

**NINETEENTH JUDICIAL DISTRICT COURT  
JUDICIAL EXPENSE FUND**

**BATON ROUGE, LOUISIANA**

**JUNE 30, 2010**

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 2/9/11

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## INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the  
Nineteenth Judicial District Court

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these basic 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, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010 on our consideration of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 our audit.

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 7 and 30 through 34 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Nineteenth Judicial District Court - Judicial Expense Fund, taken as a whole. The accompanying supplemental schedule of expenditures of federal awards on page 35 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*L. A. Champagne & Co. CP*

*December 29, 2010*

**REQUIRED SUPPLEMENTARY INFORMATION**



## NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PAREH  
BATON ROUGE, LOUISIANA

JO BRUCE  
JUDICIAL ADMINISTRATOR

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nineteenth Judicial District Court – Judicial Expense Fund (the JEF) provides an overview of the JEF's activities for the year ended June 30, 2010. Please read it in conjunction with the JEF's financial statements that begin on page 8.

#### FINANCIAL HIGHLIGHTS

- The JEF experienced an increase in total net assets of approximately \$271,000 or 21% percent.
- During the year, revenues generated for governmental programs exceeded expenses by \$271,000. Last year revenues exceeded expenses by \$323,000.
- Total cost of all the JEF's programs decreased by \$28,000, and total revenues decreased by \$80,000.
- The general fund reported a surplus this year of approximately \$260,000. This is a decrease from last year's surplus which was \$264,000.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9-10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements (on pages 11 – 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by providing information about both of the JEF governmental funds.

## **Reporting the JEF as a Whole**

Our analysis of the JEF as a whole begins on page 9. The key question regarding JEF finances, “Is the JEF as a whole better or worse as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the JEF as a whole, and about its activities, in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF’s net assets and changes in them. You can think of the JEF’s net assets—the difference between assets and liabilities—as one way to measure the JEF’s financial health, or financial position. Over time, increases or decreases in the JEF’s net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State’s economic condition to better assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of District Court. Primarily, court costs and fines finance these activities.

## **Reporting the JEF’s Funds**

Our analysis of the JEF’s funds begins on page 11. The fund financial statements provide detailed information about the JEF’s funds, not the JEF as a whole. In addition to accounting for the fees for court costs, fines and other revenues that finance activities of District Court, the JEF also accounts for the appropriation received from the Louisiana Supreme Court to administer the Commissioners’ offices. Fees collected for the preparation of transcripts for indigent defenders are maintained in a separate special revenue fund in accordance with LA R. S. 13:965. The General Fund, the Commissioners’ Fund, and the Indigent Transcript Fund are governmental funds that focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JEF’s operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the JEF’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

## THE JEF AS A WHOLE

The JEF's net assets increased by approximately \$271,000 from \$1,271,000 to \$1,542,000, due to an increase in revenue from filing fees, delinquent account recoveries, narcotic forfeiture recoveries, the LCLE grant and an increase in the amount of salaries along with the mental health liaison being funded by the appropriation from the City of Baton Rouge. Drug lab expenses also significantly decreased as the Court continues to negotiate for better pricing through public bids in this area and by more efficiently administering its testing.

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the JEF's governmental activities.

**Table 1**  
**Net Assets**

	2010	2009	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$2,448,098	\$2,113,623	\$ 334,475	16 %
Capital assets	122,918	162,530	(39,612)	(24) %
Total assets	<u>2,571,016</u>	<u>2,276,153</u>	<u>294,863</u>	13 %
Current liabilities	449,758	436,907	12,851	3 %
Accrued compensated absences	579,400	568,629	10,771	2 %
Total liabilities	<u>1,029,158</u>	<u>1,005,536</u>	<u>23,622</u>	2 %
Net assets:				
Invested in capital assets	122,918	162,530	(39,612)	(24) %
Unrestricted	1,418,940	1,108,087	310,853	28 %
Total net assets	<u>\$1,541,858</u>	<u>\$1,270,617</u>	<u>\$ 271,241</u>	21 %

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions, increased by \$311,000 resulting in a surplus just under \$1,419,000 at the end of this year.

The JEF's total revenues decreased by two percent or \$80,000. The total cost of all programs and services decreased by \$28,000 mainly due to decreased drug lab expenses gained from administering its testing practices more efficiently.

## Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is that the format is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). This format highlights the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Fees in the form of court costs and fines represent the majority of the revenues reported for the District Court function.

**Table 2**  
**Changes in Net Assets**

	2010	2009	Increase (Decrease)	
			Amount	Percent
<b>Revenues</b>				
Fees and fines	\$2,299,120	\$2,424,836	\$ (125,716)	(5) %
Intergovernmental	930,947	949,834	(18,887)	(2)
Charges for services	139,758	162,537	(22,779)	(14)
Operating Grants	71,429	-	71,429	
Interest	7,762	18,224	(10,462)	(57)
Other	30,233	3,858	26,375	684
Total revenues	<u>3,479,249</u>	<u>3,559,289</u>	<u>(80,040)</u>	(2)
<b>Program expenses</b>				
District Court	2,809,404	2,832,846	(23,442)	(1)
Commissioners'	398,604	403,506	(4,902)	(1)
Total expenses	<u>3,208,008</u>	<u>3,236,352</u>	<u>(28,344)</u>	(1)
Increase in net assets	<u>\$ 271,241</u>	<u>\$ 322,937</u>	<u>\$ (51,696)</u>	(16) %

## THE JEF'S FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$1,971,000, which is \$326,000 more than last year's total of \$1,645,000.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3  
General Fund Revenues and Expenditures**

	2010		2009	
	Amount	Percent of Total	Amount	Percent of Total
<b>Revenues</b>				
Fees and fines	\$2,095,488	73 %	\$2,165,144	74 %
Intergovernmental	611,429	21	559,172	19
Charges for services	138,485	5	176,688	6
Interest	7,762	-	18,224	1
Other	30,232	1	3,858	-
<b>Total revenues</b>	<b>2,883,396</b>	<b>100</b>	<b>2,923,086</b>	<b>100</b>
<b>Expenditures</b>				
District Court	2,749,092	95	2,776,409	95
Capital outlay	6,100	1	17,876	1
<b>Total expenditures</b>	<b>2,755,192</b>	<b>96</b>	<b>2,794,285</b>	<b>96</b>
Excess of revenues over expenditures before transfers	128,204	4	128,801	4
Transfers	132,260	5	135,567	5
Excess of revenues over expenditures after transfers	<b>\$ 260,464</b>	<b>9 %</b>	<b>\$ 264,368</b>	<b>9 %</b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the General Fund budget was revised one time. The budget was amended to reflect the final budgetary fund balance for July 1, 2009 and to more accurately report projected revenues and operating expenditures. Each year the Court projects revenues based on the previous year's collections. This year the major variances involve the court defrayment fees/court costs and the drug court defrayment fees, which are a portion of criminal court fees and fines along with general court fines, which decreased \$89,000. Attorney and indigent transcript fees decreased \$86,000 due to a slowing economy and internal adjustments and write-offs made to older, uncollectable accounts. Overall, the court's expenses remained fairly consistent with an overall decrease of \$28,000; which is related to various operational and cost saving initiatives being deployed by the Court and also by the increase in the appropriation from the City-Parish.

Capital equipment purchases decreased to \$6,000 in 2010 compared to \$18,000 for 2009.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2010, the JEF had almost \$732,000 invested in capital assets including computer equipment and office renovations. (See Table 4 below.) This represents a net decrease of \$174,000 from last year. Capital additions only totaled \$6,000 and the Court disposed of numerous obsolete and non-functioning assets for the fiscal period causing an overall decrease in capital assets.

**Table 4**  
**Capital Assets at Year-end**

	<u>2010</u>	<u>2009</u>
Computer equipment, including software	\$ 321,051	\$ 481,157
Other office equipment	248,611	257,138
Furniture and fixtures	79,379	84,472
Office renovations	82,822	82,822
Totals	<u>\$ 731,863</u>	<u>\$ 905,589</u>

### Debt

At year-end, the JEF had approximately \$637,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. That is a decrease of one percent from last year. (See Table 5 below.)

**Table 5**  
**Outstanding Debt at Year-end**

	<u>2010</u>	<u>2009</u>
Accrued compensated absences	<u>\$ 636,703</u>	<u>\$ 642,519</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City-Parish of East Baton Rouge funds most of the District Court operations. The annual budget adopted by the City-Parish for 2010 increased by \$214,000 from its prior year appropriation, a 4.4% increase. This budget includes increases in salaries, retirement contributions, medical, dental and post employment benefits. The Court grants all eligible employees a three percent merit raise each year. The Court anticipates a five percent decrease in revenue collection, and may have to liquidate some of its cash reserves to meet operating expenditures, in particularly the 17.0% increase in its required contribution to the Clerk's of Court Retirement System and the increased costs associated with the Court's employees hired after January 1, 2009 having to join the LASERS retirement system, which currently costs 28.0% more that the Clerk's System. The Court consistently attempts to reduce operating expenses without jeopardizing the overall operations of the Court.

## **CONTACTING THE FUND'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JEF's finances and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 300 North Blvd., Suite 3602, Baton Rouge, Louisiana.



Jo Bruce  
Judicial Administrator

## **BASIC FINANCIAL STATEMENTS**

**NINETEENTH JUDICIAL DISTRICT COURT -  
JUDICIAL EXPENSE FUND  
STATEMENT OF NET ASSETS**  
*June 30, 2010*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash, including time deposits	\$ 2,108,495
Accounts receivable (net)	45,828
Receivable from other governments	278,214
Other	<u>15,561</u>
Total current assets	2,448,098
Noncurrent assets:	
Capital assets, net of depreciation	<u>122,918</u>
Total assets	<u>2,571,016</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	392,455
Accrued compensated absences	<u>57,303</u>
Total current liabilities	449,758
Noncurrent liabilities:	
Accrued compensated absences	<u>579,400</u>
Total liabilities	<u>1,029,158</u>
 <b>NET ASSETS</b>	
Invested in capital assets	122,918
Unrestricted	<u>1,418,940</u>
Total net assets	<u>\$ 1,541,858</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT -  
JUDICIAL EXPENSE FUND  
STATEMENT OF ACTIVITIES**  
*Year ended June 30, 2010*

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
<b>Functions/Programs</b>					
Governmental activities:					
District Court	\$ 2,809,404	\$ 2,438,878	\$ 71,429	\$ -	\$ (299,097)
Commissioners'	<u>398,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(398,604)</u>
Total governmental activities	<u>\$ 3,208,008</u>	<u>\$ 2,438,878</u>	<u>\$ 71,429</u>	<u>\$ -</u>	<u>(697,701)</u>
General revenues:					
Intergovernmental					930,947
Interest					7,762
Other					<u>30,233</u>
Total general revenues					<u>968,942</u>
Change in net assets					271,241
Net asset - beginning of year					<u>1,270,617</u>
Net asset - end of year					<u>\$ 1,541,858</u>

See accompanying notes to the basic financial statements.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

*June 30, 2010*

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash, including time deposits	\$ 2,074,865	\$ 33,630	\$ -	\$ 2,108,495
Accounts receivable (net)	33,985	-	-	33,985
Receivable from other governments	263,650	-	14,564	278,214
Due from other funds	<u>-</u>	<u>33,550</u>	<u>561,962</u>	<u>595,512</u>
Total assets and other debits	<u>\$ 2,372,500</u>	<u>\$ 67,180</u>	<u>\$ 576,526</u>	<u>\$ 3,016,206</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 370,525	\$ 21,930	\$ -	\$ 392,455
Due to other funds	591,370	-	4,142	595,512
Accrued compensated absences	<u>57,303</u>	<u>-</u>	<u>-</u>	<u>57,303</u>
Total liabilities	<u>1,019,198</u>	<u>21,930</u>	<u>4,142</u>	<u>1,045,270</u>
<b>FUND BALANCES</b>				
Unreserved, reported in				
General fund	1,353,302	-	-	1,353,302
Special revenue funds	<u>-</u>	<u>45,250</u>	<u>572,384</u>	<u>617,634</u>
Total fund balances	<u>1,353,302</u>	<u>45,250</u>	<u>572,384</u>	<u>1,970,936</u>
Total liabilities and fund balances	<u>\$ 2,372,500</u>	<u>\$ 67,180</u>	<u>\$ 576,526</u>	<u>\$ 3,016,206</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
*June 30, 2010*

Total governmental fund balances	\$ 1,970,936
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	122,918
Receivables that are not available to pay current period expenditures and therefore are not reported in the funds.	11,843
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.	15,561
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(579,400)</u>
Net assets of governmental activities	<u>\$ 1,541,858</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

*Year ended June 30, 2010*

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
<b>REVENUES</b>				
Fees and fines	\$ 2,095,488	\$ -	\$ 203,632	\$ 2,299,120
Intergovernmental	611,429	390,947	-	1,002,376
Charges for services	138,485	-	-	138,485
Interest	7,762	-	-	7,762
Other	30,233	-	-	30,233
Total revenues	<u>2,883,397</u>	<u>390,947</u>	<u>203,632</u>	<u>3,477,976</u>
<b>EXPENDITURES</b>				
Current operations:				
District Court	2,749,093	-	-	2,749,093
Commissioners'	-	396,590	-	396,590
Capital expenditures	6,100	-	-	6,100
Total expenditures	<u>2,755,193</u>	<u>396,590</u>	<u>-</u>	<u>3,151,783</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	132,260	-	-	132,260
Operating transfers out	-	-	(132,260)	(132,260)
	<u>132,260</u>	<u>-</u>	<u>(132,260)</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EX- PENDITURES AND OTHER USES</b>				
	<u>260,464</u>	<u>(5,643)</u>	<u>71,372</u>	<u>326,193</u>
Fund balances - beginning of year	1,092,838	50,893	501,012	1,644,743
Fund balances - end of year	<u>\$ 1,353,302</u>	<u>\$ 45,250</u>	<u>\$ 572,384</u>	<u>\$ 1,970,936</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*Year ended June 30, 2010*

Net change in fund balances - total governmental funds	\$ 326,193
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(39,611)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,273
Expenses reported in the statement of activities in the current period and reported as expenditures of governmental funds in the previous period.	(5,843)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(10,771)</u>
Change in net assets of governmental activities	<u>\$ 271,241</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND  
STATEMENT OF FIDUCIARY NET ASSETS**

*June 30, 2010*

	<u>Agency Fund</u>
<b>ASSETS</b>	
Due from other governments	<u>\$ 21,604</u>
Total assets and other debits	<u>\$ 21,604</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 21,604</u>
Total liabilities	<u>\$ 21,604</u>

*See accompanying notes to the basic financial statements.*

**NINETEENTH JUDICIAL DISTRICT COURT  
JUDICIAL EXPENSE FUND  
NOTES TO FINANCIAL STATEMENTS**

*June 30, 2010*

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

*Financial reporting entity*

The Nineteenth Judicial District Court Expense Fund was established by a legislative act effective June 30, 1969. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and 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' salaries.

The offices of Commissioner of the Nineteenth Judicial District Court were created by legislative act that provides for the appointment of two commissioners whose duties are assigned by the Chief Judge. These duties include hearing and making recommendations on criminal and civil proceedings arising out of the incarceration of state prisoners. The State of Louisiana appropriates funds for equipment, supplies, and the salaries and related benefits for employees of the Commissioners.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides directly to the court office space, courtrooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

financial statements present information only on the Judicial Expense Fund maintained by the Nineteenth Judicial District Court and do not present any other information on the District Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

*Basis of presentation*

*Government-wide financial statements* – The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

*Fund financial statements* – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Judicial Expense Fund uses the governmental fund type. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the Judicial Expense Fund are described as follows:

*General fund* - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

*Special revenue funds* - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

*Fiduciary fund (agency fund)* – The agency fund accounts for assets held by the Judicial Expense Fund in a purely custodial capacity.

*Measurement focus and basis of accounting*

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

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

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

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

*Financial statement amounts*

*Cash, including time deposits*

Cash, including time deposits includes all demand deposits, savings accounts and certificates of deposit of the Judicial Expense Fund.

*Interfund receivables and payables*

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note K.

*Receivables*

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include amounts due from the Clerk of Court and attorneys for transcript charges.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

*Capital assets*

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	5 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years
Office renovations	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

*Revenues*

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as, amounts due under grant contracts, interest and dividend revenue, transcript charges to attorneys, and drug enforcement forfeitures collected by the District Attorney and paid annually or upon request. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

*Expenditures*

Expenditures are recognized when the related fund liability is incurred.

*Compensated absences*

The annual and sick leave plan adopted by the JEF allows a maximum accumulation of 60 days of vacation leave. Certain employees hired before the current annual and sick leave plan was adopted can accumulate more than the 60 days maximum allowed under the current plan. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate, however, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Certain employees of District Court may accrue up to 30 days of compensatory time in lieu of overtime payment. The Judicial Expense Fund pays compensatory leave up to the maximum accrual amounts upon termination, resignation, retirement or death. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Judicial Expense Fund records a liability for 100% of the accrued vacation and compensatory time for each employee up to the respective maximums at

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

the employees' current rate of pay. Additionally, applicable social security and Medicare costs are added to the accrued leave as computed above.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The amounts shown in the accompanying financial statements for accrued compensated absences represent the liability for all employees of the District Court except the judges and the commissioners.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

*Deferred compensation*

Certain employees of the Nineteenth Judicial District Court participate in the Court's Deferred Compensation Plan or the State of Louisiana Deferred Compensation Plan. These plans were adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plans are included in the separately issued audit reports for the Plans. The Nineteenth Judicial District Court Plan audit report is available from the plan's administrator, Nationwide Retirement Solutions, and the State of Louisiana Deferred Compensation Plan is available from the State of Louisiana.

*Interfund transfers*

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. All transfers between individual governmental funds have been eliminated on the statement of activities.

*Accounting estimates*

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

**B: CASH AND INVESTMENTS**

Cash includes amounts in demand deposits and time deposits. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**B: CASH AND INVESTMENTS (Continued)**

At June 30, 2010, the Judicial Expense Fund had cash (book balances) as follows:

Interest bearing demand deposits	\$ 1,088,495
Time deposits (certificates of deposit)	<u>1,020,000</u>
	<u>\$ 2,108,495</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 pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. 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 Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned to it. The Judicial Expense Fund does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$1,991,054 of the Judicial Expense Fund's bank balance of \$2,241,054 was exposed to custodial credit risk as follows:

Uninsured and collateral held by fiscal agent bank's trust department not in the Judicial Expense Fund's name	\$ <u>1,991,054</u>
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**C: ACCOUNTS RECEIVABLE**

Accounts receivable of the governmental activities consists mostly of amounts due from the Clerk of Court and attorneys for transcript charges. Detail of the receivables at June 30, 2010 is as follows:

Transcripts	\$ 26,068
Less allowance for doubtful accounts	<u>7,106</u>
	18,962
Other receivables	<u>26,866</u>
Accounts receivable (net)	<u>\$ 45,828</u>

The allowance for doubtful accounts was established based on historical trends and other information. At June 30, 2010, \$14,887 of the transcripts receivable were past due ninety days or more.

**D: INTERGOVERNMENTAL RECEIVABLES / (PAYABLES)**

Intergovernmental receivables due at June 30, 2010 are as follows:

## General fund

East Baton Rouge Parish Sheriff	\$	159,439
East Baton Rouge Clerk of Court		17,104
East Baton Rouge Parish Family Court		1,800
Louisiana Commission on Law Enforcement		8,833
Louisiana Department of Public Safety		2,588
Louisiana Supreme Court		48,353
Nineteenth Judicial District Court Building Commission		25,533
	\$	<u>263,650</u>

## Indigent transcript fund

East Baton Rouge Parish Sheriff	\$	<u>14,565</u>
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**E: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Computer equipment, including software	\$ 481,157	\$ -	\$ 160,106	\$ 321,051
Other office equipment	257,138	6,100	14,627	248,611
Furniture and fixtures	84,472	-	5,093	79,379
Office renovations	82,822	-	-	82,822
Totals at historical cost	<u>905,589</u>	<u>6,100</u>	<u>179,826</u>	<u>731,863</u>
Less accumulated depreciation				
Computer equipment, including software	406,522	29,296	160,106	275,712
Other office equipment	195,587	11,630	14,627	192,590
Furniture and fixtures	61,831	3,216	5,093	59,954
Office renovations	79,119	1,570	-	80,689
Totals at historical cost	<u>743,059</u>	<u>45,712</u>	<u>179,826</u>	<u>608,945</u>
Capital assets, net	<u>\$ 162,530</u>	<u>\$ (39,612)</u>	<u>\$ -</u>	<u>\$ 122,918</u>

**E: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental activities as follows:

District Court	\$	43,665
Commissioners'		<u>2,047</u>
	\$	<u><u>45,712</u></u>

**F: LONG-TERM DEBT**

As of June 30, 2010, the governmental long-term debt consisted of the following:

Accrued compensated absences:	
Current portion	\$ 57,303
Non-current portion	<u>579,400</u>
Total governmental activity debt	<u><u>\$ 636,703</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010	Amounts Due within One Year
Accrued Compensated Absences	<u>\$ 642,519</u>	<u>\$ -</u>	<u>\$ 5,816</u>	<u>\$ 636,703</u>	<u>\$ 57,303</u>

**G: SALARY EXPENDITURES**

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed by the fund but appropriated in the City-Parish budget. Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Nineteenth Judicial District Court and the East Baton Rouge Parish Clerk of Court.

The amounts included in the accompanying financial statements are the salary expenditures of the Judicial Expense Fund, net of any amounts paid or reimbursed by either the City-Parish or the Clerk of Court.

**H: PENSION PLANS**

*Louisiana State Employees Retirement System*

*Plan Description.* The employees of the Commissioners' offices, whose salaries are paid from an appropriation from the State of Louisiana, court reporters hired after June 30, 2003 and all other

## H: PENSION PLANS (Continued)

court employees hired after January 1, 2009 are members of the Louisiana State Employees Retirement System ("System"), a 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. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS). The Louisiana State Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana State Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling 1-800-256-3000.

*Funding Policy.* Plan members are required by state statute to contribute 7.5%, 8% for employees hired after July 1, 2006, of gross salary to which District Court added a 18.6% and 18.5% contribution as an employer's match for the years ended June 30, 2010 and 2009, respectively. The contribution requirements of plan members and District Court are established and may be amended by the System's Board of Trustees. The District Court and Commissioners' offices statutory and actual contributions for the years ending June 30, 2010, 2009, and 2008 were \$227,280, \$146,237, and \$121,536, respectively.

### *Louisiana Clerks of Court Retirement and Relief Fund*

*Plan Description.* Other court employees, whose salaries are expenditures of the Judicial Expense Fund, are members of the Louisiana Clerks of Court Retirement and Relief Fund (Fund), a multiple-employer, cost sharing public employee retirement system, controlled and administered by a separate Board of Trustees. The Fund provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling 225-293-1162.

*Funding Policy.* Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Nineteenth Judicial District Court is required to contribute at an actuarially determined rate. The Court contributed a rate of 14.75% and 11.75% of annual covered payroll for the years ended June 30, 2010 and 2009, respectively. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Nineteenth Judicial District Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 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 Nineteenth Judicial District Court's contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$567,766, \$498,172, and \$501,321, respectively, which were equal to the required contributions for each year.

## **I: OTHER POSTEMPLOYMENT BENEFITS**

### *District Court Employees*

In addition to the pension benefits described in Note II, the City-Parish provides post retirement health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

### *Health and dental benefits*

Employees may at their option participate in the group health and dental insurance programs. Upon retirement the employee may continue coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

Employees and retirees contribute from 25% to 48% of the premiums and the City-Parish contributes from 52% to 75% of the premiums depending upon the number of family members covered. Effective January 1, 2003, the current costs of these premiums were allocated over all employers and funds that participate in the health and dental self-insurance programs.

The Judicial Expense Fund does not recognize expenditures for the employer portion of these benefits since they are provided by the City-Parish.

### *Life insurance benefits*

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Judicial Expense Fund does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

### *Commissioners' Office Employees*

In addition to the pension benefits described in Note H, the State of Louisiana provides post-retirement health care benefits. LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the commissioners' office to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commissioners' employees become eligible for those benefits if they reach normal retirement age while working for the Commissioners' office. Monthly premiums are paid jointly by the employees and the employer (from the Commissioners' office appropriation) for active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits.

The Judicial Expense Fund does not recognize expenditures for these benefits since they will be included in the annual appropriation from the State of Louisiana.

**I: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation*

The portion of the East Baton Rouge City-Parish annual OPEB cost attributable to the Judicial Expense Fund was calculated based upon the annual required contribution (ARC) as actuarially determined under the applicable provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated for the City Parish by an outside actuarial consultant.

For the year ended December 31, 2009, the Judicial Expense Fund's allocated portion of the ARC and annual OPEB cost amounted to \$1,186,488 and the net OPEB obligation at that date was \$2,845,196.

As noted above, these benefits are provided by and are the obligation of East Baton Rouge City-Parish. Therefore, the Judicial Expense Fund does not recognize the annual OPEB costs related to these benefits or the associated OPEB obligation since the annual OPEB cost and the OPEB obligation are included in the financial statements of the City-Parish government.

**J: OPERATING LEASES**

The Court leases office equipment under agreements that are classified as operating leases. Most of these leases can be extended on a month-to-month basis until either the Court returns the equipment to the lessor or the lessor terminates the lease by written notice. In most cases, the leases are extended or replaced by other leases. Operating lease payments during 2010 totaled \$12,148.

The remaining annual minimum lease payments under these agreements as of June 30, 2010 are as follows:

For the years ending June 30,	
2011	\$ 1,521
	<u>\$ 1,521</u>

**K: INTERFUND TRANSACTIONS**

The following is a summary of amounts due from and due to other funds at June 30, 2010:

	Due to:				Total
	General Fund	Commissioners' Fund	Indigent Transcript Fund	Drug Treatment Fund	
<u>Due from:</u>					
General Fund	\$ -	\$ 29,407	\$ 544,857	\$ 17,105	\$ 591,369
Commissioners' Fund	-	-	-	-	-
Indigent Transcript Fund	-	4,143	-	-	4,143
	<u>\$ -</u>	<u>\$ 33,550</u>	<u>\$ 544,857</u>	<u>\$ 17,105</u>	<u>\$ 595,512</u>

Outstanding balances between funds reported as "due to/due from other funds" includes charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

The operating transfers in or out during the year ended June 30, 2010 are as follows:

	Transfers to:
	General Fund
<u>Transfers from:</u>	
Indigent transcript fund	\$ 132,260

Transfers are substantially for the purposes of subsidizing operating functions. Court reporters are paid from the general fund, and the indigent transcript fund reimburses the general fund whenever the transcript is categorized as "indigent." Whenever expenditures for the Commissioners' offices exceed the state appropriation, the general fund covers the excess.

**L: CONCENTRATIONS OF CREDIT RISK**

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies and the State of Louisiana. The majority of the other receivables are due from Louisiana attorneys who practice before the court. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

Certain operating expenditures of the district court are paid by the City-Parish and are not included in the accompanying financial statements. The City-Parish has a calendar year end, and the expenditures for the operation of the district court for the year ended December 31, 2009 are:

**L: CONCENTRATIONS OF CREDIT RISK (Continued)**

Summarized as follows:

Personal services	\$	3,295,762
Employee benefits		1,445,642
Supplies		809
Contractual services		95,378
Capital outlay		-
	\$	<u>4,837,591</u>

**M: CONTINGENCIES**

Federal and State programs represent an important source of funding for the Nineteenth Judicial District Court. The federal program was audited in accordance with the "Single Audit Act". However, grantor agencies may conduct or require further examinations. Management believes that further examinations would not result in any significant disallowed costs.

**N: SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 29, 2010, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND  
BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND, INDIGENT TRANSCRIPT FUND AND  
DRUG TREATMENT FUND**

*Year ended June 30, 2010*

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - July 1, 2009	\$ 1,215,157	\$ 1,593,850	\$ 1,593,850	\$ -
Resources (inflows):				
Fees and fines:				
Clerk of Court - civil and probate filing fees	181,000	183,000	186,519	3,519
East Baton Rouge Parish Sheriff:				
Court costs	275,000	221,000	218,113	(2,887)
Court defrayment costs	405,000	402,000	387,186	(14,814)
Bail bond forfeitures	60,000	52,000	81,035	29,035
Fines	755,000	724,000	742,741	18,741
Indigent transcript fees	250,000	204,000	200,784	(3,216)
East Baton Rouge District Attorney:				
Drug enforcement forfeitures	63,000	60,000	90,659	30,659
Bail bond license fees	355,000	356,000	351,356	(4,644)
Louisiana Department of Public Safety - license fees	28,000	32,500	37,388	4,888
Intergovernmental:				
Louisiana Commission on Law Enforcement, pass-through grants	131,700	69,000	71,429	2,429
Louisiana Supreme Court: Drug court appropriation	576,000	540,000	540,000	-
Charges for services:				
Transcript charges to attorneys	170,000	117,000	122,835	5,835
Program fees	18,000	11,400	12,050	650
MIS professional fees	3,600	3,600	3,600	-
Interest	14,000	7,100	7,762	662
Other	2,000	2,850	30,724	27,874
Drug treatment program	-	-	2,848	2,848
Amounts available for appropriation	<u>3,287,300</u>	<u>2,985,450</u>	<u>3,087,029</u>	<u>101,579</u>

*Continued*

**Exhibit 1 (Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Charges to appropriations (outflows):</b>				
<b>District Court:</b>				
<b>Personal services:</b>				
Salaries and related taxes and benefits	\$ 1,896,000	\$ 1,909,000	\$ 1,644,986	\$ 264,014
<b>Louisiana Commission on Law Enforcement, pass-through grants</b>				
	131,700	69,000	76,452	(7,452)
<b>Supplies:</b>				
Office supplies	121,600	107,100	92,530	14,570
Computer supplies	20,000	20,000	18,359	1,641
Drug screen lab supplies/services	187,000	174,500	102,420	72,080
Dues and subscriptions	103,200	103,000	92,134	10,866
Other	2,850	2,850	235	2,615
<b>Contractual services:</b>				
Legal and other professional fees	38,000	35,000	17,616	17,384
Drug treatment services	576,000	540,000	543,109	(3,109)
Surety bonds	6,300	8,000	2,372	5,628
Workers' compensation insurance for community service workers	2,700	3,200	2,757	443
Other contractual services	44,900	44,940	2,167	42,773
Drug screens	7,000	3,000	2,520	480
Parking fees	4,800	5,040	4,880	160
Travel, meetings and conferences	100,000	90,000	69,453	20,547
Equipment repair and maintenance	77,000	58,500	38,194	20,306
Equipment	69,500	61,000	38,909	22,091
Capital outlay	20,000	9,000	6,100	2,900
<b>Total charges to appropriations</b>	<u>3,408,550</u>	<u>3,243,130</u>	<u>2,755,193</u>	<u>487,937</u>
	<u>1,093,907</u>	<u>1,336,170</u>	<u>1,925,686</u>	<u>589,516</u>

**COMPENSATION FUND FOR JURORS IN CRIMINAL CASES  
Agency Fund**

Budgetary fund balance - July 1, 2009	\$ -	\$ -	\$ -	\$ -
<b>Resources (inflows):</b>				
Criminal juror compensation	-	-	-	-
<b>Charges to appropriations (outflows):</b>				
Criminal juror compensation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance - June 30, 2010	<u>\$ 1,093,907</u>	<u>\$ 1,336,170</u>	<u>\$ 1,925,686</u>	<u>\$ 589,516</u>

See accompanying note to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND  
BUDGETARY COMPARISON SCHEDULE - COMMISSIONERS' FUND**

*Year ended June 30, 2010*

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - July 1, 2009	\$ -	\$ -	\$ 50,893	\$ 50,893
Resources (inflows):				
Intergovernmental:				
State of Louisiana	390,947	390,947	390,947	-
Amounts available for appropriation	390,947	390,947	390,947	-
Charges to appropriations (outflows):				
Commissioners':				
Personal services:				
Salaries	284,735	284,735	288,651	(3,916)
Group benefits:				
Payroll taxes	1,155	1,155	1,630	(475)
Group insurance	28,432	28,432	29,377	(945)
Retirement	52,961	52,961	50,717	2,244
Supplies:				
Office supplies	4,258	4,258	5,627	(1,369)
Computer supplies	1,194	1,194	2,143	(949)
Dues and subscriptions	540	540	12,150	(11,610)
Other	146	146	89	57
Contractual services:				
Legal and other professional fees	1,132	1,132	877	255
Other contractual services	2,124	2,124	188	1,936
Parking fees	1,557	1,557	480	1,077
Travel, meetings and conferences	4,932	4,932	2,768	2,164
Equipment repair and maintenance	1,298	1,298	977	321
Telephone	1,080	1,080	916	164
Capital outlay	5,403	5,403	-	5,403
Total charges to appropriations	390,947	390,947	396,590	(5,643)
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 45,250	\$ 45,250

See accompanying note to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT -  
JUDICIAL EXPENSE FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL**

*June 30, 2010*

*Budgetary accounting and control*

*Budget law*

The Judicial Expense Fund prepares the annual combined operating budget for the general fund, the indigent transcript fund, and the drug treatment fund under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for these funds:

- (1) An operating budget is prepared at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

With regard to the Commissioners' fund, which is an appropriation of the Louisiana Supreme Court for the operation of the commissioners' offices, the Judicial Budgetary Control Board governs the budget. R.S. 39:4B exempts the judiciary of the state from the State Division of Administration budgetary control, and since budgetary reporting for the Commissioners' Fund is the responsibility of the Judicial Budgetary Control Board, the Nineteenth Judicial District Court is of the opinion that the Commissioners' Fund is also not subject to the Local Government Budget Act (R.S. 39:1301-14), in particular, those requirements relating to public hearings and advertisement. Accordingly, the Commissioners' Fund budget to actual presentation will utilize the budget data formulated under the auspices of the Judicial Budgetary Control Board.

These procedures are followed in establishing the budgetary data reflected in the financial statements with regard to the special revenue fund:

- (1) An operating budget is prepared for the commissioners' fund prior to the commencement of the budgetary fiscal year and submitted to the Judicial Budgetary Control Board. The operating budget includes proposed expenditures for the upcoming year.
- (2) All funds remaining unexpended or unencumbered at year end shall be returned to the state general fund.
- (3) Any surpluses occurring in the appropriation may be transferred from one line item to another during the fiscal year.

*Budgetary accounting*

The General Fund, Indigent Transcript Fund and the Commissioners' Fund budgets are prepared and presented using the modified accrual basis of accounting.

**NINETEENTH JUDICIAL DISTRICT COURT -  
JUDICIAL EXPENSE FUND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2010

FEDERAL GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR END	PROGRAM OR AWARD AMOUNT	TOTAL FEDERAL EXPENDITURES
U.S. Department of Justice Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice:				
American Recovery and Reinvestment Act (ARRA)				
Edward Byrne Memorial Justice Assistance Grant (Drug Court)	16.803	06/30/2010	\$ 131,700	\$ 71,429
<b>Total Federal Awards</b>			<u>\$ 131,700</u>	<u>\$ 71,429</u>

Note A: The schedule above is prepared using accrual basis of accounting. This information is presented in accordance with the requirement of OMB Circular A-133, Audits of State, Local Government, and NonProfit Organizations. Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements.

**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**

Honorable Judges of the  
Nineteenth Judicial District Court

We have audited the financial statements of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 29, 2010. 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 Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense 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 function, to prevent or detect and correct misstatements on a timely basis. 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Continued*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nineteenth Judicial District Court – Judicial Expense Fund'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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Nineteenth Judicial District Court – Judicial Expense Fund, in a separate letter dated December 29, 2010.

This report is intended solely for the information and use of the management and governing body of the Nineteenth Judicial District Court - Judicial Expense Fund, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R.S. 24:513, this report is distributed by the Legislative Auditor as a public document.

*L. A. Champagne & Co. LLP*

*December 29, 2010*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Judges of the  
Nineteenth Judicial District Court

Compliance

We have audited the Nineteenth Judicial District Court - Judicial Expense Fund's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Nineteenth Judicial District Court - Judicial Expense Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Nineteenth Judicial District Court - Judicial Expense Fund's management. Our responsibility is to express an opinion on the Nineteenth Judicial District Court - Judicial Expense Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Nineteenth Judicial District Court - Judicial Expense Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Nineteenth Judicial District Court - Judicial Expense Fund's compliance with those requirements.

In our opinion, the Nineteenth Judicial District Court - Judicial Expense Fund complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the Nineteenth Judicial District Court - Judicial Expense Fund's is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management and the governing body of the Nineteenth Judicial District Court - Judicial Expense Fund, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor, and federal awarding agencies and it is not intended to be and should not be used by anyone other than these specified parties.

*L.A. Champagne & Co. LLP*  
*December 29, 2010*

**NINETEENTH JUDICIAL DISTRICT COURT –  
JUDICIAL EXPENSE FUND  
SCHEDULE OF FINDINGS AND RESPONSES**  
*Year Ended June 30, 2010*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Nineteenth Judicial District Court – Judicial Expense Fund.
2. No significant deficiencies related to the audit of the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for the Nineteenth Judicial District Court – Judicial Expense Fund expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Nineteenth Judicial District Court – Judicial Expense Fund are reported in Part C of this Schedule.
7. The programs tested as a major program are as follows:
  - U.S. Department of Justice
  - ARRA – American Recovery and Reinvestment Act
  - JAG – Edward Byrne Memorial Justice Assistance Grant CFDA#16.803
8. The threshold for distinguishing Types A and B programs was \$300,000, except that all American Recovery and Reinvestment Act programs were classified as Type A.
9. The Nineteenth Judicial District Court – Judicial Expense Fund was determined not to be a low-risk auditee, because this is the first year a single audit under OMB Circular A-133 was required.

10. A management letter was issued in conjunction with this engagement.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings that are required to be reported in this section of the report.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no findings that are required to be reported in this section of the report.

**NINETEENTH JUDICIAL DISTRICT COURT –  
JUDICIAL EXPENSE FUND  
SCHEDULE OF CORRECTIVE ACTION PLAN**  
*Year Ended June 30, 2010*

None required

**NINETEENTH JUDICIAL DISTRICT COURT –  
JUDICIAL EXPENSE FUND  
SCHEDULE OF CORRECTIVE ACTION TAKEN  
ON PRIOR YEAR FINDINGS**  
*Year Ended June 30, 2010*

None required

Michael A. Tham, CPA  
Robert L. Stamey, CPA  
Susan S. Tham, CPA  
Kimberly G. Sanders, CPA, MBA  
Dominic Michelli, CPA

L.A. CHAMPAGNE & Co.  
LLP  
Certified Public Accountants

Member of the Private  
Companies Practice  
Section of the American  
Institute of CPAs

Honorable Judges of the  
Nineteenth Judicial District Court

In planning and performing our audit of the financial statements of Nineteenth Judicial District Court - Judicial Expense Fund (JEF), a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the JEF's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

During our audit, we were advised in a copy of a letter to the Louisiana Legislative Auditor dated October 26, 2010, from the JEF's director of finance that a theft of traffic fines in the amount of \$708.25 had occurred. The Legislative Auditor also notified us of this matter in order that we could determine its impact on our audit engagement referred to above.

In our discussions with the director of finance, we learned the details of how the theft occurred and further how the theft was discovered. The director of finance, in response to our inquiry, advised us that the suspected employee was inappropriately accepting cash payments for traffic fines rather than directing the payments to be collected by the East Baton Rouge Parish Sheriff. The manager of the JEF traffic division in the normal course of reviewing documentation relating to the payment of fines and clearing of traffic records noted that certain writs had not been paid and cleared. Further investigation uncovered a series of thefts of traffic fines. The thefts occurred over a period of approximately seven days. There was no evidence of any additional defalcations. The employee was terminated and the matter has been referred to the proper law enforcement authorities.

JEF management believes that internal controls in place and operating led to the timely discovery of the inappropriate activity which limited the loss to the amount noted above. A recent move to the new courthouse facilities has also provided the opportunity to provide greater physical controls including the installation of surveillance cameras and to improve signage relating to the proper place for the public to pay fines.

Because the amount of the theft was not material to the financial statements and there were indications that internal controls in place led to timely discovery, we determined that the defalcations would not impact our audit engagement.

We will review the status of this matter during our next audit engagement.

Very truly yours,

  
L. A. CHAMPAGNE & CO., L.L.P.