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**JUDICIAL EXPENSE FUND FOR THE
SEVENTH JUDICIAL DISTRICT COURT**
Vidalia, Louisiana

General Purpose Financial Statements
and Auditor's Report

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

JERI SUE TOSSPON
Certified Public Accountant

**JUDICIAL EXPENSE FUND FOR THE
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General Purpose Financial Statements
and Auditor's Report

December 31, 1998

**JUDICIAL EXPENSE FUND FOR THE
SEVENTH JUDICIAL DISTRICT COURT**

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SECTION I

GENERAL PURPOSE FINANCIAL STATEMENTS

REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

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AUDITOR'S REPORT

Honorable Leo Boothe, Judge
Honorable Kathy Johnson, Judge
Judicial Expense Fund for the Seventh
Judicial District Court
Vidalia, Louisiana

I have audited the accompanying general purpose financial statements of the Judicial Expense Fund for the Seventh Judicial District Court, as of December 31, 1998, and for the year then ended. These financial statements are the responsibility of the Judicial Expense Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the 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.



Ferriday, Louisiana
June 23, 1999

**JUDICIAL EXPENSE FUND FOR THE SEVENTH
JUDICIAL DISTRICT COURT
BALANCE SHEET
(ALL FUND TYPES AND ACCOUNT GROUPS)
DECEMBER 31, 1998**

	<u>Governmental Fund General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and cash equivalents (Note 3)	\$ 19,254		\$ 19,254
Receivables (Note 4)	12,239		12,239
Equipment (Note 5)		\$ 23,216	23,216
 Total Assets	 <u>\$ 31,493</u>	 <u>\$ 23,216</u>	 <u>\$ 54,709</u>
 <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>			
Liabilities - Accounts payable	\$ 1,184		\$ 1,184
Fund equity and other credits -			
Investment in general fixed assets		\$ 23,216	\$ 23,216
Fund Balance, unreserved and undesignated	\$ 30,309		30,309
Total Fund Equity and Other Credits	\$ 30,309	\$ 23,216	\$ 53,525
 Total Liabilities, Fund Equity and Other Credits	 <u>\$ 31,493</u>	 <u>\$ 23,216</u>	 <u>\$ 54,709</u>

See accompanying notes to the financial statements
(2)

**JUDICIAL EXPENSE FUND FOR THE SEVENTH
 JUDICIAL DISTRICT COURT
 STATEMENT OF REVENUE, EXPENDITURE AND
 CHANGES IN FUND BALANCE
 (GOVERNMENTAL FUND - GENERAL FUND)
 YEAR ENDED DECEMBER 31, 1998**

REVENUES

Criminal and civil fees		
Concordia & Catahoula Sheriff	\$	18,356
Concordia & Catahoula Clerk of Court		6,303
Other		7,079
Use of money and property - interest earnings		1,104
Bond fees		8,359
Total revenue	\$	<u>41,201</u>

EXPENDITURES

General government - judicial		
Office supply and expense	\$	5,167
Travel		6,525
Insurance		
Audit and accounting		750
Library and subscriptions		2,173
Payroll and taxes		11,140
FINS expenditures		(1,399)
Contractual services		
Mobile telephone		6,588
Typing and other services		5,173
Capital outlay - equipment		6,319
Total expenditures	\$	<u>42,436</u>

EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES \$ (1,235)

FUND BALANCE, JANUARY 1 31,544

FUND BALANCE, DECEMBER 31 \$ 30,309

See accompanying notes to the financial statements
 (3)

**JUDICIAL EXPENSE FUND FOR THE SEVENTH
JUDICIAL DISTRICT COURT
STATEMENT OF REVENUE, EXPENDITURE AND
CHANGES IN FUND BALANCE
(GOVERNMENTAL FUND - GENERAL FUND)
BUDGET (CASH BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Criminal and civil fees	\$ 22,900	\$ 24,770	\$ 1,870
Interest	1,200	1,104	(96)
Other	7,100	8,976	1,876
Total revenue	\$ 31,200	\$ 34,850	\$ 3,650
 DISBURSEMENTS			
General government - judicial			
Office supply and expense	\$ 4,300	\$ 5,167	\$ (867)
Travel	8,000	6,198	1,802
Insurance	0	0	0
Audit and accounting	750	750	0
Library and subscriptions	3,400	2,355	1,045
Payroll and taxes	8,800	10,844	(2,044)
FINS expenditures		(1,399)	1,399
Contractual services			
Mobile telephone	6,500	6,501	(1)
Typing and other services	6,400	5,446	954
Capital outlay - equipment	5,000	6,319	(1,319)
Total expenditures	\$ 43,150	\$ 42,181	\$ 969
 EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS			
	\$ (11,950)	\$ (7,331)	\$ 4,619
 CASH BALANCE, JANUARY 1			
	13,340	26,585	13,245
 CASH BALANCE, DECEMBER 31			
	\$ 1,390	\$ 19,254	\$ 17,864

See accompanying notes to the financial statements
(4)

**JUDICIAL EXPENSE FUND FOR THE
SEVENTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS**
As of December 31, 1998 and for the Year then Ended

NOTE 1 - INTRODUCTION

The Judicial Expense Fund for the Seventh Judicial District Court was established by Louisiana Revised Statute 13:996.51 for the purpose of administering the district court or the office of the individual judges of the court. Operations of the Judicial Expense Fund for the Seventh Judicial District Court are funded by court costs on criminal charges and costs on civil suits that are not exempted from court costs. As provided by LSA-R.S. 13:621.7, the Seventh Judicial District Court encompasses the parishes of Catahoula and Concordia. The Seventh Judicial District Court is domiciled in Vidalia, Louisiana, and is subject to the general administrative rules and regulations of the Louisiana Supreme Court.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements 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. 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. For financial reporting purposes, in conformance with GASB Statement No. 14, the District includes all funds, account groups, et cetera, that are within the oversight responsibility of the District judges as independently elected officials. As independently elected officials, the district judges are solely responsible for the operations of the district court, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the District that are paid by the State of Louisiana and the parish police jury as required by Louisiana law, the District is financially independent. Accordingly, the District is a separate governmental reporting entity.

Certain units of local government over which the District exercises no oversight responsibility, such as the parish police jury, parish school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District.

C. Fund Accounting - The District uses a fund and an account group 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.

A fund is a separate accounting entity with a 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.

The General Fund of the District is classified as a governmental fund. The General Fund is the principal fund for the district and accounts for its financial operations. Civil fees or court costs collected by the clerks of court and the sheriffs of Catahoula and Concordia Parishes are accounted for in this fund. General operating expenditures are paid from this fund.

D. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is 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. The operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Court fees (criminal and civil) are recorded when earned and available.

Interest income on time deposits is recorded when the deposits have matured and the interest is available.

All other revenues are recognized when received.

Expenditures

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

E. Encumbrances - Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed in the District's accounting system.

F. Cash and Cash Equivalents - Cash includes amounts in demand deposits accounts and cash equivalents include amounts in time deposits. Time deposits are stated at cost. Under state law, the District 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.

G. Fixed Assets - Fixed assets are recorded as expenditures at the time purchased or constructed and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. Compensated Absences/Pensions - The Catahoula and Concordia Parish Police Juries pay salaries and employer contributions for the employees of the District. Therefore, the District has no reportable compensated absences or pension costs.

I. Total Column on Balance Sheet - The total column on the balance sheet 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 1998, the District has cash and cash equivalents (book balances) totaling \$19,354, as follows:

Demand deposits	\$ 3,890
Time deposits	<u>15,464</u>
Total	<u>\$19,354</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned 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. At December 31, 1998, the District has \$19,354 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

NOTE 4 - RECEIVABLES

The following is a summary of receivables at December 31, 1998:

<u>Class of Receivable</u>	
Criminal and civil fees	\$ 3,228
Bond fees	1,466
Other	<u>7,545</u>
Total	<u>\$12,239</u>

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

Additions to the general fixed assets are as follows:

Balance, January 1, 1998	\$17,160
Additions: Office furniture & equipment at historical cost	<u>6,056</u>
Balance, December 31, 1998	<u>\$23,216</u>

NOTE 6 - RECONCILIATION OF REVENUES AND EXPENDITURES WITH
RECEIPTS AND DISBURSEMENTS

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The following reconciles the excess (deficiency) of revenues and other sources over expenditures and other uses for the General Fund:

	<u>For The Year Ended December 31, 1998</u>
Excess (deficit) of revenues over expenditures (Page 3)	(\$ 1,235)
Adjustments for:	
Change in accounts receivable (net)	(6,351)
Change in accounts payable (net)	<u>255</u>
Excess (deficit) of receipts over disbursements (Page 4)	<u>(\$ 7,331)</u>

NOTE 7 - EXPENDITURES OF THE DISTRICT NOT INCLUDED IN THE
ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District paid by the Catahoula and Concordia Parish Police Juries or directly by the state. The Catahoula and Concordia Parish Police Juries pay certain salaries and employer contributions of secretarial personnel.

NOTE 8 - LITIGATION

The District is not involved in any litigation at December 31, 1998.

NOTE 9 - YEAR 2000 COMPLIANCE

The District expects to be fully Year 2000 compliant in the next month and does not expect to incur any material costs in attaining this compliance.

SECTION II
REPORT ON INTERNAL CONTROL
AND COMPLIANCE WITH LAWS AND REGULATIONS

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

Honorable Leo Boothe, Judge
Honorable Kathy Johnson, Judge
Judicial Expense Fund for the Seventh
Judicial District Court
Vidalia, Louisiana

I have audited the financial statements of the Judicial Expense Fund for the Seventh Judicial District Court (Expense Fund), as of December 31, 1998, and for the year then ended, and have issued my report thereon dated June 23, 1999. I conducted my 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 Expense Fund's general purpose 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*.

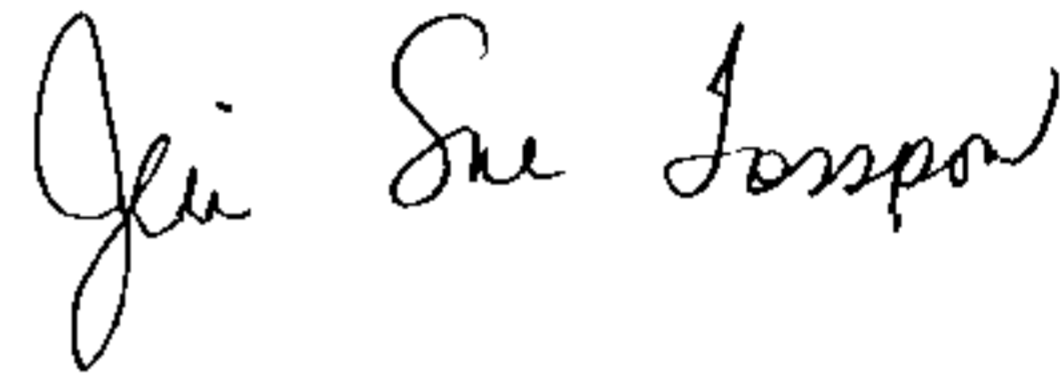
Internal Control over Financial Reporting

In planning and performing my audit, I considered the Expense Fund's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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

Judicial Expense Fund for the Seventh
Judicial District Court
Page Two

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

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

A handwritten signature in cursive script that reads "J. Sue Jossop".

Ferriday, Louisiana
June 23, 1999

JERI SUE TOSSPON

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Honorable Leo Boothe, Judge
Honorable Kathy Johnson, Judge
Judicial Expense Fund for the Seventh
Judicial District Court
Vidalia, Louisiana

I have audited the financial statements of the Judicial Expense Fund for the Seventh Judicial District, as of December 31, 1998 and for the year then ended, and have issued my reports dated June 23, 1999. As a part of my examination, I made a study and evaluation of the District's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Judicial Expense Fund is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system 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 financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Judicial Expense Fund taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

Honorable Leo Boothe, Judge
Honorable Kathy Johnson, Judge
Page Two

My comments on specific financial and accounting matters and recommendations developed during my examination which do not represent material weaknesses, are detailed below.

PRIOR YEAR FINDINGS

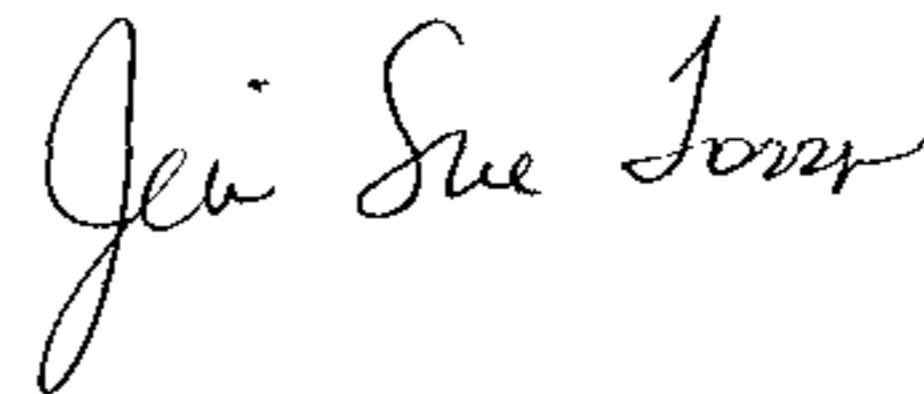
The person being paid for research is not being treated as an employee for payroll tax purposes. After reviewing the factors involved in the employment of this individual, he should be treated as an employee.

COMMENTS

The research associate is now being treated as an employee. The District is now in compliance.

This report is intended for the use of the Judicial Expense Fund management and others within the organization.

I thank all the personnel at the Judges' Office for their cooperation during my examination.

A handwritten signature in cursive script that reads "Jen Sue Jones".

June 23, 1999