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**ELEVENTH JUDICIAL DISTRICT COURT
EXPENSE FUND**

Parishes of DeSoto and Sabine, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000**

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 2-28-01

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Eleventh Judicial District Court Expense Fund DeSoto and Sabine Parishes, Louisiana

General Purpose Financial Statements
As of and for the Year Ended June 30, 2000

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Independent Auditor's Report

To the Judges
Eleventh Judicial District Court Expense Fund
DeSoto and Sabine Parishes, Louisiana

I have audited the accompanying general purpose financial statements of the Eleventh Judicial District Court Expense Fund as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Eleventh Judicial District Court's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Eleventh Judicial District Court Expense Fund, as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 27, 2000, on my consideration of the Eleventh Judicial District Court Expense Fund's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Mansfield, Louisiana
December 27, 2000

Eleventh Judicial District Court Expense Fund
DeSoto and Sabine Parishes, Louisiana

All Fund Types and Account Groups
Balance Sheet
June 30, 2000

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	
Assets			
Cash	\$ 64,022	\$ -	\$ 64,022
Investments	64,298	-	64,298
Receivables	9,354		9,354
Restricted assets:			
Cash - FINS	7,889	-	7,889
Office furnishings and equipment	-	44,902	44,902
Total Assets	<u>\$ 145,563</u>	<u>\$ 44,902</u>	<u>\$ 190,465</u>
Liabilities and Fund Equity			
Liabilities:			
Accrued payroll taxes and withholdings	\$ 1,673	\$ -	\$ 1,673
Due to DeSoto Parish Sheriff's Office	1,583	-	1,583
Payable from restricted assets:			
Bank error payable	199	-	199
Total liabilities	<u>3,454</u>	<u>-</u>	<u>3,454</u>
Fund Equity:			
Investment in general fixed assets	-	44,902	44,902
Fund balance:			
Reserved for FINS	7,690	-	7,690
Unreserved and undesignated	134,418	-	134,418
Total fund equity	<u>142,108</u>	<u>44,902</u>	<u>187,010</u>
Total Liabilities and Fund Equity	<u>\$ 145,563</u>	<u>\$ 44,902</u>	<u>\$ 190,465</u>

See accompanying notes to financial statements

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund Type - General Fund

For the Year Ended June 30, 2000

Revenues:

Bond fees, forfeitures, and court costs	\$ 91,709
Probation and related fees	30,283
Intergovernmental:	
Grant - State FINS	25,125
Grant - Federal OJP	16,561
Truancy fees - FINS	2,825
Investment and interest income	2,059
Miscellaneous	<u>342</u>
 Total revenues	 <u>168,906</u>

Expenditures:

Current:	
Operating and administrative	66,817
Personnel and related benefits	38,152
FINS disbursements	21,835
Capital outlay	5,155
Capital outlay - FINS	<u>6,109</u>
 Total expenditures	 <u>138,069</u>

Excess of revenues over expenditures	<u>30,837</u>
 Fund balance at beginning of year	 58,835
Residual equity transfer - sheriff's office	<u>52,436</u>
 Fund balance at end of year	 <u><u>\$ 142,108</u></u>

See accompanying notes to financial statements

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

INTRODUCTION

The Eleventh Judicial District Court Expense Fund (the Fund) was created by LSA-RS 13:996.58. The Eleventh Judicial District Court (the District) was created by LSA-RS 13:477(11). The District is comprised of DeSoto and Sabine parishes with courthouses in Mansfield and Many, respectively. The District's purpose is general jurisdiction judgeship for the approximately 50,500 people in the parishes. The voters of the two parishes elect the three judges of the District to six-year terms. The Fund employs nine full-time employees whose salaries are paid by the police jury of each parish, and for a portion of the fiscal year, two part-time employees hired as a result of a federal grant.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the Eleventh Judicial District Court 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 financial reporting principles.

B. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. GASB has set forth criteria to be considered in determining financial accountability as follows:

- The primary government appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.
- The primary government may also be financially accountable for a governmental organization that is fiscally dependent on it. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.
- 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.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2000

The DeSoto and Sabine Parish Police Juries provide the courtrooms and offices for the Fund and pay the salaries of the employees. Thus, according to the criteria above, the Eleventh Judicial District Court Expense Fund is considered to be a component unit of the police jury of DeSoto and Sabine Parish. For financial reporting purposes, in conformance with GASB Statement No. 14, the Eleventh Judicial District Court Expense Fund includes all funds, account groups, et cetera, that are within the oversight responsibility of the Eleventh Judicial District Court Expense Fund.

C. Fund Accounting

The Eleventh Judicial District Court Expense Fund uses funds and account groups 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 financial resources.

Funds of the Eleventh Judicial District Court Expense Fund are classified as governmental funds. Governmental funds account for the Fund's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Governmental funds include:

- General Fund – the general operating fund of the Fund which 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. Governmental funds 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. Operating statements of governmental funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The general fund uses the following practices in recording revenues and expenditures:

- Revenues – Bond fees, bond forfeitures, and court costs are collected by the collecting governmental entity and remitted to the Fund in the following month. Thus, these revenues are treated as susceptible to accrual. Grant

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

revenue and all other fees are recorded when they are received. Investment and interest income is recorded when the income is earned and credited to the Fund's accounts.

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

E. Budgets

Due to the first year audit of the Fund and the lack of knowledge of the need for an audit covering all the divisions of the Fund until the fiscal year was almost over, the Fund did not compile a budget for the year ended June 30, 2000. Budgetary practices will be followed according to state statutes in subsequent years.

F. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Fund includes amounts in time deposits and investments with original maturities of 90 days or less as cash equivalents. The Fund has no cash equivalents as of June 30, 2000.

Under state law, the Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Investments

Investments are limited by LSA-RS 33:2955 and the Fund's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments, however, if the original maturities are 90 days or less, they are classified as cash equivalents. The Fund has an investment with the Louisiana Asset Management Pool, Inc. (LAMP), which is a 2a7-like pool and is subject to state regulatory oversight. The fair value of the Fund's position in the pool is equal to the value of the pool shares. The Fund also has investments of nonnegotiable certificates of deposit, which are reported at cost as per GASB Statement No. 31.

H. Accounts Receivable

All receivables are considered to be fully collectible and no allowance for uncollectibles is used.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

I. Fixed Assets

Fixed assets are recorded as expenditures (capital outlays) at the time they are purchased and the related assets are capitalized (reported) in the general fixed assets group. No depreciation has been provided on general fixed assets and all fixed assets are valued at historical cost.

J. Compensated Absences

The Fund has the following policy relating to vacation and sick leave:

Employees of the Fund receive ten days of noncumulative vacation leave each year. Sick leave is granted at the discretion of the judges and is also noncumulative.

At June 30, 2000, the Fund does not have accumulated and vested benefits related to vacation and sick leave. The cost of leave privileges is recognized as a current-year expenditure when the leave is actually taken.

K. Fund Equity

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

L. Total Columns on General Purpose Financial Statements

Total columns on the financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

2. CASH

At June 30, 2000, the Eleventh Judicial District Court Expense Fund has cash (book balances) totaling \$71,911, which includes restricted FINS cash of \$9,889, as follows:

Demand deposits	\$	59,104
Interest-bearing demand deposits		12,807
Total	\$	<u>71,911</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2000, the Eleventh Judicial District Court Expense Fund has \$72,681 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance.

3. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Fund or its agent in the Fund's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Fund's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent by not in the Fund's name.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

At June 30, 2000, the Fund's investment balances were as follows:

Type of investment	Category			Carrying Amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$ 10,580	\$ -	\$ -	\$ -	\$ -	\$ 10,580	\$ 10,580
Certificate of deposit	22,239	-	-	-	-	22,239	\$ 22,239
Total	\$ 32,820	\$ -	\$ -				
Investments not subject to categorization:							
External investment pool				31,478			31,478
Total investments				\$ 31,478		\$ 32,820	\$ 64,298

4. ACCOUNTS RECEIVABLE

The receivables of \$9,354 at June 30, 2000, are as follows:

Class of Receivable	Total
Revenue:	
Fines and court costs	\$ 9,321
Payroll tax:	
Overpayment of federal unemployment tax	33
Total	\$ 9,354

5. FIXED ASSETS

The changes in general fixed assets follow:

	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Equipment	\$ 29,712	\$ 10,938	\$ -	\$ 40,650
Furniture and fixtures	3,925	327	-	4,252
Total	\$ 33,638	\$ 11,265	\$ -	\$ 44,902

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2000

6. LEASES

The Eleventh Judicial District Court Expense Fund has operating leases as follows:

Division A – An automobile lease for 36 months with monthly payments of \$489.11 dated August 9, 1999. The purchase option at the end of the lease is \$23,724. There is a possible early termination charge and a possible charge for mileage in excess of 15,000 miles per year at .15 per mile.

Division B – An automobile lease for 36 months with monthly payments of \$456.46 dated September 7, 1999. The purchase option at the end of the lease is \$12,679. There is a possible early termination charge and a possible charge for mileage in excess of 15,000 miles per year at .15 per mile.

Division C – An automobile lease for 36 months with monthly payments of \$394.59 dated September 7, 1999. The purchase option at the end of the lease is \$6,013. There is a possible early termination charge and a possible charge for mileage in excess of 27,500 miles per year at .15 per mile.

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year	<u>Vehicles</u>
2001	\$ 16,082
2002	16,082
2003	<u>2,191</u>
Total	<u>\$ 34,355</u>

7. RESERVED FUND BALANCE

The reserved fund balance shown on the balance sheet is a result of grant monies received from the Louisiana Judicial Branch for the Families in Need of Services program.

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with *Governmental Auditing Standards*

To the Judges
Eleventh Judicial District Court Expense Fund
DeSoto and Sabine Parishes, Louisiana

I have audited the general purpose financial statements of the Eleventh Judicial District Court Expense Fund as of and for the year ended June 30, 2000, and have issued my report thereon dated December 27, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Eleventh Judicial District Court Expense Fund's general purpose financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Eleventh Judicial District Court Expense Fund's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Eleventh Judicial District Court Expense Fund.

Mansfield, Louisiana
December 27, 2000