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**FORTY-SECOND JUDICIAL DISTRICT-  
JUDICIAL EXPENSE FUND  
DeSoto Parish, Louisiana**

**Financial Statements**

**For the Eighteen Months Ended 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 6/22/11

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

As of and for the Year Ended June 30, 2010

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*Deborah D. Dees, MBA, CPA*



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CERTIFIED PUBLIC ACCOUNTANT

**Independent Accountant's Report**

To the Honorable Judges of the  
Forty-second Judicial District Court  
Mansfield, Louisiana

I have reviewed the accompanying financial statements of the governmental activities and the major fund of the Forty-second Judicial District – Judicial Expense Fund as of and for the eighteen month period ended June 30, 2010, which collectively comprise basic financial statements as listed in the table of contents in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Forty-second Judicial District – Judicial Expense Fund's management.

A review consists principally of inquiries of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 7, and 25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated December 31, 2010, on the results of our agreed-upon procedures. Also presented as required is the Louisiana Attestation Questionnaire.

*Deborah D. Dees, CPA*

Mansfield, Louisiana  
December 31, 2010

**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**

## **FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2010

This section of the Forty-second Judicial District --Judicial Expense Fund's (the Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the eighteen month period that ended June 30, 2010. Please read this in conjunction with the Fund's financial statements, which follow this section. The Forty-second Judicial District is a newly formed judicial district as of January 1, 2009. Prior to that, the Forty-second District was included in the Eleventh Judicial District with Sabine Parish. The two districts split leaving Sabine Parish as the Eleventh Judicial District and DeSoto Parish became the new Forty-second Judicial District.

### **FINANCIAL HIGHLIGHTS**

The net assets of the Eleventh Judicial District --Judicial Expense Fund at December 31, 2008 (\$486,252) were divided. \$245,613 was allocated to the new Forty-second Judicial District --Judicial Expense Fund and \$240,639 to the Eleventh Judicial District -- Judicial Expense Fund.

The Forty-second Judicial District -- Judicial Expense Fund's net assets decreased \$35,022 or 14.26% for the eighteen-month period ended June 30, 2010.

The unrestricted nets assets which represent the portion available to maintain continuing obligations to citizens and creditors is \$151,652 on June 30, 2010.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements. The Fund's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These two types of financial statements present the Fund's financial position and results of operations from differing perspectives. These financial statements also contains additional required supplementary information--a budgetary comparison schedule--in addition to the basic financial statements. The components are described as follows:

#### **Government-Wide Financial Statement**

The government-wide financial statements report information about the Fund as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fund's assets and all of its liabilities. All of the Fund's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by court costs, bond fees and forfeitures, restitution collections, probation fees, and grants.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Fund's most significant activities and are not intended to provide information for the Fund as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Fund's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same

functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Fund's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Fund adopts an budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The comparison of net assets from year to year serves to measure a government's financial position. Since this is the first year to report for the Forty-Second Judicial District -- Judicial Expense Fund, a comparison to a prior year is not possible. However, in future years this section will explain differences between current and prior assets, liabilities, and changes in net assets.

As of June 30, 2010, The Fund's assets exceed its liabilities by \$210,591 (net assets).

At June 30, 2010, \$58,939 or 28% of the Fund's net assets reflects capital assets with a historical cost of \$170,043 less accumulated depreciation of \$111,104.

Unrestricted net assets of \$151,652 or 72% of total net assets as of June 30, 2010 may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

A Summary of the Statement of Net Assets is as follows:

ASSETS	Governmental Activities June 30, 2010
Cash and cash equivalents	\$ 103,545
LAMP account	80,617
Receivables	10,933
Capital assets, net	58,939
Total Assets	\$ 254,034
<b>LIABILITIES</b>	
Accounts payable	\$ 43,443
Total Liabilities	\$ 43,443
<b>NET ASSETS</b>	
Investment in capital assets	\$ 58,939
Unrestricted	151,652
Total Net Assets	\$ 210,591

A Summary of the Statement of Activities is as follows:

	For the eighteen months ended June 30, 2010	% of Total
Program Revenues	\$ 379,715	99.37%
General Revenues	2,392	0.63%
Total Revenues	<u>382,107</u>	100%
Expenses:		
Administrative	157,143	37.67%
FINS	34,755	8.33%
Probation	207,059	49.64%
Restitution	18,172	4.36%
Total Expenses	<u>417,129</u>	100%
Increase/(Decrease) in Net Assets	(35,022)	
Net Assets beginning	245,613	
Net Assets ending	<u>\$ 210,591</u>	

Program revenues make up 99.37% of total revenues and consist of bond fees, forfeitures and court costs; probation fees; restitution collections; and truancy fees.

#### **FINANCIAL ANALYSIS OF THE FUND'S GOVERNMENTAL FUNDS**

For the year ended June 30, 2010, differences between the government-wide presentation and the fund financial statements were due to acquisition of capital outlays and depreciation changes associated with capital assets.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Fund adopted a budget for its General Fund for the eighteen month period ended June 30, 2010. The budget was not amended. Actual revenues were \$18,722 or 4.67% under the final budget. Court costs and bond fees were \$17,560 less than budgeted. Actual expenses were under budget \$46,036 or 10%. The Fund did not expend the capital outlay expense budget. The Fund was in compliance with the Louisiana Local Government Budget Act.

#### **DEBT ADMINISTRATION**

The District Court continues to maintain operations with no long-term debt. This is an indication of the District Court's ability to pay its obligations as they become due.

#### **CAPITAL ASSETS**

The Fund acquired \$12,858 in capital assets in 2009. This includes three new computers, a security lock system on all exterior doors, and a new desk for a court reporter's office.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The primary revenue source for the Fund is court costs and bond fees. This has been an average of \$10,000 to \$11,000 a month for the two years prior to June 30, 2010. No major increases or decreases are anticipated for the FY 2011 budget.

## **CONTACTING THE FORTY-SECOND JUDICIAL DISTRICT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the Forty-second Judicial District -- Judicial Expense Fund and to show the Fund's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Judge Robert Burgess or Judge Charles Adams, at P. O. Box 1299, Mansfield, Louisiana, 71052.

**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**STATEMENT OF NET ASSETS**  
June 30, 2010

	<b>GOVERNMENTAL ACTIVITIES</b>	
	<u>                    </u>	
	<b>ASSETS</b>	
Cash and cash equivalents	\$	103,545
LAMP deposits		80,617
Receivables		10,933
Capital assets (net)		58,939
		<u>                    </u>
TOTAL ASSETS	\$	<u>254,034</u>
	<b>LIABILITIES</b>	
Accounts, salaries, and other payables	\$	10,522
Due to the Sheriff		32,537
Victim restitution payable		384
		<u>                    </u>
TOTAL LIABILITIES	\$	<u>43,443</u>
	<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$	58,939
Unrestricted		151,652
		<u>                    </u>
TOTAL NET ASSETS	\$	<u>210,591</u>

See the accompanying notes and accountant's report.

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**STATEMENT OF ACTIVITIES**  
For the Eighteen Months Ended June 30, 2010

	Expenses	Program Revenues		Governmental Activities	Net (Expenses) Revenues and Change in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities:</b>					
Administrative	\$ 157,143	\$ 184,246			\$ 27,103
Probation	207,059	118,826			(88,233)
FINS	34,755		50,095		15,340
Restitution	18,172	26,548			8,376
<b>Total Governmental Activities</b>	<u>\$ 417,129</u>	<u>\$ 329,620</u>	<u>\$ 50,095</u>	<u>\$</u>	<u>(37,414)</u>
Interest income					791
Total General Revenues					<u>2,392</u>
Change in Net Assets before special items					(35,022)
Net Assets Beginning					<u>245,613</u>
Net Assets Ending					<u>\$ 210,591</u>

See the accompanying notes and accountant's report.

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**FUND FINANCIAL STATEMENTS**

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**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND  
DeSoto Parish, Louisiana**

**BALANCE SHEET, GOVERNMENTAL FUNDS**

June 30, 2010

	<u>GENERAL FUND</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$	103,545
LAMP deposits		80,617
Receivables		
Fines and court costs receivable		10,933
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>195,095</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts, salaries, and other payables	\$	10,522
Due to DeSoto Parish Sheriff's Office		32,537
Victim restitution payable		384
Total Liabilities		<u>43,443</u>
Fund Balance:		
Reserved for:		
Unreserved, reported in:		
General fund		151,652
Total Fund Balance		<u>151,652</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b><u>195,095</u></b>

See the accompanying notes and accountant's report.

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2010

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

Total Fund Balances for Governmental Funds (Statement C)	\$	151,652
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds. Those assets consist of:		
Furniture, fixtures and equipment, net of \$111,104 in accumulated depreciation		<u>58,939</u>
Total Net Assets of Governmental Activities (Statement A)	\$	<u>210,591</u>

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**

For the Eighteen Months Ended June 30, 2010

	<u>GENERAL FUND</u>
<b>Revenues:</b>	
Bond fees, forfeitures, and court costs	\$ 184,246
Restitution collected	26,548
Probation and related fees	113,576
Truancy fees	5,250
Intergovernmental:	
Grant- State FINS	50,095
Miscellaneous	1,601
Interest earnings	791
<b>Total Revenues</b>	<u>382,107</u>
<b>Expenditures:</b>	
Current:	
Administrative	
Personnel and related benefits	31,363
Operating and administrative	100,734
Probation	207,059
FINS	34,755
Restitution paid to others	18,172
Capital outlays	12,858
<b>Total Expenditures</b>	<u>404,941</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(22,834)
Fund balance, beginning of year	174,486
Fund balance, end of year	<u>\$ 151,652</u>

See the accompanying notes and accountant's report.

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Eighteen Months Ended June 30, 2010

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

Net Change in Fund Balances-Total Governmental Funds (Statement E)	\$	(22,834)
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 and reported as depreciation expense. This is the amount by which capital outlays (\$12,858) exceeds depreciation (\$25,046) in the current period.		(12,188)
Change in Net Assets of Governmental Activities (Statement B)	\$	<u>(35,022)</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**INTRODUCTION**

The Forty-second Judicial District -- Judicial Expense Fund (the Fund) was created by LSA-RS 13:996.65. The purpose of the fund is to provide sufficient funding to expedite efficient operation of the court. In general, the fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration of the court.

The Forty-second Judicial District Court (the District) was created by LSA-RS 13:477(42). The District is comprised of DeSoto parish with the courthouse and judges offices in Mansfield. The District's purpose is general jurisdiction judgeship for the approximately 26,400 people in the parish. The voters of the parish elect the two judges of the District to six-year terms. There are no full-time employees paid by the Fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements of the Forty-second Judicial District -- Judicial Expense Fund have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June, 1999.

**B. Reporting Entity**

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the Forty-second Judicial District -- Judicial Expense Fund includes all funds that are within the oversight responsibility of the Forty-second District Court. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the Forty-second Judicial District -- Judicial Expense Fund is deemed to be a separate reporting entity. Certain units of local government over which the Forty-second District Court exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the parishes, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Forty-second District Court.

**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting / Measurement Focus**

Basis of accounting refers to when revenues or expenditures/expenses are recognized in accounts and reported in the financial statements. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

*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.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include a) fees and charges paid by the recipient for goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. 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. Revenues, expenses, gains and losses resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

*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 comprises its assets, liabilities, fund equity, revenues, and expenditures.

The major 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.

All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources at the end of the period. 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

**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting / Measurement Focus (continued)**

thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

**D. Budgets**

The Chief Judge prepares a proposed budget for the fund on the modified accrual basis of accounting. Due to the uncertainties of the budgeting, at least one of the judges is involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year.

**E. Cash**

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Fund includes amounts in time deposits and investments with original maturities of 90 days or less as cash equivalents. Under state law, the Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**F. Investments**

Under state law the Fund may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed three months. Under this interpretation, the Fund has no investments.

**G. Receivables / Payables**

Receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include fines and bond forfeitures. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

Payables consist of necessary and ordinary expenses of the Fund. Due to the Sheriff is probation office salaries payable.

**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. 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. Costs incurred for normal repairs and maintenance that do not add to the value or significantly extend the life of an asset are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	5 years
Other office equipment	5 years
Furniture and fixtures	7-10 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the Fund upon acquisition.

Assets purchased under the FINS Grant Program are currently being accounted for by the Forty-second Judicial District -- Judicial Expense Fund. However, under the provisions of the Grant contracts the assets are the property of the State of Louisiana. The State of Louisiana has instructed the Forty-second Judicial District -- Judicial Expense Fund to maintain control and ownership. The State of Louisiana, Office of Social Services retains reversion rights in those assets.

**I. Fund Equity**

In the government-wide statements, equity is classified as net assets. Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

*Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition of those assets. There was no debt attributable to these fixed assets as of June 30, 2010.

*Restricted* – This component of net assets consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Estimates**

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

**2. CASH**

At June 30, 2010, the Forty-second Judicial District -- Judicial Expense Fund has cash (book balances) totaling \$103,545.

Interest bearing demand deposits	\$ 83,889
Demand deposits	<u>19,656</u>
	<u>\$ 103,545</u>

The cash of the Forty-second Judicial District--Judicial Expense Fund is subject to the following risks:

*Custodial Credit Risk:* Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

At June 30, 2010, the Forty-second Judicial District -- Judicial Expense Fund has \$112,720 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Cash held at June 30, 2010, also includes \$80,617, invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is not registered with the SEC as an investment company.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Judicial Expense fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Fund diversifies its investments by security type and

**FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND**  
DeSoto Parish, Louisiana  
Notes to the Financial Statements  
June 30, 2010

**2. CASH (continued)**

institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances

**3. CAPITAL ASSETS**

A summary of the Forty-second Judicial District -- Judicial Expense Fund's capital assets at June 30, 2010, follows:

Governmental Activities:	Balance 12/31/2008	Additions	Deletions/ Reclassifications	Balance 6/30/2010
<b>Capital assets, being depreciated</b>				
Equipment	\$ 95,646	\$ 5,811	\$ (73,094)	\$ 28,363
Computers		4,402	36,235	40,637
Furniture and fixtures	93,112		(10,714)	82,398
Vehicles	16,000	2,645		18,645
FINS equipment	7,613		(7,613)	-
<b>Total capital assets, being depreciated</b>	<b>\$ 212,371</b>	<b>\$ 12,858</b>	<b>\$ (55,186)</b>	<b>\$ 170,043</b>
<b>Less accumulated depreciation for</b>				
Equipment	\$ 79,275	\$ 4,207	\$ (61,908)	\$ 21,574
Computers		7,832	23,285	31,116
Furniture and fixtures	48,069	9,012	(4,260)	52,821
Vehicles	1,600	3,994		5,593
FINS equipment	7,554		(7,554)	-
<b>Total accumulated depreciation</b>	<b>136,498</b>	<b>25,044</b>	<b>(50,438)</b>	<b>111,104</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 75,873</b>			<b>\$ 58,939</b>

Depreciation expense of \$25,044 for the year ended June 30, 2010, was charged to the following functions:

Administrative	\$ 19,492
Probation	5,552
	<u>\$ 25,044</u>

**4. JOINT VENTURE**

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officers. The fund reimbursed the Sheriff's office \$175,905.

**5. EXPENDITURES OF THE JUDICIAL DISTRICT PAID BY OTHERS**

The accompanying financial statements do not include certain salary or administrative expenditures of the District Court paid out of the funds of the DeSoto Parish Police Jury or directly by the State.

**6. CONTINGENCIES**

As of June 30, 2010, in the opinion of management, there are no outstanding matters that would have a significant effect on the financial position of the Expense Fund.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**FORTY-SECOND JUDICIAL DISTRICT -- JUDICIAL EXPENSE FUND**  
**DeSoto Parish, Louisiana**

**BUDGET COMPARISON SCHEDULE**  
**General Fund**  
**For the Eighteen Months ended June 30, 2010**

	Budgeted Amounts		Actual	Budget to Actual
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Bond fees, forfeitures, and costs	\$ 201,806	\$ 201,806	\$ 184,246	\$ (17,560)
Restitution collected	28,522	28,522	26,548	(1,974)
Probation and related fees	105,005	105,005	113,576	8,571
Truancy fees	5,200	5,200	5,250	50
Intergovernmental:				-
State grant - FINS	53,625	53,625	50,095	(3,530)
Interest income	2,370	2,370	791	(1,579)
Miscellaneous	4,301	4,301	1,601	(2,700)
<b>Total Revenues</b>	<u>400,829</u>	<u>400,829</u>	<u>382,107</u>	<u>(18,722)</u>
<b>Expenditures:</b>				
Current:				
Administrative				
Personnel and related benefits	26,983	26,983	31,363	(4,380)
Operating and administrative	115,363	115,363	100,734	14,629
Probation	206,187	206,187	207,059	(872)
FINS	32,991	32,991	34,755	(1,764)
Restitution paid to others	26,652	26,652	18,172	8,480
Capital outlay	42,801	42,801	12,858	29,943
<b>Total Expenditures</b>	<u>450,977</u>	<u>450,977</u>	<u>404,941</u>	<u>46,036</u>
<b>Excess(Deficiency) of Revenues over Expenditures</b>	(50,148)	(50,148)	(22,834)	27,314
<b>Fund balance, beginning of year</b>	174,486	174,486	174,486	
<b>Fund balance, end of year</b>	<u>\$ 124,338</u>	<u>\$ 124,338</u>	<u>\$ 151,652</u>	

**OTHER REPORTS REQUIRED BY LOUISIANA GOVERNMENTAL  
AUDIT GUIDE**

### Independent Accountant's Report on Applying Agreed-Upon Procedures

The Honorable Judges of the  
Forty-second Judicial District Court  
Mansfield, Louisiana 71052

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Forty-second Judicial District Court - Judicial Expense Fund and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Forty-second Judicial District Court - Judicial Expense Fund's compliance with certain laws and regulations during the eighteen months ended June 30, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. Management of Forty-second Judicial District Court - Judicial Expense Fund is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the eighteen months for materials and supplies exceeding \$30,000 or public works exceeding \$150,000.

#### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

There were no employees listed that were also included on the listing obtained from management as immediate family members.

### **Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget and amendments.

6. Trace the budget adoption and amendments to the minute book.

The Judges adopted the original budget in December, 2008. It was not amended during the eighteen months.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenue and expenditures. Actual expenditures did not exceed budgeted amounts. Actual revenues were 4.67% under budgeted amounts.

### **Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

All checks were supported by proper documentation as to proper amount and payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The payments were found to be coded to the correct fund and general ledger accounts.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from one of the judges.

### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:4.1 through 42:13 (the open meeting law).

Not Applicable

### **Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected all deposits for the period under examination and found no indications of new bank loans, bonds, or like indebtedness during the eighteen-month period.

### **Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

In my review of the cash disbursements and payroll records for the year, I noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

### **Prior-Year Comments and Recommendations**

13. Review any prior-year suggestions, recommendations, and or comments to determine the extent to which such matters have been resolved

There was one findings reported on compliance for a budget violation for the year ended December 31, 2008, for the Forty-second Judicial District. This has been resolved.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Forty-second Judicial district Court - Judicial Expense Fund and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Deborah D. Dees, CPA  
Mansfield, Louisiana  
December 31, 2010

**LOUISIANA ATTESTATION QUESTIONNAIRE**

December 1, 2010

Deborah D. Dees, CPA  
122 Jefferson Street  
Mansfield, LA 71052

In connection with your review of our financial statements as of June 30, 2010 and for the eighteen months then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 1, 2010.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [ x ] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [ x ] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [ x ] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [ x ] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [ x ] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [ x ] No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [ x ] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [ ] No [ ] N/A

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [ x ] No [ ]

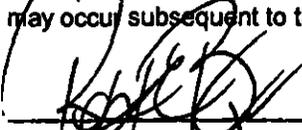
**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [ x ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

 \_\_\_\_\_ Judge December 1, 2010 Date

 \_\_\_\_\_ Judge December 1, 2010 Date