

**JUDICIAL EXPENSE FUND OF THE
TWENTY-FIRST JUDICIAL DISTRICT COURT
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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 6/29/05

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Annual Financial Statements
With Supplemental Information Schedules
As of and For the Year Ended December 31, 2004

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
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Member
American Institute of CPA's
Society of Louisiana CPA's

June 23, 2005

Independent Auditor's Report

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of and for the year ended December 31, 2004, which collectively comprises the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund of the Twenty-First Judicial District Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 respective financial position of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2005, on our consideration of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Judicial Expense Fund of the Twenty-First Judicial District
Amite, Louisiana

The Management's Discussion and Analysis on pages 4 through 8 and the budgetary comparison schedules identified as Schedules 1 and 2 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Management's Discussion and Analysis

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Management's Discussion and Analysis

December 31, 2004

As management of the Judicial Expense Fund of the Twenty-First Judicial District Court, Amite, Louisiana (the "Court"), we offer readers of the Court's financial statements this narrative overview and analysis of the financial activities of the Court for the fiscal year ended December 31, 2004. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Court's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Court's finances. It is also intended to provide readers with an analysis of the Court's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Court. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Court's financial activity, identify changes in the Court's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Court's financial statements. The Court's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Court's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the Court's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Court is improving or weakening.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Management's Discussion and Analysis (Continued)

December 31, 2004

- B. The *statement of activities* presents information showing how the Court's net assets change during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees).

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Court's assets exceeded its liabilities at the close of the most recent fiscal year by \$1,040,793 (net assets). Of this amount, \$1,024,368 are unrestricted net assets.

A portion of the Court's net assets (1.58 percent) reflects its investment in fixed assets (e.g., equipment, furniture, etc.), less any related debt used to acquire those assets that is still outstanding. The Court uses these fixed assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets (\$1,024,368) may be used to meet the Court's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Court is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

Governmental Activities

The Governmental Activities of the Court include General Government. Court costs, a FINS grant, Drug Court grants, and Juvenile Probation Fees fund these governmental activities.

Here we show the Court's major expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following major expenditures:

Governmental Activities Expenditures	Amount	Percent
Salaries & Related Benefits	\$ 674,610	41.76%
Insurance	7,840	0.49%
Legal & Professional	12,944	0.80%
General Office & Telephone	135,500	8.39%
Other Expenditures	784,511	48.56%
Total Expenditures	<u>\$ 1,615,405</u>	<u>100.00%</u>

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Management's Discussion and Analysis (Continued)

December 31, 2004

General revenues are those available for the Court to use to pay for the governmental activities described above.

Governmental Activities Revenues	Amount	Percent
Court Costs	\$ 620,401	38.27%
Probation Supervision Fees	232,347	14.33%
State Grants	240,012	14.80%
Federal Grants	381,607	23.54%
Reimbursement from Criminal Court	100,392	6.19%
Other Revenues	46,547	2.87%
Total Revenues	<u>\$ 1,621,306</u>	<u>100.00%</u>

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Court consist of one category: governmental funds.

- A. Governmental funds are used to account for most of the Court's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Court's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located at Note 1.E. of this report.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Management's Discussion and Analysis (Continued)

December 31, 2004

The Court maintains two governmental funds, the Judicial Expense Fund and the Court Support Fund. Information is presented for these funds on Exhibits A and B of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Court's Judicial Expense Fund and Court Support Fund reported ending fund balances of \$669,788 and \$354,580, respectively.

The Court retains a reasonable surplus in the Judicial Expense Fund for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on the pages specified in the table of contents.

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning with Schedule 1 of this report.

A. Budgetary Comparison Schedule – The Court adopts an annual appropriated budget for the Judicial Expense and Court Support funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget, beginning with Schedule 1.

B. Analysis of Significant Budget Variances in the Judicial Expense Fund:

1. Variances in the Criminal Probation Supervision Fees account are due to the increase in the DWI arrests since the inception of the Sheriff's Office getting a DWI grant and with the new Sheriff taking office. There is also some increase due to the fact that the supervision fee has been increased.
2. Bond forfeiture rebates are different as we are unable to estimate the actual amounts that will be generated as we have no control over this amount.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Management's Discussion and Analysis (Continued)

December 31, 2004

3. Telephone expense is down as we have cancelled one phone line and will cancel two additional phone lines which are 800 numbers in 2005.

C. **Analysis of Significant Budget Variances in the Court Support Fund**

1. Expense in the law clerks are due to the fact that an additional law clerk was hired for the summer.

Fixed Assets and Debt Administration

1. **Fixed Assets**

The Court's investment in fixed assets for its governmental activities as of December 31, 2004 amounts to \$16,425 (net of accumulated depreciation). This investment in fixed assets includes equipment and furniture. The total decrease in the Court's investment in fixed assets for the current fiscal year was \$7,507.

There were no major capital asset additions during the current fiscal year.

Additional information on the Court's fixed assets can be found in Note 6 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Court's budget for the 2004 fiscal year:

For fiscal year ending December 31, 2005, there is an anticipated increase in revenues in the Court Support fund due to the Adult Drug Court, which was started in mid-2004.

Expenses in the Bailiff account will be less as the Sheriff is now providing this service to the court free of charge.

There is no surplus or deficit budgeted for the fiscal year ending December 31, 2005.

Requests for Information

This financial report is designed to provide a general overview of the Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sara Brumfield, P.O. Box 788, Amite, Louisiana, 70422.

Basic Financial Statements

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

December 31, 2004

	Governmental Funds		Adjustments (Note 1)	Statement of Net Assets
	General Fund	Court Support Fund		
Assets				
Cash and Cash Equivalents	\$ 679,793	\$ 315,456	\$ -	\$ 995,249
Receivables	17,371	-	-	17,371
Due from Other Governments (Net of Allowances for Uncollectibles)	5,644	128,590	-	134,234
Due from Other Funds	-	2,196	(2,196)	-
Capital Assets, Net of Accumulated Depreciation (Note 6)	-	-	16,425	16,425
Total Assets	\$ 702,808	\$ 446,242	\$ 14,229	\$ 1,163,279
Liabilities				
Accounts Payable	\$ 30,824	\$ 91,662	\$ -	\$ 122,486
Due to Other Funds	2,196	-	(2,196)	-
Total Liabilities	\$ 33,020	\$ 91,662	\$ (2,196)	\$ 122,486
Net Assets				
Investment in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ 16,425	\$ 16,425
Unreserved, Undesignated	494,788	179,580	-	674,368
Unreserved, Designated	175,000	175,000	-	350,000
Total Net Assets	\$ 669,788	\$ 354,580	\$ 16,425	\$ 1,040,793

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2004

	Governmental Funds		Adjustments (Note 1)	Statement of Activities
	General Fund	Court Support Fund		
Expenditures / Expenses:				
Adult Drug Court	\$ -	\$ (180,630)	\$ -	\$ (180,630)
Contracted Law Clerks	(8,567)	(124,647)	-	(133,214)
Court Reporters	(24,511)	(46,056)	-	(70,567)
FINS Program Expenditures	-	(88,177)	-	(88,177)
General Office Expenditures	(85,312)	(9,499)	-	(94,811)
Hearing / Probation Officer Contract	(164,928)	(92,701)	-	(257,629)
Juvenile Drug Court	-	(223,692)	-	(223,692)
Legal & Professional	(5,156)	(7,788)	-	(12,944)
Salaries & Related Benefits	(104,740)	(3,235)	-	(107,975)
Stenographer, Bailiff, Public Defender, Minute Clerk, & Other Clerks	-	(100,775)	-	(100,775)
TASC Program Expenditures	-	(200,061)	-	(200,061)
Telephone	(40,689)	-	-	(40,689)
Travel, Training, & Meetings	(16,552)	(10,362)	-	(26,914)
Vehicle Lease	(48,000)	-	-	(48,000)
Other Expenditures	(10,529)	(7,046)	-	(17,575)
Capital Outlay	(3,616)	(629)	4,245	-
Depreciation	-	-	(11,752)	(11,752)
Total Expenditures / Expenses	\$ (512,600)	\$ (1,095,298)	\$ (7,507)	\$ (1,615,405)
Program Revenues:				
Charges for Services	\$ 445,756	\$ 438,000	\$ -	\$ 883,756
Federal Grants	-	381,607	-	381,607
State Grants	-	240,012	-	240,012
Net Program Expenses	\$ 445,756	\$ 1,059,619	\$ -	\$ 1,505,375
General Revenues:				
Interest	\$ 11,851	\$ 1,962	\$ -	\$ 13,813
Criminal Court Reimbursement	47,392	53,000	-	100,392
Miscellaneous Income	752	974	-	1,726
Total General Revenues	\$ 59,995	\$ 55,936	\$ -	\$ 115,931
Excess (Deficiency) of Revenues over Expenditures	\$ (6,849)	\$ 20,257	\$ (7,507)	\$ 5,901
Other Financing Sources (Uses):				
Interfund Transfers	\$ 51,265	\$ (51,265)	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ 44,416	\$ (31,008)	\$ (7,507)	\$ 5,901
Fund Balance - Beginning of the Year	\$ 625,372	\$ 385,588	\$ 23,932	\$ 1,034,892
Fund Balance - End of the Year	\$ 669,788	\$ 354,580	\$ 16,425	\$ 1,040,793

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements

For the Year Ended December 31, 2004

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Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements

For the Year Ended December 31, 2004

Narrative Profile

The Judicial Expense Fund of the Twenty-First Judicial District Court (hereafter referred to as “Judicial Expense Fund”) was established on July 8, 1981 by Act No. 437, Subsection A of Section 996.6 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. This original Act was amended by Act 1985, Number 64, Section 1.

The Amended Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerks of Court of the Twenty-First Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed ten dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases over which the Twenty-First Judicial District Court has jurisdiction, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed ten dollars, which shall be in addition to all other fines, costs or forfeitures lawfully imposed, and which shall be transmitted to the said clerk for further disposition in accordance herewith.

The judges, en banc, of the Twenty-First Judicial District Court may pay each of their court reporters a salary from the judicial expense fund. The judges, en banc, may further appoint such secretarial, clerical, research, administrative or other personnel as they deem necessary to expedite the business and function of the court and pay all or any part of the salaries of such personnel out of the monies in the judicial expense fund. In like manner, the judges may utilize the monies in the judicial expense fund to pay all or any part of the cost of establishing and maintaining a law library for the court, or for buying and maintaining any type of equipment, supplies or other items consistent with the proper administration and efficient operation of the court.

1. Summary Of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Judicial Expense Fund have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

B. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 Tangipahoa Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and / or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Judicial Expense Fund's revenues are self-generated, the Judicial Expense Fund is not fiscally dependent on the council. The Judicial Expense Fund was determined not to be a component unit of the Tangipahoa Parish Council, 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 Tangipahoa Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

C. Fund Accounting

The Judicial Expense Fund uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Judicial Expense Fund functions and activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Judicial Expense Fund are classified as governmental funds.

Governmental funds account for all of the Judicial Expense Fund's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of fixed assets.

Governmental funds of the Judicial Expense Fund include:

1. Judicial Expense Fund - the general operating fund of the Judicial Expense Fund accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

D. Basis of Accounting

The amounts reflected in the Governmental Funds of Exhibits A and B, are 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. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Judicial Expense Fund wide operations.

The amounts reflected in the Governmental Funds of Exhibits A and B used the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurement means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Judicial Expense Fund considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Substantially all governmental fund revenues (fees, grants and interest earned) are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. An exception to this rule is criminal probation supervision fees, which are recorded as revenue when received.

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

E. Government-Wide Financial Statements

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the Judicial Expense Fund as a whole. These statements include all the financial activities of the Judicial Expense Fund. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Exhibit B) are derived directly from the Judicial Expense Fund's users as a fee for services; program revenues reduce the cost of the function to be financed from the Judicial Expense Fund's general revenues.

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and the Statement of Net Assets (Exhibit A) are as follows:

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

Exhibit B

Capitalization of Capital Assets	\$	4,245
Recording of Depreciation Expense		<u>(11,752)</u>
		(7,507)
Adjustment to Beginning Fund Balance for Prior Years:		
Capital Assets		<u>23,932</u>
Net Effect of Changes	\$	<u>16,425</u>

Exhibit A

Recording Net Capital Assets	\$	16,425
Elimination of Interfund Receivable / Payable		<u>(2,196)</u>
Net Effect of Changes	\$	<u>14,229</u>

F. Budgets And Budgetary Accounting

The Judicial Expense Fund adopted an operating budget for the Judicial Expense Fund and the Court Support Fund for the fiscal year ended December 31, 2004. The budget for the Judicial Expense Fund and the Court Support Fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

The Judicial Expense Fund follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fund Administrator prepares a proposed budget and submits it to the Judges of the Twenty-First Judicial District Court for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A meeting is then held with the Fund Administrator and the Judges to review the proposed budget and formal adoption is made by majority vote of the Judges of the Twenty-First Judicial District Court. The budget for 2004 was adopted by the Judges on December 10, 2003.
3. Copies of the adopted budget are kept on file for public inspection.
4. Budgetary amendments due to increases or decreases in revenues or expenditures over amounts estimated require majority vote of the Judges of the Twenty-First Judicial District Court. The Judicial Expense Fund and Court Support Fund budgets for the year ended December 31, 2004 were amended by majority vote of the Judges on December 1, 2004.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed.

The Judicial Expense Fund complied with the local budget act.

G. Cash And Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits and time certificates of deposit. 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.

H. Inventories

The Judicial Expense Fund has no inventory on hand at December 31, 2004. Expendable supplies in the Judicial Expense Fund are recorded as expenditures at the time the supplies are purchased.

I. Prepaid Items

The Judicial Expense Fund did not record any prepaid items at December 31, 2004.

J. Fixed Assets

Fixed assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as fixed assets at their estimated fair market value at the date of donation.

Fixed assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All fixed assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture	7
Equipment	5

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

K. Compensated Absences

All full-time employees earn ten (10) days of annual leave and ten (10) days of sick leave after one year of service. Unused sick leave and annual leave is not accumulated. At December 31, 2004, there were no employee leave benefits requiring recognition in accordance with GASB Statement No. 16. All full-time employees are carried on the payroll of other governmental units and are covered under their related pension plans.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Long-Term Obligations

Long-term obligations are recorded in the Statement of Net Assets and the Statement of Activities.

N. Encumbrances

The Judicial Expense Fund does not utilize encumbrance accounting.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1 regarding operating budgets. The Judicial Expense Fund complied with the local budget act.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District Court did not comply with the deposits and investments laws and regulations.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

C. Deficit Fund Equity

As of December 31, 2004, the District Court had no funds with deficit fund equities.

3. **Cash and Cash Equivalents**

For reporting purposes, cash and cash equivalents include demand deposits and time certificates of deposits. Under Louisiana law, the Fund may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Fund may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As reflected in the accompanying combined balance sheet, the Fund had cash and cash equivalents totaling \$995,249 at December 31, 2004. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents as confirmed by financial institutions at December 31, 2004, with the related federal deposit insurance and pledged securities. The cash and cash equivalents at December 31, 2004, were secured as follows:

	Confirmed Bank Balances 12/31/04	FDIC Insurance	Balance Uninsured
Interest Bearing Demand Deposits	\$ 616,980	\$ 243,779	\$ 373,201
Time Deposits	322,715	286,028	36,687
Total	\$ 939,695	\$ 529,807	\$ 409,888
Uncollateralized-			
Securities held in the name of the Fiscal Agent pledged to the Court			\$ 923,460
Excess of FDIC Insurance and Pledged Securities over Cash Balances			\$ 513,572

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent has failed to pay deposited funds upon demand.

As of June 30, 2004, the District Court was not in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Receivables

Receivables represent accrued interest on certificates of deposit, court-filing fees, and support account fees earned in 2004 and received in 2005 from the following:

	<u>Judicial Expense Fund</u>	<u>Court Support Fund</u>	<u>Total</u>
Fees:			
Clerk of Court:			
Tangipahoa Parish	\$ 2,905	\$ -	\$ 2,905
Civil Court Fees	\$ 2,905	\$ -	\$ 2,905
Sheriffs:			
Tangipahoa Parish	\$ 4,497	\$ -	\$ 4,497
Livingston Parish	7,220	-	7,220
St. Helena Parish	<u>360</u>	<u>-</u>	<u>360</u>
Criminal Court Fees	\$ 12,077	\$ -	\$ 12,077
Other	<u>\$ 2,389</u>	<u>\$ -</u>	<u>\$ 2,389</u>
Total Receivables	<u>\$ 17,371</u>	<u>\$ -</u>	<u>\$ 17,371</u>

No allowance for uncollectible receivables is required at December 31, 2004.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

5. Due From Other Governmental Units

Due from other governments consists of unsecured loans totaling \$134,234. The outstanding balances as of December 31, 2004 consist of the following:

	<u>Judicial Expense Fund</u>	<u>Court Support Fund</u>	<u>Total</u>
Support Enforcement State of Louisiana	\$ -	\$ 37,733	\$ 37,733
TASC Grant	-	10,783	10,783
Juvenile Drug Court	-	20,525	20,525
Adult Drug Court	-	30,828	30,828
Tangipahoa Parish Council	<u>5,644</u>	<u>28,721</u>	<u>34,365</u>
Subtotal	\$ 5,644	\$ 128,590	\$ 134,234
Less: Allowance for Uncollectible Amounts	-	-	-
Total	<u>\$ 5,644</u>	<u>\$ 128,590</u>	<u>\$ 134,234</u>

6. Changes In Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2004 follows:

	<u>Balance 01/01/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/04</u>
Capital Assets	\$ 246,131	\$ 4,245	\$ -	\$ 250,376
Less: Accumulated Depreciation	<u>222,199</u>	<u>11,752</u>	<u>-</u>	<u>233,951</u>
Total	<u>\$ 23,932</u>	<u>\$ (7,507)</u>	<u>\$ -</u>	<u>\$ 16,425</u>

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

7. Pension Plan

All employees of the Judicial Expense Fund are members of the social security system.

In addition to employee payroll deduction, the Judicial Expense Fund remits funds to match the employee contributions. The Fund's portion of contributions to the social security system for the year ended December 31, 2004, totaled \$2,225. The Judicial Expense Fund does not have any liability for employee pension benefits.

8. Leases

The Judicial Expense Fund records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 2004:

The Judicial Expense Fund currently leases office space in Livingston Parish on a month-by-month basis. The lease is currently for \$1,000 per month.

The Judicial Expense Fund currently leases office space in Tangipahoa Parish on a month-by-month basis. The lease amounts are as follows: \$450 per month for the Probation Office, \$550 per month for the Juvenile Drug Court, and \$800 per month for the FINS / TASC office.

Since these leases may be terminated at any time, the Judicial Expense Fund has no required future annual commitments under these leases.

9. Litigation

There is no litigation pending against the Judicial Expense Fund at December 31, 2004.

10. FINS Program

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

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2004

Selected data for the FINS Fund follows:

Revenues:	
Intergovernmental Grant	\$ 52,120
Less: Portion of Grant shared with the City Court of Hammond	26,060
Revenue Recognized	26,060
Expenditures	88,177
Excess of Expenditures over Revenues	\$ 62,117

The excess of Expenditures over Revenues was absorbed by other Special Revenue Fund Revenues. No audit fees were paid for using funds received for the FINS program.

11. Designated Fund Balances

The Twenty-First Judicial District Court records dedications to indicate that a portion of the fund equity is segregated for a specific future use. The following details the description and amount of all dedications used by the District Court.

Fund	Balance at December 31, 2004	Purpose of Designation
General Fund	\$ 175,000	Capital Expenditures
Court Support Special Revenue Fund	175,000	Capital Expenditures
	\$ 350,000	

Required Supplemental Information

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Schedule 1

Budgetary Comparison Schedule – Judicial Expense Fund

For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Civil & Criminal Court Fees	\$ 172,300	\$ 185,800	\$ 182,401	\$ (3,399)
Bond Forfeiture Rebates	12,000	14,000	31,008	17,008
Criminal Probation Supervision Fees	148,500	213,000	232,347	19,347
Interest Earned	10,000	10,000	11,851	1,851
Reimbursement from Criminal Court	61,000	61,000	47,392	(13,608)
Miscellaneous Income	-	-	752	752
Total Revenues	\$ 403,800	\$ 483,800	\$ 505,751	\$ 21,951
Expenditures:				
Administrator's Contract	\$ 54,500	\$ 65,000	\$ 61,151	\$ 3,849
Contracted Law Clerks	12,000	12,000	8,567	3,433
Court Reporters	11,150	22,150	24,511	(2,361)
General Office Expenditures	76,300	90,000	85,312	4,688
Insurance	7,400	4,700	4,558	142
Legal & Professional	13,000	13,000	5,156	7,844
Probation Officer Contract	149,940	166,940	164,928	2,012
Salaries & Related Benefits	37,000	43,500	43,589	(89)
Telephone	60,000	61,000	40,689	20,311
Travel, Training, & Meetings	16,300	17,000	16,552	448
Vehicle Expense	48,000	48,000	48,000	-
Miscellaneous	8,150	6,150	5,970	180
Capital Outlay	1,000	1,000	3,616	(2,616)
Total Expenditures	\$ 494,740	\$ 550,440	\$ 512,599	\$ 37,841
Excess (Deficiency) of Revenues over Expenditures	\$ (90,940)	\$ (66,640)	\$ (6,848)	\$ 59,792
Other Financing Sources (Uses)				
Transfer from Court Support Fund	78,000	78,000	51,265	(26,735)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ (12,940)	\$ 11,360	\$ 44,417	\$ 33,057
Fund Balance - Beginning of the Year	\$ 625,371	\$ 625,371	\$ 625,371	\$ -
Fund Balance - End of the Year	\$ 612,431	\$ 636,731	\$ 669,788	\$ 33,057

See auditor's report.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Schedule 2

Budgetary Comparison Schedule – Court Support Fund

For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Support Enforcement Fees	\$ 450,000	\$ 430,000	\$ 438,000	\$ 8,000
Federal Grants	286,000	380,000	381,607	1,607
State Grants	154,650	241,553	240,012	(1,541)
Interest Earned	7,500	7,500	1,962	(5,538)
Reimbursement from Criminal Court	-	25,000	53,000	28,000
Miscellaneous Income	-	-	974	974
Total Revenues	\$ 898,150	\$ 1,084,053	\$ 1,115,555	\$ 31,502
Expenditures:				
Adult Drug Court	\$ -	\$ 186,400	\$ 180,630	\$ 5,770
Contracted Law Clerks	90,000	125,000	124,647	353
Court Reporters	45,100	45,100	46,056	(956)
Data Processing	1,000	1,000	2,240	(1,240)
FINS Program Expenditures	107,130	94,630	88,177	6,453
General Office Expenditures	15,100	10,421	9,499	922
Hearing Officer Contract	76,440	90,640	92,701	(2,061)
Juvenile Drug Court	171,440	209,344	223,692	(14,348)
Law Library, Books, & Cassettes	500	250	228	22
Legal & Professional	6,500	7,500	7,788	(288)
Salaries & Related Benefits	3,700	-	3,235	(3,235)
Stenographer, Bailiff, Public Defender, Minute Clerk, & Other Clerks	118,900	100,995	100,775	220
TASC Program Expenditures	200,454	200,454	200,061	393
Travel, Training, & Meetings	10,250	9,500	10,362	(862)
Miscellaneous	5,900	4,900	4,578	322
Capital Outlay	5,000	-	629	(629)
Total Expenditures	\$ 857,414	\$ 1,086,134	\$ 1,095,298	\$ (9,164)
Excess (Deficiency) of Revenues over Expenditures	\$ 40,736	\$ (2,081)	\$ 20,257	\$ 22,338
Other Financing Sources (Uses)				
Transfer to Judicial Expense Fund	\$ (78,000)	\$ (78,000)	\$ (51,265)	\$ 26,735
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ (37,264)	\$ (80,081)	\$ (31,008)	\$ 49,073
Fund Balance - Beginning of the Year	\$ 385,588	\$ 385,588	\$ 385,588	\$ -
Fund Balance - End of the Year	\$ 348,324	\$ 305,507	\$ 354,580	\$ 49,073

See auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

**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***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

June 23, 2005

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*

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court, Amite, Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements and have issued our report thereon dated June 23, 2005. 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 Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

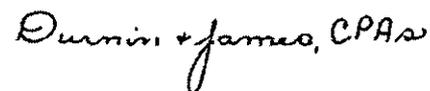
Compliance

As part of obtaining reasonable assurance about whether the Judicial Expense Fund of the Twenty-First Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

Judicial Expense Fund of the
Twenty-First Judicial District Court

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durmin & James, CPAs".

Durmin & James, CPAs
(A Professional Corporation)

Findings and Recommendations

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Current Year Audit Findings

For the Year Ended December 31, 2004

Internal Control over Financial Reporting

None

Compliance

None

Corrective Action Plan for Current Year Audit Findings

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Corrective Action Plan for Current Year Audit Findings

For the Year Ended December 31, 2004

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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None

Note: This schedule has been prepared by the management of the Judicial Expense Fund of the Twenty-First Judicial District Court.

Summary Schedule of Prior Audit Findings

Judicial Expense Fund of the Twenty-First Judicial District Court
 Amite, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2004

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
2003-01	December 31, 2003	Cash deposits in bank under collateralized	Yes	Request bank pledge adequate securities	

Note: This schedule has been prepared by the management of the Judicial Expense Fund of the Twenty-First Judicial District Court.