

**CHILD SUPPORT FUND
FIRST JUDICIAL DISTRICT COURT, CALDO PARISH
DECEMBER 31, 2003**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the 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 7-28-04

CHILD SUPPORT FUND
FIRST JUDICIAL DISTRICT COURT
CADDO PARISH, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

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May 18, 2004

(except for Note T, as to which
the date is July 6, 2004)

Honorable Charles R. Scott, Chief Judge
Child Support Fund for the First Judicial District Court
Cade Parish, Louisiana

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of the Child Support Fund for the First Judicial District Court, a component unit of the Cade Parish Commission, as of December 31, 2003, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of management of the Child Support Fund for the First Judicial District Court. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 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 statements 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 Child Support Fund for the First Judicial District Court as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note T to the financial statements, the financial statements have been restated to reflect a reclassification of revenues to accounts payable. In our original report we expressed an unqualified opinion on these financial statements, and our opinion on the revised financial statements, as expressed herein, remains unqualified.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2004, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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CHILD SUPPORT FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CALIBO PARISH, LOUISIANA

BALANCE SHEET - GENERAL FUND

DECEMBER 31, 2003

(Revised)

ASSETS

| | |
|----------------------------------|------------------|
| Cash and cash equivalents-Item 2 | 83,081 |
| Investments-Item 2 | 801,069 |
| Receivables-Item 3 | <u>26,790</u> |
| Total assets | <u>\$908,940</u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|------------------|
| Liabilities: | |
| Accounts payable | 63,387 |
| Accrued salaries | <u>6,791</u> |
| Total liabilities | 70,094 |
| Fund balance: | |
| Fund balance-unreserved-unassigned | <u>834,795</u> |
| Total fund balance | <u>834,795</u> |
| Total liabilities and fund balance | <u>\$908,940</u> |

The accompanying notes are an integral part of the financial statements.

CHILD SUPPORT FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CADDIS PARISH, LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET
(GAAP BASED AND ACTUAL)
FOR THE YEAR ENDED DECEMBER 31, 2003
 (Revised)

| | Budget | Actual | Variance Favorable (Disadvantage) |
|---|----------------|----------------|---|
| Revenues: | | | |
| Support Enforcement Collections | 572,000 | 341,694 | (230,306) |
| Use of money and property- interest earnings | 25,000 | 19,489 | (5,511) |
| Investment income (unrealized loss) | - | (14,742) | (14,742) |
| Total revenues | <u>597,000</u> | <u>336,441</u> | <u>(260,559)</u> |
| Expenditures: | | | |
| Direct government (judicial) | | | |
| Salaries and related benefits | 279,760 | 282,130 | (12,370) |
| Accounting services | 6,225 | 6,333 | - |
| General administration | <u>108,800</u> | <u>165,380</u> | <u>4,210</u> |
| Total expenditures | <u>394,785</u> | <u>453,843</u> | <u>(59,058)</u> |
| Excess of revenues over expenditures | 1,415 | (47,294) | (48,709) |
| Fund balance at beginning of year | <u>822,090</u> | <u>822,090</u> | <u>-</u> |
| Fund balance at end of year | <u>823,505</u> | <u>774,796</u> | <u>(48,709)</u> |

The accompanying notes are an integral part of the financial statements.

CHILD SUPPORT FUND FOR THE FIRST

JUDICIAL DISTRICT COURT, CALDO PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

Introduction

The Child Support Fund for the First Judicial District Court was established by Louisiana Revised Statutes 40:136.5 for the purpose of providing hearing officers to process all cases referred by Support Enforcement Services. Operations of the Child Support Fund for the First Judicial District Court are funded by a five (5) percent administrative fee as authorized by R.S.40:258.3(B)(1).

The First Judicial District Court has entered into a cooperative endeavor between Louisiana Department of Social Services, Office of Family Support, and Support Enforcement Services as of April 1, 2000 to provide services as outlined in R.S.40:136.5.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

The First Judicial District Child Support Fund ("Fund") is the basic level of government, which has financial accountability, and control over all activities related to providing hearing officers to process cases referred by Support Enforcement Services. The Fund is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Judges of the First Judicial District are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

C. Fund Accounting

The Child Support Fund uses a fund 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.

The fund (General Fund) is classified as a governmental fund. Governmental funds account for general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The General Fund is the general operating fund of the Child Support Fund and accounts for all financial resources.

1. **Summary of Significant Accounting Policies** (Continued)

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. Operating statements of this fund present 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

Support enforcement collections are recorded when earned and available. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Expenditures

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

E. **Budget**

The Child Support Fund adopts an annual budget for the General Fund for management control purposes. The budget was prepared on the modified accrual basis of accounting and was adopted in September 2001. The amounts presented in the budget comparison reflect the amended budget for 2005. The budget is adopted and amended, as necessary, by the district judges. All appropriations contained in the budget lapse at year end, and encumbrance accounting is not used by the Fund.

F. **Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the Child Support 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. The fund may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their maturities at purchase exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. **Compensated Absences**

Employees of the Child Support Fund for the First Judicial District Court work for a one-year period as law clerks. These employees receive two weeks of paid vacation leave each year and eight hours of sick leave each month. Vacation leave may be accumulated only if the law clerk is employed for a second year. Employees are not compensated for any unused vacation or sick leave upon separation of service. As December 31, 2005, there are no material accumulated and vested leave benefits that require disclosure or accrual to conform with generally accepted accounting principles generally accepted in the United States of America.

2. **Cash and Cash Equivalents**

At December 31, 2005, the Child Support Fund had cash and cash equivalents (book balances) totaling \$83,863 in the Caddo Parish Commission cash pool.

2. Cash and Cash Equivalents (Continued)

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of qualifying securities owned by the bank. The market value of the qualifying pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. At December 31, 2000, deposit balances (bank balances) are fully secured by federal deposit insurance and qualifying pledged securities of \$13,081. Information on the aggregate deposits of the Cade Parish Commission and how they are secured is available in the financial statements of the Cade Parish Commission.

3. Receivables

The following is a summary of receivables at December 31, 2000:

Class of Receivable

| | |
|--|---------------|
| La. Department of Social Services, Office of Family Support | <u>10,740</u> |
|--|---------------|

4. Pension Plan

Judges of the district court are members of the State Employees Retirement System of Louisiana. Salaries of the judges and the employer's portion of retirement contributions are paid by the State Supreme Court and are not included in the accompanying financial statements.

Employees (law clerks) of the First Judicial District Court are members of the Periodical Employees Retirement System of Louisiana (System), a multiple employer (cost-sharing), public employee retirement system (PERS), certified and administered by a separate board of trustees. Generally, all full-time employees are eligible to participate in the System, with employee benefits vesting after 18 years of service.

Although employees (law clerks) of the Fund are appointed for one-year terms as law clerks, they are required to become members of the System, and are required to contribute to the System; however, the employees do not remain in the System for sufficient time to become vested. Pension costs for the employees of the Fund are reported in the accompanying financial statements.

The System is composed of two distinct plans (Plan A and Plan B) with separate assets and benefit provisions. All employees of the Child Support Fund are members of Plan A. For the year ended December 31, 2000, the total payroll was \$214,175 and the total covered payroll was \$111,854. The statutorily required contribution by the Child Support Fund for the year ended December 31, 2000, for Plan A was \$26,596 which consisted of \$20,152 as the employee contribution and \$16,424 as the employer contribution. The total contribution made by the Fund to Plan A was \$17,514.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 5 per cent of their final-average salary for each year of creditable service. The System also provides death and disability benefits. Benefits are established by state statute.

4. **Funding Plan (Continued)**

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and Jean Lasse Range Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees of Plan A to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:373, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. During 2003, the Fund was required to contribute 3.35% of the salary of each employee covered by Plan A as an employer match.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2003 comprehensive annual financial report. The district court does not guarantee the benefits granted by the System.

5. **Litigation**

There is no litigation pending against the Child Support Fund as of December 31, 2003.

6. **Investments**

Investments are included in the Cadeo Parish Commission investment pool, consisting of Federal Home Loan Bank notes, FHMA notes and treasury notes.

7. **Restatement**

The Child Support fund discovered in early July 2004 that it was erroneously credited with a deposit in the amount of \$63,190 that should have gone to another parish fund. The statements have been restated to reflect this adjustment. The effect of the restatement is a decrease in revenue of \$63,190 and an increase in accounts payable of \$63,190, reflecting fund balance by the same amount.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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May 18, 2004

Honorable Charles R. Swain, Chief Judge
Child Support Fund for the First Judicial District Court
Cade Parish, Louisiana

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the general-purpose financial statements of the Child Support Fund for the First Judicial District Court as of and for the year ended December 31, 2003, and have issued our report thereon dated May 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 general-purpose financial statements of the Child Support Fund 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 these 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of the Child Support Fund for the First Judicial District Court in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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 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. 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 solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

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CHILD SUPPORT FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CADDO PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

We have audited the general-purpose financial statements of the Child Support Fund for the First Judicial District Court as of and for the year ended December 31, 2003, and have issued our report thereon dated May 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the general-purpose financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CHILD SUPPORT FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CALDO PARISH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. No matters were reported in the prior year.