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AUDITED FINANCIAL STATEMENTS
JUDICIAL EXPENSE FUND
FIRST JUDICIAL DISTRICT COURT, CADDO PARISH
DECEMBER 31, 1995

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 AUG 28 1996

JUDICIAL EXPENSE FUND
FIRST JUDICIAL DISTRICT COURT
CADDO PARISH, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY & VESTAL, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER AMERICAN INSTITUTE

OF CERTIFIED PUBLIC ACCOUNTANTS

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CHARLES E. VESTAL, C. P. A. (1990)

May 24, 1996

Honorable Eugene W. Bryson, Jr., Chief Judge
Judicial Expense Fund for the First Judicial
District Court
Caddo Parish, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of the Judicial Expense Fund for the First Judicial District Court as of December 31, 1995, and for the year then ended. These financial statements are the responsibility of management of the Judicial Expense Fund for the First Judicial District Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and 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 financial statements referred to above present fairly, in all material respects, the financial position of the Judicial Expense Fund for the First Judicial District Court as of December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Heard, McElroy & Vestal LLP

JUDICIAL EXPENSE FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CADDO PARISH, LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Criminal fees	70,000	71,123	1,123
Civil fees	97,000	100,174	3,174
Drug screening grant-Note 8	-	1,271	1,271
Miscellaneous	200	180	(20)
Use of money and property- interest earnings	<u>4,900</u>	<u>4,767</u>	<u>(133)</u>
Total revenues	<u>172,100</u>	<u>177,515</u>	<u>5,415</u>
<u>Expenditures:</u>			
General government - judicial:			
Salaries and related benefits	126,410	135,072	(8,662)
Books and subscriptions	18,500	17,712	788
Vehicle parking fees	3,390	3,530	(140)
General administration	23,800	21,312	2,488
Drug screening expenses-Note 8	<u>-</u>	<u>373</u>	<u>(373)</u>
Total expenditures	<u>172,100</u>	<u>177,999</u>	<u>(5,899)</u>
Excess of expenditures over revenues	-	(484)	(484)
Fund balance at beginning of year	<u>90,385</u>	<u>90,385</u>	<u>-</u>
Fund balance at end of year	<u>90,385</u>	<u>89,901</u>	<u>(484)</u>

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

JUDICIAL EXPENSE FUND FOR THE FIRST
JUDICIAL DISTRICT COURT, CADDO PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995

Introduction

The Judicial Expense Fund for the First Judicial District Court was established by Louisiana Revised Statutes 13:996.16-18 for the purpose of administering the district court or the offices of the individual judges of the court. Operations of the Judicial Expense Fund for the First Judicial District Court are funded by court costs on criminal charges and costs on civil suits that are not exempted from court costs.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission 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 commission 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 commission.
2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.
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.

1. Summary of Significant Accounting Policies (Continued)

Because the Judicial Expense Fund is fiscally dependent on the commission, it was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Judicial Expense Fund and do not present information on the commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Judicial Expense Fund 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 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 Judicial Expense Fund and accounts for all financial resources.

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

Court fees 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 Judicial Expense 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 on December 27, 1994. The amounts presented in the budget comparison reflect the amended budget for 1995. 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.

1. Summary of Significant Accounting Policies (Continued)

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 Judicial Expense Fund may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. 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. General Fixed Assets and Long-Term Debt

Fixed assets are recorded as expenditures at the time purchased, 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. There is no long-term debt at December 31, 1995.

H. Compensated Absences

Employees of the Judicial Expense 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. At December 31, 1995, there are no material accumulated and vested leave benefits that require disclosure or accrual to conform with generally accepted accounting principles.

I. Total Column on Balance Sheet

The total column on the balance sheet is captioned Memorandum Only (overview) 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.

2. Cash and Cash Equivalents

At December 31, 1995, the Judicial Expense Fund had cash and cash equivalents (book balances) totaling \$83,731 in the Caddo Parish Commission cash and investment pool.

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 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. At December 31, 1995, deposit balances (bank balances) are fully secured by federal deposit insurance of \$83,731. Information on the aggregate deposits of the Caddo Parish Commission and how they are secured is available in the financial statements of the Caddo Parish Commission.

3. Receivables

The following is a summary of receivables at December 31, 1995:

<u>Class of Receivable</u>	
Criminal fees	5,110
Civil fees	<u>1,060</u>
Total	<u>6,170</u>

4. Changes in General Fixed Assets

Changes in general fixed assets during the year are summarized as follows:

Balance-beginning - furniture and equipment	37,676
Deletions and transfers	(10,515)
Balance-ending - furniture and equipment	<u>27,161</u>

5. 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 Expense Fund are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled 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 10 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 Judicial Expense Fund are members of Plan A. For the year ended December 31, 1995, the total payroll and total covered payroll was \$112,705.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, 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 3 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.

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 East Baton Rouge 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 11:103, 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 1995, the Fund was required to contribute 8% of the salary of each employee covered by Plan A as an employer match.

Total current year covered payroll was \$112,705. The statutorily required contribution by the Judicial Expense Fund for the year ended December 31, 1995, for Plan A was \$19,723 which consisted of \$10,707 as the employee contribution and \$9,016 as the employer contribution. The actual contribution made by the Fund to Plan A was \$19,723.

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, 1994, comprehensive annual financial report. The district court does not guarantee the benefits granted by the System.

6. Expenditures of the Judicial District Not Included in the Accompanying Financial Statements
The accompanying financial statements do not include certain salary expenditures for the district court paid out of the funds of the Caddo Parish Commission or directly by the state.
7. Litigation
There is no litigation pending against the Judicial Expense Fund at December 31, 1995.
8. Drug Screening Grant
During the year, the Judicial Expense Fund was the recipient of a Court Drug Screening grant from the Louisiana Commission on Law Enforcement to help defray the cost of drug screening analysis of suspected probation violators. The Chemical Toxicology Laboratory, LSU Medical Center, conducted the analysis, and no other expenses were associated with the grant. Total funds received under this grant in 1995 were \$1,271, and total funds expended were \$373.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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May 24, 1996

Honorable Eugene W. Bryson, Jr., Chief Judge
Judicial Expense Fund for the First Judicial
District Court
Caddo Parish, Louisiana

Report on Internal Control Structure in Accordance With Government Auditing Standards

We have audited the financial statements of the Judicial Expense Fund for the First Judicial District Court as of and for the year ended December 31, 1995, and have issued our report thereon dated May 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Judicial Expense Fund is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Judicial Expense Fund for the First Judicial District Court for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our

Honorable Eugene W. Bryson, Jr., Chief Judge
May 24, 1996
Page 2

opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 matter involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the Judicial Expense Fund for the First Judicial District Court. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vestal, LLP

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May 24, 1996

Honorable Eugene W. Bryson, Jr., Chief Judge
Judicial Expense Fund for the First Judicial
District Court
Caddo Parish, Louisiana

Auditor's Report on Compliance With Laws and Regulations Material to the Financial Statements

We have audited the financial statements of the Judicial Expense Fund for the First Judicial District Court as of and for the year ended December 31, 1995, and have issued our report thereon dated May 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the Judicial Expense Fund is the responsibility of the Fund's management. As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Fund's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information and use of the Judicial Expense Fund for the First Judicial District Court. However, this report is a matter of public record, and its distribution is not limited.

Heard, McElroy & Vestal, L.L.P.



FIRST DISTRICT COURT OF LOUISIANA

PARISH OF CADDO

501 TEXAS STREET ROOM 300 E

SHREVEPORT, LOUISIANA 71101-5403

THOMAS N. WILLIAMS
JUDICIAL ADMINISTRATOR

318-226-6835

June 27, 1996

Dr. Daniel Kyle, CPA, Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

I am writing you concerning our audited financial statements for 1995. The statement on Page 3 reflecting our budget and actual expenditures needed an explanation.

An error was made in projecting salaries for the year. As we are a small organization and this error was not noted until after the audit was completed, the budget was not amended. However, it is my understanding that we are still within the guidelines of La R.S. 39:1310 as our budget is not off 5% or more. The variance is only 3.4% overall.

We will try to do a better job in the future and recheck our budget numbers.

Also, our actual expenditures exceeded our revenues by \$484 but this was easily funded by our prior fund balance.

If you have any questions, please feel free to call me or our auditors.

Sincerely,

A handwritten signature in cursive script that reads "Thomas N. Williams".

Thomas N. Williams
Judicial Administrator

TNW:m1