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**TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
GRETNA, LOUISIANA**

AUDITED 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 7-14-99

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
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Kushner LaGraize, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER, CPA*
WILSON A. LaGRAIZE, JR., CPA
ERNEST G. GELPI, CPA
CRAIG M. FABACHER, CPA
DOUGLAS W. FINIGAN, CPA
MARY ANNE GARCIA, CPA

*A Professional Accounting Corporation

Members
American Institute of CPAs
Society of Louisiana CPAs
SIC Practice Section of the
AICPA Division For CPA Firms

INDEPENDENT AUDITORS' REPORT

To the Judges of the
Twenty-Fourth Judicial District Court
Gretna, Louisiana

We have audited the accompanying general purpose financial statements of the Judicial Expense Fund of the Twenty-Fourth Judicial District Court as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Fund'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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-Fourth Judicial District Court as of December 31, 1998, and the results of that Fund's operations for the year then ended in conformity with generally accepted accounting principles.

The *required supplementary information* on the Year 2000 issue on page 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that the Twenty-Fourth Judicial District Court is or will become year 2000 compliant, the year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Twenty-Fourth Judicial District Court does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 1999, on our consideration of the Judicial Expense Fund of the Twenty-Fourth Judicial District Court's compliance and internal control over financial reporting.

Kushner LaGraize, L.L.P.

Metairie, Louisiana
May 3, 1999

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
COMBINED BALANCE SHEET - GOVERNMENTAL FUND TYPE
AND GENERAL FIXED ASSETS ACCOUNT GROUP
December 31, 1998

	<u>General Fund</u>	<u>General Fixed Assets Account Group</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash	\$ 958,922	\$ 0	\$ 958,922
Accounts receivable - Clerk of Court	5,392	0	5,392
Accounts receivable - bond fees	111,564	0	111,564
Accounts receivable - judges	3,151	0	3,151
Prepaid expenses	12,800	0	12,800
Furniture and equipment	0	869,268	869,268
Courtroom improvements	<u>0</u>	<u>427,216</u>	<u>427,216</u>
	<u>\$1,091,829</u>	<u>\$ 1,296,484</u>	<u>\$ 2,388,313</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ 16,583	\$ 0	\$ 16,583
EQUITY AND OTHER CREDITS			
Investment in general fixed assets	0	1,296,484	1,296,484
Fund balance			
Designated for capital expenditures	500,000	0	500,000
Undesignated	<u>575,246</u>	<u>0</u>	<u>575,246</u>
Total fund balance	<u>1,075,246</u>	<u>0</u>	<u>1,075,246</u>
Total Equity and Other Credits	<u>1,075,246</u>	<u>1,296,484</u>	<u>2,371,730</u>
	<u>\$1,091,829</u>	<u>\$ 1,296,484</u>	<u>\$ 2,388,313</u>

See Accompanying Notes to Financial Statements.

**TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE
Year Ended December 31, 1998**

	<u>GENERAL FUND</u>
REVENUES	
Clerk of Court fees - Twenty-Fourth Judicial District Court	\$ 224,234
Bond fees	196,340
Intergovernmental	<u>81,978</u>
TOTAL REVENUES	502,552
EXPENDITURES	
Current	
General government	
Auditing	4,685
Ad hoc judge	1,536
Bad debt expense	368
Bank charges	180
Consulting fees	17,404
Dues and subscriptions	20,087
Equipment repairs and maintenance	34,662
Equipment rental	423
Insurance	16,418
Meetings	8,242
Miscellaneous	10,125
Noninventory equipment	11,381
Office supplies	13,981
Computer software	5,072
Secretary expense	17,827
Seminars	26,239
Capital outlay	<u>28,040</u>
TOTAL EXPENDITURES	<u>216,670</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	285,882

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - CONTINUED
Year Ended December 31, 1998

	<u>GENERAL FUND</u>
OTHER FINANCING SOURCES	
Interest	\$ 37,215
Miscellaneous income	<u>698</u>
	<u>37,913</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	323,795
FUND BALANCE AT BEGINNING OF YEAR	<u>751,451</u>
FUND BALANCE AT END OF YEAR	<u><u>\$1,075,246</u></u>

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- GOVERNMENTAL FUND TYPE - BUDGET (BUDGETARY BASIS) AND ACTUAL
December 31, 1998

	GENERAL FUND				Variance Favorable (Unfavor- able)
	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	
REVENUES					
Clerk of Court - 24th Judicial District Court	\$ 224,234	\$ 0	\$ 224,234	\$ 220,000	\$ 4,234
Bond fees	196,340	0	196,340	90,000	106,340
Intergovernmental	81,978	0	81,978	0	81,978
TOTAL REVENUES	502,552	0	502,552	310,000	192,552
EXPENDITURES					
Current					
General government					
Auditing	4,685	0	4,685	4,200	(485)
Ad hoc judge	1,536	0	1,536	10,500	8,964
Bad debt expense	368	0	368	0	(368)
Bank charges	180	0	180	350	170
Consulting fees	17,404	0	17,404	7,000	(10,404)
Dues and subscriptions	20,087	0	20,087	13,000	(7,087)
Equipment repairs and maintenance	34,662	0	34,662	20,000	(14,662)
Equipment rental	423	0	423	600	177
Insurance	16,418	0	16,418	16,000	(418)
Meetings	8,242	0	8,242	10,500	2,258
Miscellaneous	10,125	0	10,125	12,300	2,175
Noninventory equipment	11,381	0	11,381	16,000	4,619
Office supplies	13,981	0	13,981	16,000	2,019
Computer software	5,072	0	5,072	3,000	(2,072)
Secretary expense	17,827	0	17,827	20,000	2,173
Seminars	26,239	0	26,239	30,000	3,761
Capital outlay	28,040	0	28,040	90,000	61,960
TOTAL EXPENDITURES	216,670	0	216,670	269,450	52,780

**TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- GOVERNMENTAL FUND TYPE - BUDGET (BUDGETARY BASIS) AND ACTUAL
- CONTINUED**

December 31, 1998

	GENERAL FUND				Variance Favorable (Unfavor- able)
	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 285,882	\$ 0	\$ 285,882	\$ 40,550	\$ 245,332
OTHER FINANCING SOURCES					
Interest	37,215	0	37,215	30,000	7,215
Miscellaneous income	698	0	698	2,000	(1,302)
	<u>37,913</u>	<u>0</u>	<u>37,913</u>	<u>32,000</u>	<u>5,913</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	323,795	0	323,795	<u>\$ 72,550</u>	<u>\$251,245</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>751,451</u>	<u>0</u>	<u>751,451</u>		
FUND BALANCE AT END OF YEAR	<u>\$1,075,246</u>	<u>\$ 0</u>	<u>\$ 1,075,246</u>		

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Judicial Expense Fund of the Twenty-Fourth Judicial District Court (the Fund) is presented to assist in understanding the Fund's financial statements. The financial statements and notes are representations of the management of the Fund, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as applied to governmental units, and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

As provided by Revised Statutes 13:994,995, the Fund was created for the purpose or purposes related to the proper administration or function of the Twenty-Fourth Judicial District Court or the offices of the individual judges of the Twenty-Fourth Judicial District Court.

As required by generally accepted accounting principles, the financial statements of the reporting entity present the primary government and its component units. The accompanying financial statements present the Fund as the primary government. No other organization was determined to be a component unit of the Fund. Therefore, no blended or discretely presented component units are presented in the accompanying financial statements.

Fund Accounting

The accounts of the Fund are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of a fund are accounted for with a separate set of self-balancing accounts which are maintained for the purpose of carrying on special activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. 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.

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (cont'd)

The fund has the following fund type and account group:

1. **Governmental Fund** - *General Fund* - The General Fund is the general operating fund of the Judicial Expense Fund of the Twenty-Fourth Judicial District Court. It is used to account for all financial resources.
2. **Account Group** - *General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the Fund.

Basis of Accounting

The modified accrual basis of accounting is used by governmental fund types and agency funds. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities within the current period.

Revenues are considered measurable and available when received by the Clerk of Court or the District Attorney, or by the Fund within 60 days after the current year ended. Expenditures are generally recorded when the liability is incurred.

Budgetary Accounting

The administration of the Fund prepares an annual budget for the General Fund. The budget is legally enacted and amended through an en banc meeting of the judges. The budget is prepared primarily on the modified accrual basis of accounting, except that losses resulting from claims and litigation are recorded when paid instead of when the liability arises.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type - Budget (Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis. Budgeted amounts are as originally adopted or as finally amended by the judges.

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrances are not recorded, and therefore, no reservation of fund balance is necessary.

Cash Deposits

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "Cash".

Cash and cash equivalents reported on the Combined Balance Sheet include amounts in demand deposits and short-term investments with a maturity date within three months of the date purchased, whether restricted or unrestricted.

Louisiana statutes permit the Fund to invest in United States bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

Receivables

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account. No allowance was established at December 31, 1998, because all accounts receivable were considered to be collectible.

General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are recorded in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation is not recorded on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

Designated fund balances represent tentative plans for future use of financial resources. Such plans are subject to change and may never be legally authorized or result in expenditures.

Total Columns on Combined Statements

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles.

NOTE 2 - CASH DEPOSITS

At December 31, 1998, the carrying amount of the Fund's deposits was \$958,922 and the bank balance was \$961,992, of which \$200,000 was covered by federal depository insurance and \$761,992 was collateralized with securities held by the pledging financial institutions' agent in the Fund's name.

During the year, the Fund's deposits in excess of \$7,000 were transferred daily into an overnight sweep account which earned interest equivalent to the current market rate for Treasury Bills.

NOTE 3 - GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in General Fixed Assets during the year is as follows:

	<u>Balance</u> <u>01/01/98</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>Balance</u> <u>12/31/98</u>
Furniture and equipment	\$ 847,068	\$ 29,540	\$ 7,340	\$ 869,268
Courtroom improvements	<u>427,216</u>	<u>0</u>	<u>0</u>	<u>427,216</u>
	<u>\$ 1,274,284</u>	<u>\$ 29,540</u>	<u>\$ 7,340</u>	<u>\$1,296,484</u>

***REQUIRED SUPPLEMENTARY
INFORMATION***

**TWENTY-FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

*REQUIRED SUPPLEMENTARY INFORMATION – YEAR 2000 ISSUE (UNAUDITED)
December 31, 1998*

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the operations of the Fund.

As of December 31, 1998, the Fund completed the awareness stage and began the assessment stage necessary to implement a Year 2000-compliant system. These stages include establishing a project plan to address the Year 2000 issues and identifying systems and individual system components that may be affected by the Year 2000 and that are necessary to conducting the operations of the Fund.

During 1999 the Fund will begin the remediation and validation/testing stages. The Fund plans to utilize both internal and external resources to reprogram or replace affected computer hardware and software to ensure that they are Year 2000 compliant. Testing and validation of the systems will need to be completed after the hardware and software are installed. The Fund is expecting to complete Year 2000 compliance for all major systems including testing of these systems by October 31, 1999.

The Fund has initiated communications with its funding sources to determine their plans to address the Year 2000 issue. While the Fund expects a successful resolution of all issues, there can be no guarantee that the systems of other entities on which the Fund's systems rely will be converted or a conversion that is incompatible with the Fund's systems would not have a material effect on the Fund.

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 Fund is or will be Year 2000 ready, that the Fund remediation efforts will be successful in whole or in part, or that entities with whom the Fund relies on for its revenues will be Year 2000 ready.

Kushner LaGraize, L.L.P.

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S. DAVID KUSHNER, CPA*
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Judges of the
Twenty-Fourth Judicial District Court
Gretna, Louisiana

We have audited the general purpose financial statements of the Judicial Expense Fund of the Twenty-Fourth Judicial District Court (the Fund), as of and for the year ended December 31, 1998, and have issued our report thereon dated May 3, 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 Fund'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund'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. 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. However, this report is a matter of public record and its distribution is not limited.

Kushner LaGraize, L.L.P.

Metairie, Louisiana
May 3, 1999