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JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT
CHALMETTE, LOUISIANA

REPORT ON AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS

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 ~~APR 09 1999~~

Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT
CHALMETTE, LOUISIANA

REPORT ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended December 31, 1998

JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT
CHALMETTE, LOUISIANA

REPORT ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended December 31, 1998

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Durnin & James

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January 22, 1999

INDEPENDENT AUDITOR'S REPORT

The Honorable Kirk A. Vaughn, Chief Judge
and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited the accompanying general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, as of December 31, 1998, and for the year then ended. These general purpose financial statements are the responsibility of the Judicial Clerk's Fund of the Thirty-Fourth 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 Clerk's Fund of the Thirty-Fourth 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 January 22, 1999 on our consideration of the Judicial Clerk's Fund of Thirty-Fourth Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

THIRTY-FOURTH JUDICIAL DISTRICT COURT

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

COMBINED 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>
<u>ASSETS</u>					
Assets:					
Cash	\$45,060	\$92,031	\$ -	\$137,091	\$120,836
Accounts receivable	-	469	-	469	400
Due from other governments	19,385	-	-	19,385	9,777
Prepaid expenditures	-	-	-	-	-
Office equipment	-	-	10,763	10,763	10,763
TOTAL ASSETS	<u>\$64,445</u>	<u>\$92,500</u>	<u>\$10,763</u>	<u>\$167,708</u>	<u>\$141,776</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ 835	\$ -	\$ -	\$ 835	\$ 1,438
Total Liabilities	\$ 835	\$ -	\$ -	\$ 835	\$ 1,438
Fund equity:					
Investment in general fixed assets	\$ -	\$ -	\$10,763	\$ 10,763	\$ 10,763
Fund balances:					
Unreserved-undesignated	<u>63,610</u>	<u>92,500</u>	-	<u>156,110</u>	<u>129,575</u>
Total Fund Equity	<u>\$63,610</u>	<u>\$92,500</u>	<u>\$10,763</u>	<u>\$166,873</u>	<u>\$140,338</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$64,445</u>	<u>\$92,500</u>	<u>\$10,763</u>	<u>\$167,708</u>	<u>\$141,776</u>

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

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

For the Year Ended December 31, 1998

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
			<u>1998</u>	<u>1997</u>
Revenues:				
Court costs	\$153,389	\$ -	\$153,389	\$141,609
Interest revenue	582	-	582	384
Reimbursement	-	-	-	-
Probation supervision fees	-	8,629	8,629	14,683
Intergovernmental grant	-	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Revenues	\$153,971	\$ 33,629	\$187,600	\$181,676
Expenditures:				
Current:				
General government:				
Salaries	\$124,277	\$ -	\$124,277	\$107,733
Payroll taxes	8,842	-	8,842	8,388
Insurance	3,200	-	3,200	2,400
Professional fees	8,236	477	8,713	5,325
General office expenditures	2,862	7,607	10,469	12,079
Public welfare	-	5,564	5,564	3,939
Capital outlay	-	-	-	<u>712</u>
Total Expenditures	\$147,417	\$ 13,648	\$161,065	\$140,576
Excess of Revenues Over Expenditures	\$ 6,554	\$ 19,981	\$ 26,535	\$ 41,100
Fund Balance at Beginning of Year	<u>57,056</u>	<u>72,519</u>	<u>129,575</u>	<u>88,475</u>
Fund Balance at End of Year	<u>\$ 63,610</u>	<u>\$ 92,500</u>	<u>\$156,110</u>	<u>\$129,575</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS)
AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUNDS

For the Year Ended December 31, 1998

	<u>GENERAL FUND</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>SPECIAL REVENUE FUNDS</u>		VARIANCE FAVORABLE (UNFAVORABLE)
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>		<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	
Revenues:						
Court Costs	\$141,000	\$143,781	\$ 2,781	\$ -	\$ -	\$ -
Probation supervision fees	-	-	-	8,560	8,560	560
Intergovernmental Grant	-	-	-	25,000	25,000	-
Interest revenue	<u>500</u>	<u>582</u>	<u>82</u>	-	-	-
Total Revenues	\$141,500	\$144,363	\$ 2,863	\$ 33,000	\$ 33,560	\$ 560
Expenditures:						
Current:						
Salaries and related benefits	\$137,000	\$133,722	\$ 3,278	\$ 4,476	\$ 4,176	\$ 300
Travel and seminars	1,100	1,005	95	4,400	4,270	130
Insurance	3,500	3,200	300	-	-	-
Professional fees	9,000	8,236	764	500	477	23
General office	4,300	1,857	2,443	5,500	4,346	1,154
Uniforms	-	-	-	<u>400</u>	<u>379</u>	<u>21</u>
Total Expenditures	\$154,900	\$148,020	\$ 6,880	\$ 15,276	\$ 13,648	\$ 1,628
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,400)	\$ (3,657)	\$ 9,743	\$ 17,724	\$ 19,912	\$ 2,188
Fund Balance at Beginning of Year	<u>48,717</u>	<u>48,717</u>	-	<u>72,119</u>	<u>72,119</u>	-
Fund Balance at End of Year	<u>\$ 35,317</u>	<u>\$ 45,060</u>	<u>\$ 9,743</u>	<u>\$ 89,843</u>	<u>\$ 92,031</u>	<u>\$ 2,188</u>

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

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Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana.

The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth 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 thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, 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 twenty-five dollars, which shall be in addition to all other fines, costs or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith.

The judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the Judicial Clerk's Fund. In like manner, the judges, en banc, may utilize the moneys in the Judicial Clerk's Fund to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

The accounting and reporting policies of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

The accompanying general purpose financial statements of the Judicial Expense Fund of the Thirty-Fourth Judicial District Court 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.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of (1) the primary government (council), (2) organizations for which the primary government is financially accountable, and (3) 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 St. Bernard 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 Parish Council provides for office space, courtrooms and approval authority over its capital budget and therefore is fiscally dependent on the council, the Judicial Clerk's Fund was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Judicial Clerk's 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.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

B. FUND ACCOUNTING

The accounts of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court are organized on the basis of two funds. The operations of the funds are accounted for with separate sets of self-balancing accounts that comprise their assets, liabilities, fund balances, revenues, and expenditures. The funds presented in the financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Judicial Clerk's Fund. It is used to account for all financial resources.

Special Revenue Fund

The Juvenile Probation Supervision Fee Special Revenue Fund is used to account for the receipt and disbursement of funds collected for juvenile probation supervision fees.

The Families in Need of Services Special Revenue Fund is used to account for the receipt and disbursement of funds collected for reducing the number of children who enter the juvenile justice system or the foster care system.

C. FIXED ASSETS

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

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

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.

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.

All governmental fund revenues (court costs and interest revenue) are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Insurance is recognized as an expenditure in the period to which it is allocable.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Judicial Clerk's Fund adopted operating budgets for the General Fund and for the Juvenile Probation Supervision Fee Special Revenue Fund for the fiscal year ended December 31, 1998. However, the Families In Need of Services Special Revenue Fund was not included in the operating budgets. The budgets for the General Fund and the Juvenile Probation Supervision Fee Special Revenue Fund are adopted on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

The Judicial Clerk's Fund follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Chief Judge prepares a proposed budget and submits same to the Judges of the Thirty-Fourth Judicial District Court for their review.
2. A meeting is then held to review the proposed budget and formal adoption is made by majority vote of the Judges of the Thirty-Fourth Judicial District Court.
3. Copies of the adopted budget are kept on file for public inspection.
4. Budgetary amendments due to increase or decrease in revenues or expenditures over amounts estimated require the approval of the Judges of the Thirty-Fourth Judicial District Court.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Excess (Deficiency) of Revenues Over Expenditures (Exhibit B)	\$ 6,554	\$19,981
Add:		
Prior Year Prepaid Expenditures	-	-
Prior Year Receivables	9,777	400
Current Year Payables	835	-
Less:		
Current Year Prepaid Expenditures	-	-
Current Year Receivables	19,385	469
FINS Fund Not Budgeted	-	-
Prior Year Payables	<u>1,438</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures (Exhibit C)	<u>\$ (3,657)</u>	<u>\$19,912</u>

F. INVENTORY

The Fund had 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.

G. COMPENSATED ABSENCES

There is no written policy for compensated absences. All full-time employees earn one week of annual leave. This leave is taken when the judges take their leave. Sick leave and annual leave is non-cumulative. In governmental funds, the cost of sick leave and annual leave is recognized when payments are made to employees.

H. FUND EQUITY

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

2. CASH

For reporting purposes, cash includes demand deposits and time certificates of deposits. Under Louisiana law the Judicial Clerk's 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 Judicial Clerk's 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 Judicial Clerk's Fund had cash totaling \$137,091 at December 31, 1998. 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 as confirmed by financial institutions at December 31, 1998, with the related federal deposit insurance and pledged securities. The cash at December 31, 1998, was secured as follows:

	Confirmed Bank Balance <u>12/31/98</u>	FDIC Insurance	Balance Uninsured
Cash	\$143,157	\$100,000	\$ 43,157
Cash Equivalents - Time Certificates of Deposit	<u> -</u>	<u> -</u>	<u> -</u>
Total	<u>\$143,157</u>	<u>\$100,000</u>	<u>\$ 43,157</u>
Uncollateralized - Securities in the name of and held by the fiscal agent pledged to the Judicial Clerk's Fund Office			\$ <u> -</u>
Excess of FDIC Insurance and pledged securities over cash and investment bank balance			\$ <u>(43,157)</u>

Even though the pledged securities are considered uncollateralized (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 Judicial Clerk's Fund Office that the fiscal agent has failed to pay deposited funds upon demand.

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

3. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units represent court costs collected in 1998 and received in 1999 from the following:

Court Costs:	
St. Bernard Parish Clerk of Court	\$12,015
St. Bernard Parish Sheriff	<u>7,370</u>
Total	<u>\$19,385</u>

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

4. PREPAID EXPENDITURES

Prepaid expenditures at December 31, 1998 include prepaid professional liability insurance premiums.

5. ACCOUNTS PAYABLE

Accounts payable at December 31, 1998, including payroll withholding taxes and accrued payroll taxes total \$835 at December 31, 1998.

6. LITIGATION

There is no litigation pending against the Judicial Clerk's Fund at December 31, 1998.

7. CHANGES IN GENERAL FIXED ASSETS

The general fixed assets of the Judicial Clerk's 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:

	Balance <u>01/01/98</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/98</u>
Equipment and Furniture	\$ <u>10,763</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,763</u>
Total	\$ <u>10,763</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,763</u>

8. RESTATEMENT OF PRIOR YEAR

The financial statements for the prior year included prepaid expenditures in the amount of \$3,200 which should have been expensed prior to January 1, 1997. For 1998 the 1997 financial statements have been restated for the effect of restating the

Judicial Clerk's Fund of the
 Thirty-Fourth Judicial District Court
 Chalmette, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

beginning fund balance as of January 1, 1997. The effect of this correction on the prior year is as follows:

	DECEMBER 31, 1998		
	BEFORE RESTATEMENT	NET CHANGE	AS RESTATED
Total Revenues	\$ <u>181,676</u>	\$ -	\$ <u>181,676</u>
Total Expenditures	\$ <u>140,576</u>	\$ -	\$ <u>140,576</u>
Excess of Revenues over Expenditures	\$ <u>41,100</u>	\$ -	\$ <u>41,100</u>
Fund Balance - Beginning	\$ <u>132,775</u>	\$ <u>(3,200)</u>	\$ <u>129,575</u>
Fund Balance - Ending	\$ <u>152,740</u>	\$ <u>(3,200)</u>	\$ <u>149,540</u>

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

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January 22, 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 Kirk A. Vaughn, Chief Judge
and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited the general purpose financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, for the year ended December 31, 1998, and have issued our report thereon dated January 22, 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.

Compliance

As part of obtaining reasonable assurance about whether the Judicial Clerk's Fund of the Thirty-Fourth 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and recommendations as items 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Judicial Clerk's Fund of the Thirty-Fourth 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.

JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT

However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as item 98-2 and 98-3.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 98-2 to be a material weakness.

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not to limit the distribution of this report which, upon acceptance by the Judges of the Thirty-Fourth Judicial District, is a matter of public record.

Respectfully submitted,


DURNIN & JAMES CPA'S

FINDINGS AND RECOMMENDATIONS

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court

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

FINDINGS AND RECOMMENDATIONS

COMPLIANCE

98-1

Finding: The Judicial Clerk's Fund did not maintain a complete inventory of fixed assets meeting the requirements of state law. There are no identification stickers placed on any moveable assets of the Judicial Clerk's Fund. In addition, the Judicial Clerk's Fund has no inventory records containing the inventory tag number, date of purchase, vendor name, make and model number, serial number, the initial cost, location of asset, the disposition, the purpose of such disposition and recipient of the property and other information relevant to each asset.

Failure to adequately inventory and tag all moveable assets places the Judicial Clerk's Fund in noncompliance with state law and reduces the effectiveness of the Judicial Clerk's Fund's control and management of its fixed asset inventory which could result in the unauthorized disposition of property.

Recommendation: The Judicial Clerk's Fund should immediately conduct a complete inventory of its fixed assets and tag all moveable property identifying the asset as the property of the Judicial Clerk's Fund. We further recommend an inventory record be prepared for each asset identifying the tag number, date of purchase, vendor name, make and model number, serial number, the initial cost, location of the asset, the disposition, the purpose of such disposition and recipient of the property and other information relevant to each asset.

Management's Response: In the Corrective Action Plan dated March 9, 1999, management stated that a complete inventory of fixed assets meeting the requirements of state law will be taken and maintained for the year 1999.

INTERNAL CONTROL

98-2

Finding: A monitoring date is not scheduled by the court for each juvenile to monitor the juvenile's compliance with the terms of probation.

Recommendation: We recommend the court consider setting a monitoring date for each juvenile six months after the sentencing date. At the monitoring date, the status of each juvenile could be assessed prior to releasing him from probation. Any changes to the original sentencing including reduction in term or changes in the supervision fee assessed could be documented in the court minutes.

Management's Response: In management's Corrective Action Plan dated March 9, 1999, management stated that it would consider a monitoring date to review the status of each juvenile before a juvenile is released from probation.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court

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

FINDINGS AND RECOMMENDATIONS (CONTINUED)

98-3

Finding: Cash which was not covered by FDIC was not collateralized by the pledging of securities.

Recommendation: We recommend the court require the bank to pledge securities when cash deposits exceed FDIC coverage, and we recommend that the court monitor pledged security reports on a monthly basis.

Management's Response: In management's Corrective Action Plan dated March 9, 1999, management stated that it would require the bank to pledge securities when necessary, and that pledged security reports would be monitored monthly.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court

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>
COMPLIANCE				
98-1	Lack of inventory of fixed assets	A complete inventory of fixed assets meeting the requirements of state law will be taken and maintained during 1999.	Wanda Alcon	12/31/99
INTERNAL CONTROL				
98-2	Lack of monitoring date	A monitoring date will be considered in 1999.	Wanda Alcon	12/31/99
98-3	Uncollateralized deposits	Bank will be required to pledge securities as necessary, and pledged security reports will be monitored.	Wanda Alcon	12/31/99

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 1998

<u>Ref. #</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>
COMPLIANCE				
97-1	June 30, 1997	Lack of inventory of fixed assets	No	A complete inventory of fixed assets Is not maintained.
97-2	June 30, 1997	No budget adopted for Special Revenue Fund	Yes	For 1998, budgets were adopted for the General Fund and all Special Revenue Funds.
INTERNAL CONTROL OVER FINANCIAL REPORTING				
97-1	June 30, 1997	Lack of monitoring date	No	A monitoring date is not scheduled.
97-2	June 30, 1997	Pass-through of restitution payable to victims	Yes	For 1998, payers of restitution payments to victims were encouraged to make the victims the payee, instead of making the court the payee.
97-3	June 30, 1997	Decentralized accounting for FINS Fund	Yes	For 1998, the FINS Fund has been accounted for along with all other funds of the entity.
97-4	June 30, 1997	Employee compensation not reported to the Internal Revenue Service	Yes	For 1998, personal service compensation has been reported to the Internal Revenue Service