONS

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

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

May 11, 1999

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

The Honorable Bruce C. Bennett, Chief Judge  
and Honorable Judges  
Twenty-First Judicial District Court  
Amite, Louisiana

We have audited the general purpose financial statements of the Judicial Expense Fund of the Twenty-First Judicial District Court, Amite, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 11, 1999. 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 Judicial Expense Fund of the Twenty-First Judicial District Court's 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 instance of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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.

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPA'S

FINDINGS AND RECOMMENDATIONS

JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 1998

FINDINGS AND RECOMMENDATIONS

None.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS



JUDICIAL EXPENSE FUND OF THE  
TWENTY-FIRST JUDICIAL DISTRICT COURT  
Amite, Louisiana

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 1998

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A				

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUDICIAL EXPENSE FUND OF THE  
 TWENTY-FIRST JUDICIAL DISTRICT COURT  
 Amite, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 For the Year Ended December 31, 1998

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Plan Corrective Action - Partial Corrective Action Taken	Additional Explanation
97-1	1997	Inadequate pledged securities	The bank pledged sufficient securities.	Monitor pledged securities on an ongoing basis.	N/A