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Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Basic Financial Statements
As of and For the Year Ended December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/14/10

The Third Judicial District Judicial Clerk Fund
 Parishes of Lincoln and Union, Louisiana
 Basic Financial Statements
 As of and For the Year Ended December 31, 2009

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Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Management Discussion and Analysis
December 31, 2009

The management of the Third Judicial District Judicial Clerk Fund (Fund) offers readers of the Fund's financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended December 31, 2009. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Fund's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Fund finances. It is also intended to provide readers with an analysis of the Fund's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Fund. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fund's financial activity, identify changes in the Fund'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.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Fund's financial statements. The Fund's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Fund's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Fund'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 two 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 Fund is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. grant revenues).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

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Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Fund's assets exceeded its liabilities by \$623,833 (net assets); this represents an increase of \$31,601 from the last fiscal year. Of this total net asset amount, \$601,023 is unrestricted net assets. The Fund's net assets are comprised of \$623,833 from governmental activities.

The following is a condensed statement of the Fund's governmental-type activities net assets as of December 31, 2009:

	<u>2009</u>	<u>2008</u>
Assets		
Current & Other Assets	\$628,943	\$601,009
Capital Assets (net)	<u>22,810</u>	<u>24,507</u>
Total Assets	<u>\$651,753</u>	<u>\$625,516</u>
Liabilities		
Other Liabilities	\$27,920	\$33,284
Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>27,920</u>	<u>33,284</u>
Net Assets		
Invested in capital assets, net	22,810	24,507
Unrestricted	<u>601,023</u>	<u>567,725</u>
Total Net Assets	<u>\$623,833</u>	<u>\$592,232</u>

The Fund's net assets of \$22,810 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets still outstanding. The Fund uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Fund's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$601,023 is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

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The following is a summary of the governmental-type activities statement of activities:

	<u>2009</u>	<u>2008</u>
Revenue		
Program Revenue	\$855,244	\$814,303
General Revenue & Transfers	7,413	10,470
Total Revenue	<u>\$862,657</u>	<u>\$824,773</u>
Expenses		
Judicial	\$831,055	\$788,210
Operating grants & contributions	0	0
Total Expenses	<u>831,055</u>	<u>788,210</u>
Increase (Decrease) in Net Assets	31,602	36,563
Net Assets, beginning	<u>592,231</u>	<u>555,668</u>
Net Assets, ending	<u>\$623,833</u>	<u>\$592,231</u>

Total revenues increased \$37,884 from the prior year. The increase was primarily a result of an additional grant received to fund Drug Court expenses.

Expenses increased \$42,845 from the prior year. The increase was primarily in salaries and benefits and drug court expenses.

Governmental Activities

The governmental activities of the Fund include Judicial activities.

Business-type Activities

The fund has no business-type activities.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Fund's most significant funds - not the Fund as a whole. Funds are accounting devices that the Fund uses to keep track of specific sources of funding and spending for a particular purpose.

The Fund currently maintains two individual governmental fund types. These fund types include the General

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Fund and Special Revenue Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Special Revenue Fund which are both considered to be major funds.

The Fund adopts an annual budget for the General Fund and Special Revenue Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund and Special Revenue Fund are presented in the Required Supplemental Information (Schedule 1 & 2), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Fund's Governmental Funds

The Fund's governmental fund (General Fund) reported an ending fund balance of \$383,423, which is an increase of \$7,333. This increase is caused by an increase in drug court revenues. The entire ending fund balance of \$383,423 is unreserved.

The Fund's governmental fund (Special Revenue Fund) reported an ending fund balance of \$188,433, which is a decrease of \$3,202. This decrease is caused by an increase in children's assistance expenses. The entire ending fund balance of \$188,433 is unreserved.

General Fund Budgetary Highlights

The Fund did amend the original General Fund and Special Revenue Fund budgets during the course of the year. The budget is adopted on the accrual basis of accounting.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended December 31, 2009, totaled \$5,322, a positive variance. The actual expenditures were less than the final amended budgeted expenditures for the year ended December 31, 2009, by \$1,811, a positive variance.

The difference between the Special Revenue Fund final amended budgeted revenues and actual revenues for the year ended December 31, 2009, totaled \$11,667, a positive variance. The actual expenditures exceeded the final amended budgeted expenditures for the year ended December 31, 2009, by \$3,694, a negative variance.

Capital Asset and Debt Administration

There were no debts related to capital assets in the current year.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Management Discussion and Analysis
December 31, 2009

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses.

Requests for Information

This financial report is designed to provide a general overview of the Fund's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Judge Wayne Smith, P. O. Box 388, Ruston, LA 71273.

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

Independent Auditor's Report

Third Judicial District Judicial Clerk Fund
100 W. Texas Ave., 3rd Floor
Ruston, Louisiana 71270

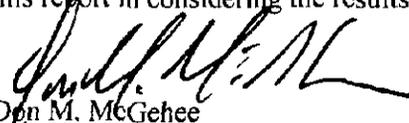
I have audited the accompanying financial statements of the governmental activities of the Third Judicial District Judicial Clerk Fund, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the Judicial Clerk Fund's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Judicial Clerk Fund's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the Third Judicial District Judicial Clerk Fund as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and pages 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

In accordance with Government Auditing Standards, I have also issued a report dated June 30, 2010, on my consideration of the Judicial Clerk Fund's internal control over financial reporting and my 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 my 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 read in conjunction with this report in considering the results of my audit.


Don M. McGehee
Certified Public Accountant
June 30, 2010

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Statement of Net Assets
As of December 31, 2009

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$383,527
Investments	142,380
Due from other governments	98,128
Prepaid expenses	4,384
Interest receivable	524
Total current assets	<u>628,943</u>
Non-current assets - capital assets (net)	<u>22,810</u>
Total Assets	<u><u>\$651,753</u></u>
Liabilities	
Accounts, salaries, and other payables	<u>\$27,920</u>
Total liabilities	<u><u>\$27,920</u></u>
Net Assets	
Invested in capital assets, net of related debt	22,810
Unrestricted	<u>601,023</u>
Total net assets	<u><u>\$623,833</u></u>

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
 Parishes of Lincoln and Union, Louisiana
 Statement of Activities
 Year Ended December 31, 2009

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities
Governmental Activities:				
Judicial	\$831,055	\$349,354	\$503,695	\$24,189
Total governmental activities	831,055	349,354	503,695	24,189
General revenues:				
Investment earnings				6,446
Other income				967
Total general revenues and transfers				7,413
Change in Net Assets				31,602
Net assets - beginning				592,231
Net assets - ending				\$623,833

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Balance Sheet - Governmental Funds
As of December 31, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$204,490	\$179,037	\$383,527
Investments	142,380		142,380
Receivables	55,125	13,836	68,961
Interest receivable	524		524
Prepaid expense	4,384		4,384
Due from other funds	<u>0</u>		<u>0</u>
Total Assets	<u>\$406,903</u>	<u>\$192,873</u>	<u>\$599,776</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts, salaries, and other payables	\$23,480	\$4,440	\$27,920
Due to Other Funds			<u>0</u>
Total liabilities	<u>23,480</u>	<u>4,440</u>	<u>27,920</u>
Fund Equity - fund balances:			
Unreserved-undesignated	<u>383,423</u>	<u>188,433</u>	<u>571,856</u>
Total fund equity	<u>383,423</u>	<u>188,433</u>	<u>571,856</u>
Total Liabilities and Fund Equity	<u>\$406,903</u>	<u>\$192,873</u>	<u>\$599,776</u>

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
 Parishes of Lincoln and Union, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Financial Statement of Net Assets
 December 31, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Fund balances, Total governmental funds (Statement C)		\$571,856
Receivable that is not expected to be collected and available to timely pay current period expenditures is not recognized as financial resources and is not recorded as assets in the Balance Sheet yet is recognized in the Statement of Net Assets		29,167
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	92,266	
Less accumulated depreciation	<u>(69,456)</u>	<u>22,810</u>
Net Assets of Governmental Activities (Statement A)		<u><u>\$623,833</u></u>

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Statement of Revenue, Expenditures, and Changes
In Fund Balances - Governmental Funds
For the year ended December 31, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Fees collected by:			
Lincoln Parish Sheriff	\$130,704		\$130,704
Union Parish Sheriff	60,446		60,446
Lincoln Parish Clerk of Court	13,167		13,167
Union Parish Clerk of Court	10,200		10,200
Intergovernmental:			
Union Probation fees	13		13
Lincoln Parish Police Jury - on-behalf payments	28,823		28,823
Union Parish Police Jury - on-behalf payments	0		0
Union Parish Criminal Court	52,206		52,206
Lincoln Parish Criminal Court	49,252		49,252
Children's Assistance receipts		\$156,435	156,435
Drug Court revenue	33,366		33,366
Grant revenues	291,464		291,464
Interest income	3,714	2,732	6,446
Other income	967		967
Total Revenues	<u>674,322</u>	<u>159,167</u>	<u>833,489</u>
Expenditures			
Judicial	661,889	161,348	823,237
Capital outlay	5,100	1,021	6,121
Total Expenditures	<u>666,989</u>	<u>162,369</u>	<u>829,358</u>
Excess (Deficit) of Revenue over Expenditures	7,333	(3,202)	4,131
Fund Balance, Beginning	<u>376,090</u>	<u>191,635</u>	<u>567,725</u>
Fund Balance, Ending	<u>\$383,423</u>	<u>\$188,433</u>	<u>\$571,856</u>

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
 Parishes of Lincoln and Union, Louisiana
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 December 31, 2009

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$4,131
Revenues recognized in the Statement of Activities were not available to fund current period expenditures and are not recognized as revenue in the fund financial statements	29,167
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditures for capital assets (6,121) less current depreciation (7,817)	<u>(1,696)</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$31,602</u>

See accompanying notes to financial statements.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

INTRODUCTION

The Third Judicial District Judicial Clerk Fund (Fund) was established by legislative act. The act provides for the collection of fees in the form of court costs and fines, and provides for such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies, and any other costs or expenses related to the proper administration of the court, except for the payment of judges's salaries. The Fund is composed of the parishes of Lincoln and Union located in north central Louisiana.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Fund is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Fund may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Fund have been prepared in conformity with U.S. generally accepted accounting principles 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.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Fund's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Fund's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities,

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Fund reports the following major governmental funds:

The General Fund is the Fund's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

The Special revenue fund is used to account for the collection of a five percent fee assessed on child support payments as provided by Louisiana Revised Statute 46:236.5 and the expenditures related to the establishment, modification, and enforcement of support obligations.

C. Deposits and Investments

The Fund's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Fund's investment policy allow the Fund to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Fund are reported at fair value except certificates of deposit are reported at cost.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The Fund calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

E. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fund maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Third Judicial District Judicial Clerk Fund
 Parishes of Lincoln and Union, Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2009

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5-15 years
Furniture and fixtures	10-15 years

F. COMPENSATED ABSENCES

The Clerk Fund has adopted a vacation and sick leave plan which allows a maximum of 12 days vacation and 12 days sick leave per year. Employees are not allowed to carry over the unused vacation or sick leave from year to year. Upon termination, accumulated vacation and/or sick leave lapses and no payments are made for the unused accumulations. Therefore, no accrual has been made in the financial statements for such absences.

G. 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 the estimates.

H. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets. The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Due from drug court grant	\$29,167
Governmental capital assets	92,266
Less accumulated depreciation	<u>(69,456)</u>
Net adjustment	<u>\$51,977</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Revenues for drug court grant	\$29,167
Expenditures for capital assets	6,121
Current depreciation	<u>(7,817)</u>
Net adjustment	<u>\$27,471</u>

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Fund uses the following budget practices:

The Clerk Fund adopted a budget for the fiscal year ended December 31, 2009 for the General fund and Special Revenue fund. The Clerk Fund follows the following procedures in establishing the budgetary data reflected in the financial statements. During November, the clerk submitted to the judges a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. During December, the budget was legally enacted through passage of an order. The judges are authorized to transfer budgeted amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the judges. Appropriations lapse at the end of the year. State law requires budgets to be amended when anticipated amounts exceed budget amounts by more than 5%. The General fund and Special revenue fund were amended during the year.

3. CASH AND INVESTMENTS

At December 31, 2009, the Fund has cash and cash equivalents (book balances) totaling \$525,907 as follows:

Demand deposits - interest bearing	\$383,527
Time deposits	<u>142,380</u>
Total	<u><u>\$525,907</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 December 31, 2009, the Fund has \$551,869 in deposit (collected bank balances). These deposits are secured from risk by \$497,024 of federal deposit insurance and \$54,845 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). At December 31, 2009, time deposits included in investments are \$142,380.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 Clerk Fund that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

Investments are categorized into three categories of credit risk:

1. Insured or registered, or securities held by the district or its agent in the district's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the district's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the district's name

At fiscal year-end, the district's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificates of deposit	\$142,380					\$142,380	\$142,380
Total investments	\$142,380	\$0	\$0	\$0	\$0	\$142,380	\$142,380

5. RECEIVABLES

The following is a summary of receivables at December 31, 2009:

Class of receivable	General Fund	Special revenue fund	Total
Accounts			
Lincoln Parish Sheriff	\$11,452		11,452
Union Parish Sheriff	5,718		5,718
Union Parish Clerk of Court	930		930
Lincoln Parish Clerk of Court	1,992		1,992
Lincoln Parish Criminal Court	5,568		5,568
Union Parish Criminal Court	7,526		7,526
Intergovernmental - State of LA		\$13,836	13,836
Grant revenue - Drug court	21,939		21,939
Total	\$55,125	\$13,836	\$68,961

6. FIXED ASSETS

A summary of changes to fixed assets for the year ended December 31, 2009 is as follows:

	12/31/08 Balance	Additions	Deletions	12/31/09 Balance
Governmental activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$8,044	\$1,579		\$9,623
Equipment	78,101	4,542		82,643
Total capital assets being depreciated	86,145	6,121	0	92,266
Less:				
Accumulated depreciation	61,639	7,817		69,456
Total capital assets being depreciated, net	\$24,506	(\$1,696)	\$0	\$22,810

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

7. PENSION PLANS

The Clerk Fund provides retirement, death, and disability benefits to the majority of its employees through two cost-sharing multiple-employer public employee retirement system pension plans administered by other governmental entities. These plans are:

A. Parochial Employees' Retirement System of Louisiana

Plan Description. Six of the eleven employees of the Third Judicial District Judicial Clerk Fund are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All six employees are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan A for the years ending December 31, 2009, 2008, and 2007, were \$14,103, \$14,678, and \$13,981, respectively, equal to the required contributions for each

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

B. Louisiana State Employees Retirement System

Four of the eleven employees of the Clerk Fund are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Clerk Fund employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by the state statute.

Covered employees are required by state statute to contribute 7.5 percent of gross salary, to which the Fund adds a current rate of 18.5 percent contribution as an employer's match. The district's contributions to the System for the years ending December 31, 2009, 2008 and 2007, were \$24,863, \$39,268, and \$38,878 respectively, equal to the required contributions for each year.

Historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 2004 component unit financial statements. Benefits granted by the System are guaranteed by the State of Louisiana under the 1974 Louisiana Constitution.

8. CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other Lincoln and Union Parish governmental agencies. Payment of these amounts is partly dependent upon the economic and financial conditions within Lincoln and Union Parishes and the State of Louisiana.

9. CHILDREN'S ASSISTANCE FUND

The Hearing Officer, who is employed by the Third Judicial District Judicial Clerk Fund, has the authority by law to assess an additional fee of 5% to the child support at her discretion. The 5% fee is to cover expenses of the District's Children's Assistance.

10. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2009.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2009

11. ON-BEHALF PAYMENTS FOR SALARIES AND RETIREMENT BENEFITS

The District recognizes as general fund revenues and expenditures on-behalf payments made by Lincoln Parish Police Jury for salaries of \$25,350 and benefits of \$3,473 paid to some of the District's employees and the Parochial Employees Retirement System of Louisiana.

REQUIRED SUPPLEMENTAL INFORMATION

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Budgetary Comparison Schedule - General Fund
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues				
Fees collected by:				
Lincoln Parish Sheriff	\$125,000	\$135,000	\$130,704	(\$4,296)
Union Parish Sheriff	50,000	50,000	60,446	10,446
Lincoln Parish Clerk of Court	16,000	12,000	13,167	1,167
Union Parish Clerk of Court	13,000	10,000	10,200	200
Intergovernmental:				
Union Probation fees	2,500	500	13	(487)
Lincoln Parish Police Jury-on behalf payments	75,000	55,000	28,823	(26,177)
Union Parish Police Jury-on behalf payments	35,000	0	0	0
Union parish criminal court	45,000	70,000	52,206	(17,794)
Lincoln parish criminal court	30,000	45,000	49,252	4,252
Reimbursements	18,000	0	0	0
Grant revenues	400,000	289,000	291,464	2,464
Drug Court revenue	0	0	33,366	33,366
Interest income	2,500	2,500	3,714	1,214
Other income	0	0	967	967
Total Revenues	<u>812,000</u>	<u>669,000</u>	<u>674,322</u>	<u>5,322</u>
Expenditures				
Judicial:				
Salaries	260,000	285,000	283,540	1,460
Payroll expenses paid by police jury	80,000	50,000	28,823	21,177
Bank Service Charges	200	200	241	(41)
Legal and other professional fees	10,000	17,500	26,771	(9,271)
Library Expense	15,000	14,000	8,487	5,513
License and permits	250	250	210	40
Retirement	45,000	45,000	38,966	6,034
Travel, meetings, and conferences	20,000	18,000	16,451	1,549
Insurance	49,750	49,750	51,745	(1,995)
Payroll taxes	5,000	7,000	6,377	623
Contract Labor	25,000	10,000	9,042	958
Office expense	29,750	32,250	28,390	3,860
Dues and subscriptions	1,750	1,750	1,470	280
Equipment rent	7,500	7,500	6,558	942
Miscellaneous	250	0	326	(326)
Repairs and maintenance	3,500	1,000	1,027	(27)
Telephone	17,000	17,000	16,907	93
FINS-grant expenditures	50,000	30,000	27,200	2,800
Drug court expenditures	375,000	260,000	222,334	37,666
Meals and entertainment	0	600	559	41
Computer expense	15,000	10,000	11,574	(1,574)

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Budgetary Comparison Schedule - General Fund
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Reimbursements - Children's Assistance Fund	(90,000)	(90,000)	(97,909)	7,909
Reimbursements - FINS	(15,000)	(30,000)	(27,200)	(2,800)
Reimbursements - Drug Court	0	(73,000)	0	(73,000)
Capital Outlay	5,000	5,000	5,100	(100)
Total Expenditures	<u>909,950</u>	<u>668,800</u>	<u>666,989</u>	<u>1,811</u>
Excess of Revenues over Expenditures	(97,950)	200	7,333	7,133
Fund Balance, Beginning	<u>357,305</u>	<u>357,305</u>	<u>376,090</u>	<u>18,785</u>
Fund Balance, Ending	<u>\$259,355</u>	<u>\$357,505</u>	<u>\$383,423</u>	<u>\$25,918</u>

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Budgetary Comparison Schedule - Special Revenue Fund
For the year ended December 31, 2009.

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES				
Children's Assistance receipts	\$225,000	\$145,000	\$156,435	\$11,435
Interest	2,500	2,500	2,732	232
TOTAL REVENUES	<u>227,500</u>	<u>147,500</u>	<u>159,167</u>	<u>11,667</u>
EXPENDITURES				
Judicial:				
Salaries	75,000	9,000	14,577	(5,577)
Salary reimbursement expenses	85,000	85,000	84,206	794
Retirement	26,000	16,000	13,908	2,092
Travel, meetings, and conferences	1,225	3,225	3,014	211
Payroll taxes	2,000	1,000	1,087	(87)
Office expense	7,500	5,100	5,898	(798)
Dues and subscriptions	750	750	613	137
Professional fees	2,500	6,000	5,975	25
Postage	750	0	45	(45)
Supplies	250	0	0	0
Miscellaneous	2,625	0	152	(152)
Insurance	5,000	2,000	1,804	196
Accounting	4,000	4,000	4,421	(421)
Outside services	11,000	9,000	9,250	(250)
Rent	12,000	12,000	12,000	0
Repairs and maintenance	0	100	512	(412)
Court fees	2,000	2,000	1,702	298
Interest expense	0	0	2,184	(2,184)
Capital Outlay	0	3,500	1,021	2,479
TOTAL EXPENDITURES	<u>237,600</u>	<u>158,675</u>	<u>162,369</u>	<u>(3,694)</u>
EXCESS (Deficit) OF REVENUE OVER EXPENDITURES	(10,100)	(11,175)	(3,202)	7,973
FUND BALANCE, BEGINNING	<u>160,589</u>	<u>160,589</u>	<u>191,635</u>	<u>31,046</u>
FUND BALANCE, ENDING	<u>\$150,489</u>	<u>\$149,414</u>	<u>\$188,433</u>	<u>\$39,019</u>

OTHER REPORTS

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

Independent Auditor's 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

Third Judicial District Judicial Clerk Fund
100 W. Texas Ave., 3rd Floor
Ruston, Louisiana 71270

I have audited the financial statements of the governmental activities of the Third Judicial District Judicial Clerk Fund, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the Judicial Clerk Fund's basic financial statements and have issued my report thereon dated June 30, 2010. I conducted my 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 my audit, I considered the Judicial Clerk Fund's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Clerk Fund's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Judicial Clerk Fund's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the Judicial Clerk 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 Judicial Clerk Fund's financial statements that is more than inconsequential will not be prevented or detected by the Judicial Clerk Fund's internal control. I consider the deficiency described in the accompanying schedule of findings and questioned costs as #2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

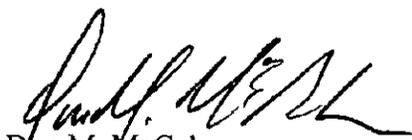
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, the significant deficiency described above as #2009-1, I consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Judicial Clerk Fund's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

The Judicial Clerk Fund's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit their response and, accordingly, I express no opinion on it.

This report is intended solely for the information of management, the Third Judicial District Court Judges, federal awarding agencies and pass-through entities, and the Office and the Legislative Auditor 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.



Don M. McGehee
Certified Public Accountant
June 30, 2010

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

I have audited the financial statements of the Judicial Clerk Fund as of and for the year ended December 31, 2009, and have issued my report thereon dated June 30, 2010. I conducted my 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. My audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

Section 1 Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2009-1. Separation of Duties. The Judicial Clerk Fund's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Schedule of Prior Year Findings
For the Year Ended December 31, 2009

Section 1 Financial Statement Findings

<u>Findings</u>	<u>Status</u>
2008-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2009-1.
2008-2. Unfavorable Budget Variance. The general fund and special revenue funds had unfavorable budget variances in excess of 5%.	Resolved.

Third Judicial District Judicial Clerk Fund
Parishes of Lincoln and Union, Louisiana
Management's Corrective Action Plan
For the Year Ended December 31, 2009

Section 1 Financial Statement Findings

Findings

2009-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Response

The Judicial Clerk's Fund has an accounting workload that can be easily managed by a few employees. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.