

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

Component Unit Financial Statements
For the Year Ended December 31, 2009

And
Independent Auditors' Report

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

Release Date 7/14/10



THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

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INDEPENDENT AUDITORS' REPORT

Honorable Judge Don C. Burns
Thirty-Seventh Judicial District Court
Judicial Expense Fund
Caldwell Parish

We have audited the accompanying component unit financial statements of the governmental activities and fund information of the Thirty-Seventh Judicial District Court, Judicial Expense Fund (a governmental entity) and a component unit of the Caldwell Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the Court's basic financial statements as listed in the table of contents. These component unit financial statements are the responsibility of the Thirty-Seventh Judicial District Court, Judicial Expense Fund's management. Our responsibility is to express an opinion on these component unit 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund information for the Thirty-Seventh Judicial District Court, Judicial Expense Fund as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, on our consideration of the Thirty-Seventh 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis information on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana

June 23, 2010



DON C. BURNS
DISTRICT JUDGE
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Thirty-Seventh Judicial District Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2009. Please read it in conjunction with the Court's financial statements.

USING THIS ANNUAL REPORT

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

These financial statements consists of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

Reporting the Court as a Whole

The Statement of Net Assets and the Statement of Activities

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 Court's net assets and changes in them. The Court's net assets – the difference between assets and liabilities – measure the Court's financial position. The increases or decreases in the Court's net assets are an indicator of whether its financial position is improving or deteriorating. Other non-financial 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 should be considered in order to assess the overall condition of the Court.

Currently, the Court has only governmental activities that provide personnel, equipment, supplies, and other cost related to the proper administration of the District Court. Primarily, court costs, fees, and interest income finance these activities.

Reporting the Court's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Court's funds, not the Court as a whole. In addition to accounting for the court costs and fees and other revenues that finance activities of District Court, the Court also accounts for the appropriations received from the Department of Health and Human Resources, State of Louisiana, related to child support cases and from the State of Louisiana Supreme Court to administer the Drug Court. The General Fund, the Child Support Fund, the Misdemeanor Probation Fund, and the Drug Court Fund are all governmental funds that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures only cash and financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Court'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 Court's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

For the year ended December 31, 2009 and 2008, net assets changed as follows:

	2009	2008
Beginning net assets	\$ 41,633	\$ 47,068
Increase (Decrease) in net assets	<u>13,675</u>	<u>(5,435)</u>
Ending net assets	<u>\$ 55,308</u>	<u>\$ 41,633</u>

Governmental Activities

The Court's assets exceeded its liabilities at the close of the year 2009 by \$55,308. For the calendar year 2009, the net assets increased by \$13,675 (or 33%) and the Court's revenue increased by \$97,908.

To aid in the understanding of the Statement of Activities some additional explanation is provided. Its format is significantly different than that of the Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue(Expense). The reason for this kind of format is to highlight 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. Court costs and fees reported represent the majority of the revenues for the District Court function.

All other governmental revenues (such as interest) are reported as general.

THE COURT'S FUNDS

The following schedule presents a summary of general and special revenue funds net assets:

	Net Assets as of December 31,	
	<u>2009</u>	<u>2008</u>
Current and noncurrent assets	\$78,670	\$65,384
Current and noncurrent liabilities	<u>23,362</u>	<u>23,751</u>
Net Assets:		
Unrestricted	<u>\$55,308</u>	<u>\$41,633</u>
 Total net assets	 <u>\$55,308</u>	 <u>\$41,633</u>

Net assets of the Court increased by \$13,675 (or 33%) from December 31, 2008 to December 31, 2009.

The following schedule presents a summary of general and special revenue funds revenues and expenditures for the year ended December 31, 2009 and the amount and percentage of increases and decreases in relation to the prior year.

	2009	Percent	Increase	Percent
	Amount	of Total	(Decrease)	Increase
			from 2008	(Decrease)
Revenues:				
Operating Grants	\$ 137,490	57%	\$ 93,745	214%
Intergovernmental	30,484	12%	(5,300)	(15%)
Charges for services	72,047	30%	10,936	18%
Interest	619	1%	(50)	(7%)
Other	-	-	<u>(1,423)</u>	<u>(100%)</u>
Total revenues	<u>\$ 240,640</u>	<u>100%</u>	<u>\$ 97,908</u>	<u>69%</u>

Revenues increased in 2009 primarily because there were 12 months of grant money to operate the drug court and because of grant money received to operate the FINS program which is now administered by the court.

	2008	Percent	Increase	Percent
	Amount	of Total	(Decrease)	Increase
			from 2007	(Decrease)
Revenues:				
Operating Grants	\$ 43,745	30%	\$ 43,745	100%
Intergovernmental	35,784	25%	2,380	7%
Charges for services	61,111	43%	3,632	6%
Interest	669	1%	(39)	(6%)
Other	<u>1,423</u>	<u>1%</u>	<u>1,423</u>	<u>100%</u>
Total revenues	<u>\$ 142,732</u>	<u>100%</u>	<u>\$ 51,141</u>	<u>56%</u>

Revenues increased in 2008 because of grant money received to operate the drug court.

	2009 Amount	Percent of Total	Increase (Decrease) from 2008	Percent Increase (Decrease)
Expenditures District Court	\$ 226,965	100%	78,472	53%

District Court expenditures increased during 2009. The increase was due primarily to expenditures related to twelve months of operation of the drug court and expenditures to operate the FINS program.

	2008 Amount	Percent of Total	Increase (Decrease) from 2007	Percent Increase (Decrease)
Expenditures District Court	\$ 148,493	100%	67,675	84%

District Court expenditures increased during 2008. The increase was due primarily to expenditures related to the operation of the drug court.

CAPITAL ASSETS

The Court had reported no capital assets as of December 31, 2009 and 2008.

DEBT ADMINISTRATION

The Court had no long term debt as of December 31, 2009 and 2008.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

Court operations are funded extensively by the Parish of Caldwell. The court anticipates a flat growth with very little change.

CONTACTING THE THIRTY-SEVENTH DISTRICT COURT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Court's finances and to demonstrate the Court's accountability for the financial resources it manages. If you have questions about this report or need additional information contact the Honorable Judge Don Burns at P.O. Box 177, Columbia, Louisiana 71418.

Honorable Judge Don C. Burns

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 43,168
Accounts Receivable	17,522
Due From Other Governmental Units	<u>17,980</u>
<u>TOTAL ASSETS</u>	<u>\$ 78,670</u>
 <u>LIABILITIES AND NET ASSETS</u>	
<u>Liabilities</u>	
Accounts Payable	\$ 903
Payroll Taxes Payable	4,479
Due to Other Governmental Units	<u>17,980</u>
Total Liabilities	23,362
 <u>Net Assets</u>	
Unrestricted	<u>55,308</u>
Total Net Assets	<u>55,308</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 78,670</u>

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues				
					Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Functional / Program Activities:					
Government Activities:					
Judicial Expense Fund	\$ 16,476	\$ 27,150	\$ -	\$ -	\$ 10,674
Child Support	35,101	-	-	-	(35,101)
Misdemeanor Probation	44,897	44,897	-	-	-
Drug Court	97,062	-	100,375	-	3,313
FINS Fund	33,429	-	37,115	-	3,686
Total Government Activities	\$ 226,965	\$ 72,047	\$ 137,490	\$ -	\$ (17,428)
General Revenues:					
Intergovernmental					30,484
Interest					619
Total General Revenues					<u>31,103</u>
Changes in Net Assets					13,675
NET ASSETS - BEGINNING					<u>41,633</u>
NET ASSETS - ENDING					<u>\$ 55,308</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General Fund</u>	<u>Child Support Fund</u>	<u>Misdemeanor Probation Fund</u>	<u>Drug Court Fund</u>	<u>FINS Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 25,994	\$ 4,377	\$ 3,612	\$ 3,313	\$ 5,872	\$ 43,168
Receivables	2,432	2,354	-	12,136	600	17,522
Due From Other Governmental Units	17,980	-	-	-	-	17,980
Total Assets	\$ 46,406	\$ 6,731	\$ 3,612	\$ 15,449	\$ 6,472	\$ 78,670
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ 903	\$ -	\$ -	\$ 903
Payroll Taxes Payable	3,713	766	-	-	-	4,479
Due to Other Governmental Units	-	3,840	2,004	12,136	-	17,980
Total Liabilities	3,713	4,606	2,907	12,136	-	23,362
Fund Balances						
Unreserved - Reported in:						
General Fund	42,693	-	-	-	-	42,693
Special Revenue Funds	-	2,125	705	3,313	6,472	12,615
Total Fund Balances	42,693	2,125	705	3,313	6,472	55,308
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 46,406	\$ 6,731	\$ 3,612	\$ 15,449	\$ 6,472	\$ 78,670

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Revenues</u>	<u>General Fund</u>	<u>Child Support</u>	<u>Misdemeanor Probation Fund</u>	<u>Drug Court Fund</u>	<u>FINS Fund</u>	<u>Total Governmental Funds</u>
<u>State</u>						
Intergovernmental Revenues	\$ -	\$ 30,484	\$ -	\$ -	\$ -	\$ 30,484
Supreme Court Receipts	-	-	-	95,805	37,115	132,920
<u>Local</u>						
Caldwell Parish Sheriff	12,865	-	-	-	-	12,865
Caldwell Parish Clerk of Court	3,880	-	-	-	-	3,880
Caldwell Parish Probation	7,034	-	-	-	-	7,034
Interest on Investments	619	-	-	-	-	619
Inmates on Probation	-	-	44,897	-	-	44,897
Diversion Program	3,371	-	-	-	-	3,371
Drug Court Fees	-	-	-	1,210	-	1,210
Contributions	-	-	-	3,360	-	3,360
Total Revenues	27,769	30,484	44,897	100,375	37,115	240,640
<u>Expenditures</u>						
<u>Judicial:</u>						
Utilities	520	-	-	-	971	1,491
Travel	709	1,300	-	9,056	220	11,285
Professional Development	298	-	-	-	-	298
Office	-	1,332	588	252	-	2,172
Accounting and Auditing	2,712	1,800	-	3,600	-	8,112
Salaries	5,400	14,400	-	52,200	-	72,000
Payroll Taxes	491	1,089	-	3,915	-	5,495
Fringe Benefits	5,467	15,180	-	-	-	20,647
Supplies	-	-	308	1,257	1,108	2,673
Dues and Subscriptions	879	-	-	-	-	879
Drug Treatment	-	-	-	17,809	-	17,809
Drug Testing	-	-	-	3,993	-	3,993
Professional Fees	-	-	690	4,980	-	5,670
Restitution of Funds	-	-	19,864	-	-	19,864
Contract Labor	-	-	-	-	26,875	26,875
Telephone and Internet	-	-	-	-	2,155	2,155
Rent	-	-	-	-	2,100	2,100
<u>Transfer to:</u>						
37th Judicial District Court Expense	-	-	7,034	-	-	7,034
Caldwell Parish Sheriff	-	-	4,689	-	-	4,689
Probation Officer Salary	-	-	11,724	-	-	11,724
Total Expenditures	16,476	35,101	44,897	97,062	33,429	226,965
<u>Excess (Deficiency) of Revenues</u>						
<u>Over Expenditures</u>	11,293	(4,617)	-	3,313	3,686	13,675
<u>Fund Balance at Beginning of Year</u>	31,400	6,742	705	-	2,786	41,633
FUND BALANCE AT END OF YEAR	\$ 42,693	\$ 2,125	\$ 705	\$ 3,313	\$ 6,472	\$ 55,308

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1 - Historical Background

The Judicial Expense Fund of the Thirty-Seventh Judicial District Court was established by Act 916 of the 1985 Session of the Louisiana Legislature and began operating in March of 1986. The Judicial Expense Fund is controlled by the Judge of the Thirty-Seventh Judicial District Court and was established and may be used for any purpose connected with, incidentally to, or related to the proper administration or function of the court or the office of the Judge thereof, and in addition to any and all other funds, salaries, expenses or other monies that were or hereafter will be provided, authorized, or established by law for any of the aforesaid purposes. The Judicial Expense Fund's revenues are derived from court costs assessed in civil and criminal cases of the Thirty-Seventh Judicial District Court and are collected by the Sheriff and Clerk of Court. The Special Revenue Funds entitled Child Support and Misdemeanor Probation were established by the Louisiana Legislature in 1994. The Misdemeanor Probation Fund was established by order of the Thirty-Seventh Judicial District Court, the Caldwell Parish Sheriff and the Probation officer for the Parish of Caldwell on July 1, 1997. The Thirty-Seventh Judicial District Court started receiving the funds in June of 1995 and the Misdemeanor Probation Fund started receiving funds from the inmates on probation in July 1997.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

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.

B. Reporting Entity

The Thirty-Seventh Judicial District Court, Special Revenue Fund (Child Support), authority was created by the Louisiana Legislature in 1994, and began receiving funds in June of 1995. The purpose of the fund is to provide an expedited process for establishment and enforcement of support obligations which are brought by the Department of Health and Human Resources. Revenues are to be expended to administer the proceedings related to the expedited process. The Thirty-Seventh Judicial District Court, Special Revenue Fund (Misdemeanor Probation), authority was created under the Louisiana Code of Criminal Procedure Article 895.1C. The Thirty-Seventh Judicial District Court issued an order signed en banc July 1, 1997 implementing this process. The purpose of this fund is to provide misdemeanor probation services by collecting monthly fines for establishment and enforcement of the probationary period. Revenues are to be expended to administer the proceedings related to the probation process.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 2 - Summary of Significant Accounting Policies (continued)

B. Reporting Entity (continued)

The accounting and reporting policies of the Thirty-Seventh Judicial District Court, Judicial Expense Fund conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of *Louisiana Municipal Audit and Accounting Guide*, the industry audit guide, *Audits of State and Local Governmental Units; Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, and/or, where applicable, Public Law 98-502, the Single Audit Act of 1996, and OMB Circular A-133.

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB), the Judicial Expense Fund and Child Support is a part of the Thirty-Seventh Judicial District Court, a component of the Caldwell Parish Police Jury judicial system. The financial reporting entity consists of (a) the primary government (Caldwell Parish Police Jury), (b) organization of which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caldwell Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

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

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 2 - Summary of Significant Accounting Policies (continued)

B. Reporting Entity (continued)

Because the Caldwell Parish Police Jury provides for the operation and maintenance of the courtroom and office space of the Judges in its parish courthouse, the Thirty-Seventh Judicial District Court was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Thirty-Seventh Judicial District Court and do not present information on the Caldwell Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

C. Basis of Presentation

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include a Management Discussion and Analysis (MD & A) section providing an analysis of the Judicial Expense Fund’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all Judicial Expense Fund’s activities. *These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.*

D. Basic 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 non-exchange 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 comprises its assets, liabilities, fund equity, revenues, and expenditures.

The funds of the Judicial Expense Fund are described as follows:

General Fund – The general fund in 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 Fund – Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. Included in special revenue funds are the Child Support Fund and Court Services Fund, which includes Misdemeanor Probation and FINS.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 2 - Summary of Significant Accounting Policies (continued)

E. Basic Financial Statements (continued)

This report includes funds which are controlled by the Thirty-Seventh Judicial District Court but determined to be a component unit of the Caldwell Parish Police Jury. The Caldwell Parish Police Jury has significant control over the Judicial Expense Fund in the area of necessary capital outlay. The Caldwell Parish Police Jury would present this component unit in a discreet presentation format if it were included in their financial statements. The funds are administered by the Court Administrator.

F. 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 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 assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available 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.

G. Budgets and Budgetary Accounting

The Thirty-Seventh Judicial District Court is not required to prepare an annual budget for its General Fund because the judiciary is not included within the definition of a "political subdivision" covered by the Louisiana Government Budget Act.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 2 - Summary of Significant Accounting Policies (continued)

H. Cash and Cash Equivalents

Cash includes amounts in non-interest bearing demand deposits and an interest-bearing certificate of deposit. The Judge considers the certificate of deposit as well as highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Under state law, the Judge 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.

I. Vacation and Sick Leave

Employees of the Judicial Expense Fund at this time are paid by the Caldwell Parish Police Jury and are covered under the police jury's vacation and sick leave policies.

J. Use of Estimates

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

Note 3 - Cash and Cash Equivalents

Custodial Credit Risk - Deposits. The custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent bank has failed to pay deposited fund upon demand. Accordingly, the Court had no custodial credit risk related to its deposits at December 31, 2009. The court had cash and cash equivalents in demand deposits and a certificate of deposit, totaling \$43,168 at December 31, 2009.

These deposits are stated at cost, which approximates market. 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. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2009, are secured, as follows:

Bank Balances	<u>\$ 46,121</u>
FDIC Insurance	250,000
Pledged Securities (uncollateralized)	-
Total	<u>\$ 250,000</u>

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 4 - Receivables

The Judicial Expense Fund receivables of \$ 17,522 at December 31, 2009, are as follows:

	<u>Total</u>	<u>Judicial Expense Fund</u>	<u>Child Support Fund</u>	<u>Drug Court Fund</u>	<u>FINS Fund</u>
Criminal and Civil Costs	\$ <u>17,522</u>	\$ <u>2,432</u>	\$ <u>2,354</u>	\$ <u>12,136</u>	\$ <u>600</u>

Note 5 - Litigation and Claims

There is no litigation pending against the Judicial Expense Fund at December 31, 2009.

Note 6 - Health and Life Insurance Benefits

The Judicial Expense Fund provides health care and life insurance benefits for its employees. Substantially all of the Judicial Expense Fund employees are covered by the State Employees Benefit Program. During the year ended December 31, 2009, the Expense Fund paid \$5,467 for those benefits and the child support paid \$15,180 for a total of \$20,647.

Note 7- Pension and Compensated Absences

The 37th Judicial District Court does not participate in a retirement system, or in an individual retirement account. There are only three employees and they participate in social security and Medicare by contributing 6.2 percent and 1.45 percent, respectively. The court does not have a policy for its three employees' annual vacation and sick leave.

Note 8 - Grant Programs

Families in Need of Services (FINS)

The 37th Judicial District Court receives a grant for \$33,570 from the Supreme Court of the State of Louisiana for the operation of the FINS Program. The Court receives the money in monthly installments of \$2,798 from the state. The court uses the grant money to pay the expenditures of the FINS program and the salary for the FINS Officer.

Temporary Assistance for Needy Families (TANF)

The 37th District Court has been awarded from the Louisiana Supreme Court, State of Louisiana Drug Court Program Office funds that include federal grants totaling \$95,805 during the year ended December 31, 2009 from the "Temporary Assistance for Needy Families" (TANF) program.

The total expenditures of the 37th District Court related to this program was \$97,062 for the year ended December 31, 2009.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 9 - District Attorney's Diversion Program

The 37th Judicial District Court began participating in the District Attorney's Diversion Program in 2009. This program is to help deserving individuals who need a second chance and whose cases may not necessarily need judicial involvement or those individual's particular issues would be best resolved without court intervention. The court receives 25% of diversion fees collected by the District Attorney to pay the Court's administrative costs associated with this program.

COMPLIANCE REPORTING

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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 Judge Don C. Burns
Thirty-Seventh Judicial District Court
Judicial Expense Fund
Caldwell Parish

We have audited the financial statements of the Thirty-Seventh Judicial District Court, Judicial Expense Fund and a component of the Caldwell Parish Police Jury as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 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 Thirty-Seventh 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *schedule of findings and questioned costs* that we consider to be significant deficiencies in internal control over financial reporting, 09-1 and 09-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Judge Don C. Burns
Thirty-Seventh Judicial District Court
Judicial Expense Fund
Caldwell Parish
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thirty-Seventh 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*.

Thirty-Seventh Judicial District Court's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Thirty-Seventh Judicial District Court's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the Thirty-Seventh Judicial District Court, Judicial Expense Fund and the Louisiana Legislative Auditor and is not intended to be or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
June 23, 2010

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

We have audited the financial statements of Thirty-Seventh Judicial District Court as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 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. Our audit of the financial statements as of December 31, 2009, resulted in an unqualified opinion.

SECTION I – Summary of Auditor’s Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weakness ___ yes X no
Significant Deficiencies not considered to be
Material Weaknesses X yes ___ no
Compliance
Compliance Material to Financial Statements ___ yes X no

B. Federal Awards N/A

Material Weakness Identified ___ yes X no
Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)
Unqualified ___ Qualified ___
Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a “low-risk” auditee, as defined by OMB Circular A-133? N/A

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION II – Financial Statement Findings

09-1 Caldwell Parish Misdemeanor Probation Fund

Condition:

During the audit it was noted that the probation officer collects the probation fines then remits the payments to the various agencies which includes the probation officer. The other agencies include Judicial Expense Fund, Caldwell Parish Sheriff's Office and various restitutions. It was also noted the same employee is the only person to have the record keeping functions of each person on probation.

Criteria:

For proper internal controls to be in place no one person should be in the capacity of custody of the assets and the function of record keeping for those assets.

Effect:

One person, the probation officer is in charge of collecting the probation fines, depositing the fines, writing the checks for the remittances of the fines to the various agencies and updating each person's record that is placed on probation by the court.

Recommendation:

We recommend that once the deposit is made by the probation officer a list of amounts collected, by name, along with a copy of the deposit slip be provided to the Court. The court should then be in charge of remittances to the various agencies, including the probation officer.

In addition a monthly accounting and reconciliation of all probation accounts should be provided to a responsible official at the Court. This is to ensure that all fines are being collected timely and deposited.

Response:

Each month the probation officer will provide the written sheets to reflect the activity that supports the checks written. Each check will require two signatures, one by the probation officer and one by the Court. The Court will compare its probation records to the probation officer's records on a monthly basis. We believe that it is not cost beneficial to the Court to hire more staff to help with these functions.

09-2 Segregation of Duties

Condition:

During the audit, it was noted that the same employee handles incoming checks, prepares deposit slips, has general ledger access, and receives bank statements.

Criteria:

One of the most critical areas of separation is cash.

Effect:

The result is the danger that intentional or unintentional errors could be made and not be detected.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION II – Financial Statement Findings (continued)

09-2 Segregation of Duties (continued)

Recommendation:

We recommend the judge continue to be involved with oversight of the accounting function.

Response:

The Court believes that it is not cost beneficial to hire more staff to help with these functions. The Judge will continue to be involved with daily oversight.

SECTION III – Federal Award Findings and Questioned Costs

No matters were reported.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Internal Control and Compliance Material to the Financial Statements

08-1 Caldwell Parish Misdemeanor Probation Fund

Condition:

During the audit it was noted that the probation officer collects the probation fines then remits the payments to the various agencies which includes the probation officer. The other agencies include Judicial Expense Fund, Caldwell Parish Sheriff's Office and various restitutions. It was also noted the same employee is the only person to have the record keeping functions of each person on probation.

Recommendation:

It was recommended that once the deposit is made by the probation officer a list of amounts collected, by name, along with a copy of the deposit slip be provided to the Court. The court should then be in charge of remittances to the various agencies, including the probation officer.

In addition a monthly accounting and reconciliation of all probation accounts should be provided to a responsible official at the Court. This is to ensure that all fines are being collected timely and deposited.

Current Status:

The probation officer is providing the written sheets to reflect the activity that supports the checks written. Each check now requires two signatures, one by the probation officer and one by the Court.

08-2 Caldwell Parish Misdemeanor Probation Fund

Condition:

During the audit it was noted that the probation officer receives a monthly fee for the services provided to the Court for probation and restitution but the officer is not given a form 1099 for payroll tax purposes.

Recommendation:

It was recommended that starting with the year ended December 31, 2009, the Court begin providing a 1099-Misc. to the probation officer for services rendered to the Court.

Current Status:

Beginning in 2009, the Court is providing a Form 1099-Misc. to the probation officer for services rendered in the area of probation and restitution oversight and collection.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Internal Control and Compliance Material to the Financial Statements (continued)

08-3 Segregation of Duties

Condition:

During the audit, it was noted that the same employee handles incoming checks, prepares deposit slips, has general ledger access, and receives bank statements.

Recommendation:

It was recommended the judge continue to be involved with oversight of the accounting function.

Response:

The Court believes that it is not cost beneficial to hire more staff to help with these functions. The Judge will continue to be involved with daily oversight.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WITH NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Program Passed Through the Louisiana State Supreme Court: Department of Health and Human Services – Administration for Children and Families: Temporary Assistance For Needy Families	93.558	<u>\$135,000</u>	<u>\$95,805</u>	<u>\$95,805</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Thirty-Seventh Judicial District Court. The Thirty-Seventh Judicial District Court did not pass through any of its federal awards to a subrecipient during the year.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting as contemplated under accounting principles generally accepted in the United States of America and which is the same basis of accounting used for presenting the component unit financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.