

**14TH JUDICIAL DISTRICT COURT CHILD SUPPORT  
ENFORCEMENT FUND  
COMPONENT UNIT FINANCIAL REPORT  
DECEMBER 31, 2006**

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 10/10/07

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

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09000.000 14th Judicial District Court 12/31/06 Governmental Audit 14chjdc fr

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CFE - Certified Fraud Examiner  
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## REPORT OF INDEPENDENT AUDITORS

Honorable Judge Lilynn Cutrer  
14th Judicial District Court  
Child Support Enforcement Fund  
Lake Charles, Louisiana

We have audited the accompanying component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Fund's Board. 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the 14th Judicial District Court Child Support Enforcement Fund as of December 31, 2006, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The 14<sup>th</sup> Judicial District Court Child Support Enforcement Fund has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison information on pages 20 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Ms Elroy Quirk & Busch*

Lake Charles, Louisiana  
September 24, 2007

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS  
December 31, 2006

ASSETS

Cash and cash equivalents	\$ 1,030,364
Interest receivable	7,456
Miscellaneous receivable	4,532
Due from governmental units	<u>62,799</u>
Total assets	<u>1,105,151</u>

LIABILITIES

Accounts payable	<u>727</u>
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NET ASSETS

Unrestricted	<u>1,104,424</u>
Total net assets	<u>\$ 1,104,424</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES  
December 31, 2006

	Functions/Programs			Total Net Revenue (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Collections	\$ 334,177	\$ 430,663	\$ -	\$ 96,486
Teen Court Program	48,018	-	15,757	(32,261)
Domestic Violence Program	25,608	-	25,608	-
Access and Visitation Program	66,108	-	63,214	(2,894)
Total governmental activities	<u>\$ 473,911</u>	<u>\$ 430,663</u>	<u>\$ 104,579</u>	61,331
General revenues:				
Interest				<u>18,238</u>
Change in net assets				79,569
Net assets - beginning				<u>1,024,855</u>
Net assets - ending				<u>\$ 1,104,424</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

BALANCE SHEET - GENERAL FUND  
December 31, 2006

ASSETS

Cash and cash equivalents	\$ 1,030,364
Interest receivable	4,901
Miscellaneous receivable	4,532
Due from governmental units	<u>62,799</u>
Total assets	<u>\$ 1,102,596</u>

LIABILITIES

Accounts payable	\$ 727
------------------	--------

FUND BALANCE

Unreserved fund balance	<u>1,101,869</u>
Total liabilities and fund balance	<u>\$ 1,102,596</u>

The accompanying notes are an integral part of this statement.



FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GENERAL FUND  
December 31, 2006

Revenues:	
Collection fees	\$ 430,663
Grant revenues	97,653
Interest income	<u>15,683</u>
Total revenues	<u>543,999</u>
Expenditures:	
Current operations:	
Collections	324,014
Teen Court Program	48,018
Domestic Violence Program	25,608
Access and Visitation Program	<u>66,108</u>
Total expenditures	<u>463,748</u>
Excess of revenue over expenditures	80,251
Fund balance - beginning	<u>1,021,618</u>
Fund balance - ending	<u>\$ 1,101,869</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
December 31, 2006

Total governmental fund balances \$ 1,101,869

Amounts reported for governmental activities  
in the statement of net assets are different  
because:

Some receivables do not meet the criteria for  
reporting under the modified accrual basis  
of accounting and are not reported in the  
fund level statements

2,555

Net assets of governmental activities

\$ 1,104,424

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2006

Net change in fund balances - total governmental funds \$ 80,251

Amounts reported for governmental activities  
in the statement of activities are different  
because:

Because some revenues will not be collected for  
several months after year end, they are not  
considered "available" revenues in the  
governmental funds 9,481

Some expenses reported in the statement of  
activities do not require the use of current  
financial resources and, therefore, are not  
reported as expenditures in governmental  
funds (10,163)

Change in net assets of governmental activities \$ 79,569

The accompanying notes are an integral part of this statement.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 14th Judicial District Court Child Support Enforcement Fund was created by Louisiana Revised Statute 46:236.5. This fund was established as an expedited process for the establishment or enforcement of child support obligations. According to the authorizing statute, any court with jurisdiction to establish paternity or to establish or enforce support obligations may implement the above expedited process. This fund was established in 1991.

The accompanying financial statements of the Fourteenth Judicial District Court Child Support Enforcement Fund have been prepared in conformity with accounting principles generally accepted in the United States of America 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. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*.

A. REPORTING ENTITY

This fund is a function of the Calcasieu Parish District Court System, which is a component unit of the Calcasieu Parish Police Jury, and as such, this fund is also a component unit of the Calcasieu Parish Police Jury. This report includes all of the funds relating to the Child Support Enforcement Fund itself as of December 31, 2006 but not the District Court or the Calcasieu Parish Police Jury.

The financial statements of the Fund include all operations and activities under control and authority of the Fund and it was determined that no other agency should be included in this reporting entity.

## B. BASIS OF PRESENTATION

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Internal service fund activity is eliminated to avoid doubling up revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The Statement of Net Assets and the Statement of Activities report financial information for the Child Support Enforcement Fund as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

### FUND FINANCIAL STATEMENTS

The Fund uses funds 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 financial statements in this report are grouped into one governmental fund type, the General Fund.

The governmental fund (general fund) is the primary operating fund. It accounts for the collection of authorized child support payments. The child support payments are collected by the State and then distributed to the 14<sup>th</sup> Judicial District Court Child Support Fund. As disclosed in Note 6, the Fund also receives a percentage of the collections from Beauregard Parish.

Grants received by the Fund are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

*Measurement focus* - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

*Basis of accounting* - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "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 be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

#### D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. ASSETS, LIABILITIES AND NET ASSETS, EQUITY OR NET FUND BALANCES

Cash, Cash Equivalents, and Investments - "Cash and Cash Equivalents" includes all demand deposits, savings accounts and certificates of deposit maturing within one year. Certificates maturing beyond one year are considered investments.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are included in the fund financial statements if they are both measurable and available.

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Computer equipment, including software	5 - 10 years
Furniture, office equipment	5 - 10 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Child Support Enforcement Fund and do not reflect assets of the court obtained from other sources. The Fund has no infrastructure assets.

Fund Balances and Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. The Fund first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. It may defer the use of restricted assets based on a review of the specific transaction.

Program Revenues - Program revenues include amounts for administering expedited support payments as well as the various operational and capital grants. Management's policy is to allocate indirect expenses to the programs in the statement of activities based on the relative amount of time spent administering each program. Indirect expenses associated with administration of the grant programs in 2006 were negligible and not allocated.

- F. Budgets and Budgetary Accounting - Annually, the Fund adopts a revenue and expenditure budget for the general fund. A forecast of revenues and expenditures is made based upon the prior year's expenditures, taking into consideration additional expenditures which can be predetermined and estimated. Amendment to the budget is required when actual receipts for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures for the year exceeded budgeted expenditures by five percent or more. The budget is adopted on the cash basis method of accounting. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. Budget amounts are as originally adopted, adjusted for subsequent amendments.

Encumbrance accounting is not used.

- G. Retirement/Vacation Benefits - The various court employees' salaries are paid by the Calcasieu Parish Police Jury and their retirement and vacation benefits are established and provided by the Police Jury since these individuals are employees of the Police Jury. The Child Support Fund does reimburse the Police Jury for the salaries and benefits of individuals specifically working with this fund's activities. The Fund does not provide any direct benefits in the form of retirement or vacation.
- H. Deferred Expenditures/Reserved Fund Balance - The Fund reimburses the Calcasieu Parish Police Jury for the salary and related benefits of individuals who specifically work on the activities associated with the expedited child support enforcement. In late December, the Fund sometimes pays salary and related benefits for portions of the following year. As of December 31, 2006, the Fund had not pre-paid any portion of the 2007 salaries; thus, no deferred expenditure or reserved fund balance was recorded.
- I. Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



## 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all demand deposits, savings, deposits, and certificates of deposit maturing within one year. The Fund's cash and cash equivalent balance at December 31, 2006 consists of cash in the amount of \$723,055 and two certificates of deposit in the amounts of \$160,844 and \$146,465 maturing February 25, 2007 and June 30, 2007, respectively.

At December 31, 2006, the Fund had cash and cash equivalents (book balances) as follows:

Demand deposits	<u>\$ 1,030,364</u>
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Demand deposits (cash) of the Fund are classified into three categories to give an indication of the level of risk assumed at year end. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the Fund or its agent in the Fund's name. Category 2 represents deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Fund's name. Category 3 represents deposits uncollateralized including any securities held for the entity but not in the Fund's name.

The Fund maintains demand deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. Government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality or school district.

The deposits at December 31, 2006 are as follows:

December 31, 2006	<u>Demand Deposits</u>
Carrying amount	<u>\$ 1,030,364</u>

December 31, 2006

Demand  
Deposits

Bank balances:

a. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 200,000
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	830,364
c. Uncollateralized, including any securities held for the entity but not in the entity's name	-
Total bank balances	<u>\$ 1,030,364</u>

Interest rate risk. The Fund's investment policy does not address interest rate risk.

Credit risk. In accordance with state law, the Fund limits investments to the following:

1. Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., including U.S. Export Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, General Services Administration, Government National Mortgage Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development.
3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored, including Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Resolution Funding Corporation.
4. Direct security repurchase agreements of any federal bank entry only securities enumerated above.

5. Time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificates of deposit; provided that the rate of interest paid for time certificates of deposit shall be not less than fifty basis points below the prevailing market interest rate on direct obligations of the U.S. Treasury with a similar length of maturity.
6. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

As of December 31, 2006, all of the Fund's investments were held according to policy.

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### 3. RECEIVABLES

The Fund participates in several federal, state, and local programs from which it received grants to partially or fully finance certain activities. Amounts due from federal and state governments for collections activities and grants are reflected as amounts due from governmental units on the financial statements. Receivables as of year end are not believed to have a credit risk exposure and consist of amounts due from governmental units, reimbursements receivable and interest receivable as follows:

Federal grants receivable:	
Domestic Violence Grant - CFDA #16.575	\$ 15,366
Access and Visitation Grant - CFDA #93.56	7,276
Collections receivable	37,674
Beauregard's share of Hearing Officer salary	2,483
Due from governmental units	<u>62,799</u>
Miscellaneous receivable	4,532
Interest receivable	<u>7,456</u>
Total receivable	<u>\$ 74,787</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 is as follows:

	Balance 1/1/06	Increases	Decreases	Balance 12/31/06
Computers, furniture and equipment	\$ 52,747	\$ -	\$ -	\$ 52,747
Accumulated depreciation	(52,747)	-	-	(52,747)
Capital assets, net	\$ -	\$ -	\$ -	\$ -

5. Commitments and Contingencies

Reimbursement payments may be subject to review and audit by the grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditure that may be disallowed as a result of such a review or audit.

Management has represented that there is no litigation pending against the Child Support Enforcement Fund at December 31, 2006.

6. Joint Service Agreement

The Child Support Enforcement Fund entered into a contract with the Beauregard District Court System to establish and administer an expedited child support enforcement activity for that area. The Fund receives payment from Beauregard Parish for the child support payments made in that area. The State collects all child support payments and then sends the payments to the appropriate districts. The contract also states that the hearing officer will attend court several times a month in Beauregard in exchange for additional salary compensation. The total income for the joint service agreement was \$32,542 for 2006. This amount is included in 2006 collection revenue with \$2,483 reflected as a receivable in due from governmental units.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary (Non-GAAP) Basis
- Note to Required Supplementary Information - Budgetary Reporting

14<sup>TH</sup> JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND BUDGET (NON-GAAP BASIS) AND ACTUAL  
Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Collection fees	\$ 430,380	\$ 430,380	\$ 426,160	\$ (4,220)
Grant revenues	51,981	51,981	97,653	45,672
Interest income	15,000	15,000	17,439	2,439
Total revenues	<u>497,361</u>	<u>497,361</u>	<u>541,252</u>	<u>43,891</u>
<b>Expenditures:</b>				
Salary and benefits	423,295	423,295	396,754	26,541
Office equipment (purchase)	10,000	10,000	5,775	4,225
Dues and subscriptions	4,500	4,500	5,501	(1,001)
Equipment rental	10,000	10,000	7,766	2,234
Miscellaneous	2,500	2,500	792	1,708
Office supplies	10,000	10,000	8,322	1,678
Postage and mailing	2,000	2,000	1,286	714
Printing	2,000	2,000	2,046	(46)
Accounting and audit	13,000	13,000	12,373	627
Professional fees	1,500	1,500	13,700	(12,200)
Computer and equipment repair	7,500	7,500	6,734	766
Computer programming	2,500	2,500	2,879	(379)
Telephone	3,000	3,000	1,465	1,535
Travel and registration	10,000	10,000	6,538	3,462
Parking	3,000	3,000	2,772	228
Total expenditures	<u>504,795</u>	<u>504,795</u>	<u>474,703</u>	<u>30,092</u>
Excess (deficiency) of revenues over expenditures	(7,434)	(7,434)	66,549	73,983
Fund balance - beginning	<u>1,005,679</u>	<u>1,005,679</u>	<u>1,005,679</u>	<u>-</u>
Fund balance - ending	<u>\$ 998,245</u>	<u>\$ 998,245</u>	<u>\$ 1,072,228</u>	<u>\$ 73,983</u>

The accompanying note is an integral part of this schedule.

14TH JUDICIAL DISTRICT COURT  
CHILD SUPPORT ENFORCEMENT FUND  
LAKE CHARLES, LOUISIANA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION -  
BUDGETARY REPORTING

The accompanying Budgetary Comparison Schedule presents comparisons of the adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basic, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2006 is presented below:

Excess of revenues and other financial resources over expenditures and other uses of financial resources (budgetary basis)	\$ 66,549
Adjustments:	
To adjust revenues for program and interest revenue accruals	14,452
To adjust expenditures for expense accruals and prepaid insurance	<u>(750)</u>
Excess of expenditures and other financial resources over revenues and other uses of financial resources (GAAP basis)	<u>\$ 80,251</u>

# McELROY, QUIRK & BURCH

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

Board of Commissioners  
14th Judicial District Court Child  
Support Enforcement Fund  
Lake Charles, Louisiana

We have audited the component unit financial statements of the 14<sup>TH</sup> Judicial District Court Child Support Enforcement Fund as of and for the year ended December 31, 2006, and have issued our report thereon dated September 24, 2007. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fund's financial statements that is more than inconsequential will not be prevented or detected by the Fund's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting, 2006-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fund's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the Schedule of Current Year Findings and Questioned Costs in 2006-02.

This report is intended solely for the information and use of the 14<sup>th</sup> Judicial Court Child Support Enforcement Fund, management, state awarding agencies, pass-through entities, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*ms Elroy Quirk & Burch*

Lake Charles, Louisiana  
September 24, 2007

14TH JUDICIAL DISTRICT COURT CHILD  
SUPPORT ENFORCEMENT FUND

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
Year Ended December 31, 2006

Section I Summary of Auditors' Reports/Results

- A. The type of report issued on the financial statements was an unqualified opinion.
- B. Report on Internal Control and Compliance Material to the Financial Statements
- |   |             |     |             |    |
|---|-------------|-----|-------------|----|
| Internal Control Material Weaknesses        | <u>X</u>    | Yes | <u>    </u> | No |
| Internal Control Reportable Conditions      | <u>X</u>    | Yes | <u>    </u> | No |
| Compliance Material to Financial Statements | <u>    </u> | Yes | <u>X</u>    | No |
- C. Federal Awards
- Not Applicable

Section II Financial Statement Findings

2006-01: Lack of Segregation of Duties

Condition:	There is a lack of segregation of duties over financial activity.
Criteria:	An effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.
Effect:	When internal control is limited by a lack of segregation of duties there is always a possibility that transactions could be processed that would negatively affect the entity.
Cause:	Because of the entity's size, it is not feasible to segregate duties to achieve effective internal accounting control.

Recommendation: We do recommend that, whenever possible, management take an active interest in reviewing the monthly financial information.

Management's response: Management concurs with the above recommendation.

**2006-2:** Audit Report Issued After Statutory Deadline

Finding: The December 31, 2006 financial statements were not filed with the Legislative Auditor's office by due date of June 30, 2007 as required by LSA-RS 24:514.

Criteria: The Legislative Auditor generally requires audited financial statements to be filed within six months after the fiscal year end of government entities.

Effect: The Fund is not in compliance with LSA-RS 24:514.

Recommendation: Steps should be taken to ensure all audit reports be issued in a timely manner.

Response: The 14<sup>th</sup> Judicial District Court Child Support Enforcement Fund acknowledges that the report was due June 30, 2007. The client provided all information in suitable time for the completion of the engagement. However, due to delays caused by the effects of Hurricane Rita, serious illness, and scheduling conflicts arose which resulted in our firm being unable to submit the report in a timely manner. The effects of Hurricane Rita should not recur; therefore, we do not anticipate this happening in the future. The report will be submitted timely in future years.

14TH JUDICIAL DISTRICT COURT CHILD  
SUPPORT ENFORCEMENT FUND

MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)  
DECEMBER 31, 2006

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2006-01: Lack of Segregation of Duties.

Due to limited personnel and the small size of the entity, it is not feasible to segregate these duties. Management does perform a monthly overview of the accountability of the fund and will continue to do so.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable to the Fund.

14TH JUDICIAL DISTRICT COURT CHILD  
SUPPORT ENFORCEMENT FUND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
December 31, 2006

Finding: Lack of Segregation of duties.

Status: Due to the entity's size, there is an ongoing lack of segregation of duties. Refer to current year item cited as 2006-01 on page 27.

Finding: Unfavorable budget variance in excess of 5%

Status: Resolved.