

**THE SECOND JUDICIAL DISTRICT COURT
PARISHES OF BIENVILLE, CLAIBORNE
AND JACKSON, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2005**

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 12-28-05

The Second Judicial District Court
 Parishes of Bienville, Claiborne and Jackson, Louisiana
 Annual Financial Report
 June 30, 2005

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**THE SECOND JUDICIAL DISTRICT COURT
PARISHES OF BIENVILLE, CLAIBORNE
AND JACKSON, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of The Second Judicial District Court's financial performance presents a narrative overview and analysis of the District Court's financial activities for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in The Second Judicial District Court's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The District Court's assets exceeded its liabilities (net assets) by \$776,725 on June 30, 2005 and \$736,944 on June 30, 2004. Total Net Assets are comprised of the following:

	<u>2005</u>	<u>2004</u>
Capital assets, net of accumulated depreciation	\$ 80,505	\$ 16,333
Unrestricted net assets which represent the portion available to maintain continuing obligations to citizens and creditors	\$696,220	\$720,611

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities provide information about the activities of the District Court as a whole and present a longer-term view of the District Court's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District Court uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents Other Required Supplementary Information consisting of a comparison of budgeted revenues and expenditures to actual revenues and expenditures.

FINANCIAL ANALYSIS OF THE DISTRICT COURT AS A WHOLE

Changes in net assets may be observed and used to discuss the changing financial position of the District Court as a whole. The following provides a summary of the District Court's net assets:

Summary of Net Assets

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash & Cash Equivalents	\$688,148	\$724,893
Receivables	23,008	14,474
Other Assets	1,372	1,372
Capital Assets (net)	<u>80,505</u>	<u>16,333</u>
Total Assets	<u>\$793,033</u>	<u>\$757,072</u>
LIABILITIES:		
Accounts Payable	\$ 13,645	\$ 16,802
Accrued Expenses	<u>2,663</u>	<u>3,326</u>
Total Liabilities	<u>\$ 16,308</u>	<u>\$ 20,128</u>
NET ASSETS:		
Invested in Capital Assets	\$ 80,505	\$ 16,333
Unrestricted Net Assets	<u>696,220</u>	<u>720,611</u>
Total Net Assets	<u>\$776,725</u>	<u>\$736,944</u>

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.

The following table provides a summary of the District Court's changes in net assets:

	<u>2005</u>	<u>2004</u>
REVENUES:		
Fees, fines & Charges for Services	\$565,499	\$549,279
Operating and Capital Grants	38,479	28,000
Miscellaneous	<u>12,076</u>	<u>10,878</u>
Total Revenues	\$616,054	\$588,157
EXPENSES:		
Judicial	<u>576,273</u>	<u>573,809</u>
Changes in Net Assets	\$ 39,781	\$ 14,348
Beginning Net Assets	<u>736,944</u>	<u>722,596</u>
Ending Net Assets	<u>\$776,725</u>	<u>\$736,944</u>

BUDGETARY HIGHLIGHTS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and out-flow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Total governmental funds had an ending fund balance of \$696,220 at June 30, 2005 and \$720,611 at June 30, 2004.

CONTACTING THE DISTRICT COURT OFFICE

This financial report is designed to provide a general overview of the District Court's finances, compliance with governmental financial reporting laws and regulations and demonstrate the District Court's commitment to public accountability. If you have additional questions about this report or would like to request additional information, contact the Honorable Jenifer Clason, at Courthouse, Homer, Louisiana, 71040.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Jenifer Clason, Chief Judge
The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of The Second Judicial District Court as of and for the year ended June 30, 2005, which collectively comprise the District Court's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of The Second Judicial District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of The Second Judicial District Court as of June 30, 2005, 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 a report dated October 21, 2005, on our consideration of The Second Judicial District Court's internal control over financial reporting and on 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 conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 1 through 3 and 23 through 28, respectively, are not a required part of the basic financial statements but are 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Second Judicial District Court's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

October 21, 2005

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Net Assets
June 30, 2005

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$688,148
Receivables	23,008
Other Assets	<u>1,372</u>
Total Current Assets	\$712,528
Noncurrent Assets-	
Capital Assets (Net)	<u>80,505</u>
Total Assets	<u>\$793,033</u>
LIABILITIES:	
Accounts Payable	\$ 13,645
Accrued Expenses	<u>2,663</u>
Total Liabilities	<u>\$ 16,308</u>
NET ASSETS:	
Invested in Capital Assets	\$ 80,505
Unrestricted	<u>696,220</u>
Total Net Assets	<u>\$776,725</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Activities
June 30, 2005

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Fees, Fines, Commissions, And Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial	<u>\$576,273</u>	<u>\$565,499</u>	<u>\$28,000</u>	<u>\$10,479</u>	<u>\$ 27,705</u>

General Revenues:

Interest Income	\$ 11,544
Miscellaneous	<u>532</u>
Total General Revenues	<u>\$ 12,076</u>
Change in Net Assets	\$ 39,781
Net Assets at Beginning of Year	<u>736,944</u>
Net Assets at End of Year	<u>\$776,725</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Balance Sheet-Governmental Funds
June 30, 2005

	<u>Major Funds</u>			Nonmajor Fund	Total Governmental Funds
	<u>General Fund</u>	<u>Special Revenue Probation Fund</u>	<u>IV-D Collection Fund</u>		
<u>ASSETS:</u>					
Cash & Cash Equivalents	\$413,747	\$202,708	\$15,915	\$55,778	\$ 688,148
Receivables	23,008	0	0	0	23,008
Other Assets	<u>1,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,372</u>
Total Assets	<u>\$438,127</u>	<u>\$202,708</u>	<u>\$15,915</u>	<u>\$55,778</u>	<u>\$ 712,528</u>
<u>LIABILITIES:</u>					
Accounts Payable	\$ 13,491	\$ 83	\$ 71	\$ 0	\$ 13,645
Accrued Expenses	<u>2,663</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,663</u>
Total Liabilities	<u>\$ 16,154</u>	<u>\$ 83</u>	<u>\$ 71</u>	<u>\$ 0</u>	<u>\$ 16,308</u>
<u>FUND BALANCE:</u>					
Unreserved	<u>\$421,973</u>	<u>\$202,625</u>	<u>\$15,844</u>	<u>\$55,778</u>	\$ 696,220
Total Liabilities and Fund Balances	<u>\$438,127</u>	<u>\$202,708</u>	<u>\$15,915</u>	<u>\$55,778</u>	

Amounts reported for Governmental Activities
in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the funds-

Capital Assets	236,952
Less, Accumulated Depreciation	<u>(156,447)</u>
Net Assets of Governmental Activities	<u>\$ 776,725</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Revenues, Expenditures and Changes
In Fund Balance-Governmental Funds
June 30, 2005

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Fund	Special Revenue Probation Fund	IV-D Collection Fund		
REVENUES:					
Intergovernmental-					
State	\$ 0	\$ 0	\$ 0	\$28,000	\$ 28,000
Parish	109,848	0	0	0	109,848
Capital Grant	10,479	0	0	0	10,479
Civil Fees	52,994	0	0	0	52,994
Criminal Court Fees	193,626	101,298	107,733	0	402,657
Interest	7,913	2,571	123	937	11,544
Other	<u>532</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>532</u>
Total Revenues	<u>\$ 375,392</u>	<u>\$103,869</u>	<u>\$107,856</u>	<u>\$28,937</u>	<u>\$616,054</u>
EXPENDITURES:					
Judicial-					
Current-					
Auto	\$ 15,472	\$ 0	\$ 0	\$ 0	\$ 15,472
Books & Library	27,919	0	0	0	27,919
Conference & Seminars	24,381	0	0	227	24,608
Contracted Services, Personal Services, & Benefits	269,090	56,862	32,482	25,737	384,171
Dues & Subscriptions	1,318	0	0	100	1,418
Fees	13,418	0	0	0	13,418
Insurance	17,239	0	0	0	17,239
Legal & Accounting	7,807	0	0	0	7,807
Miscellaneous	892	73	0	0	965
Office Supplies	20,551	3,832	0	1,215	25,598
Restitution	0	3,051	0	0	3,051
Repairs & Maintenance	3,500	0	0	0	3,500
Travel	22,315	0	1,269	884	24,468
Utilities & Telephone	13,945	1,806	0	670	16,421
Capital Outlay	<u>65,087</u>	<u>9,303</u>	<u>0</u>	<u>0</u>	<u>74,390</u>
Total Expenditures	<u>\$ 502,934</u>	<u>\$ 74,927</u>	<u>\$ 33,751</u>	<u>\$28,833</u>	<u>\$640,445</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(127,542)</u>	<u>\$ 28,942</u>	<u>\$ 74,105</u>	<u>\$ 104</u>	<u>\$(24,391)</u>

Continued next page

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Revenues, Expenditures and Changes
In Fund Balance-Governmental Funds
June 30, 2005

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Probation Fund</u>	<u>Special Revenue IV-D Collection Fund</u>		
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	\$ 73,000	\$ 0	\$ 0	\$ 0	\$ 73,000
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(73,000)</u>	<u>0</u>	<u>(73,000)</u>
Total Other Financing	\$ <u>73,000</u>	\$ <u>0</u>	\$ <u>(73,000)</u>	\$ <u>0</u>	\$ <u>0</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ (54,542)	\$ 28,942	\$ 1,105	\$ 104	\$ (24,391)
Fund Balances- Beginning of Year	<u>476,515</u>	<u>173,683</u>	<u>14,739</u>	<u>55,674</u>	<u>720,611</u>
Fund Balances- End of Year	<u>\$421,973</u>	<u>\$202,625</u>	<u>\$ 15,844</u>	<u>\$55,778</u>	<u>\$696,220</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2005*

Net Change in Fund Balance-Governmental Funds	\$(24,391)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period are	
	74,390
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but they do not require the use of current financial resources and are not reported in the Fund Financial Statements. Current year depreciation expense is	
	<u>(10,218)</u>
Net Change in Net Assets per Statement of Activities	<u>\$ 39,781</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
June 30, 2005

Introduction:

The Second Judicial District Court (District Court) of Louisiana is comprised of the parishes of Bienville, Claiborne and Jackson located in north Louisiana. The District Court includes three judges with one judge being designated as the chief judge. The District Court may collect fees on civil suits and criminal cases to aid in the administering of the District Court and of the offices of the individual judges; these fees cannot be used for salaries to the judges. The judges are elected by the qualified electors of the judicial district for a term of six years.

1. Summary of Significant Accounting Policies:

A. 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 Second Judicial District Court includes all funds that are within the oversight responsibility of the 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 District Court is deemed to be a separate reporting entity. Certain units of local government over which the District Court exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the parish, 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 District Court.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report 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.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
June 30, 2005

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.

C. Fund Accounting-

The accounts of the District Court are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District Court maintains four funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The major funds of the District Court are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds-

Probation Fund

Code of Criminal Procedure Article 894 A(1) stated that as of 1989, the Department of Probation and Parole would not supervise probation in misdemeanor cases. Article 894 A(1) authorized the court to place the defendant on probation with a "probation office" designated by the court upon such conditions as the court may fix. Additionally,

The Second Judicial District Court
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Notes to Financial Statements
June 30, 2005

Article 895 1(C) of the Code of Criminal Procedure provides for a monthly probation fee to be paid to the agency providing supervision. The Probation Fund was established as the designated "probation office". The Probation Fund accounts for the collection of the monthly probation fees and expenditures of maintaining the probation offices.

IV-D Collection Fund

The IV-D Collection Fund accounts for the collection of a five percent fee assessed on child support payments as provided by Louisiana Revised Statute 46:236.5 and the expenditures related to the establishment, modification, and enforcement of support obligations.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District Court as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both 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 pay liabilities of the current period. The District Court considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

The Second Judicial District Court
 Parishes of Bienville, Claiborne and Jackson, Louisiana
 Notes to Financial Statements
 June 30, 2005

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District Court.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Court maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Fixtures & Equipment	5-7 years
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Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted 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, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
June 30, 2005

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.

F. Budget-

Prior to the beginning of each fiscal year, the District Court adopts a budget for the General Fund and each Special Revenue Fund for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budgets are prepared on the modified accrual basis of accounting.

G. Estimates-

The preparation of 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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents:

At June 30, 2005, the District Court had cash and cash equivalents totaling \$703,618 (collected bank balances). Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the District Court. The deposits at June 30, 2005, were secured as follows:

Demand Deposits	\$ 228,603
Time Deposits	475,015
FDIC	(693,340)
Pledged Securities	<u>(10,278)</u>
Uninsured	\$ <u>0</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Second Judicial Court that the fiscal agent has failed to pay deposited funds upon demand.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
June 30, 2005

3. Compensated Absences:

Employees of The Second Judicial District Court cannot carry leave forward from year to year. Therefore, there is no entry made for compensated absences.

4. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2005, is as follows:

<u>Activities</u>	<u>Balance 07-01-04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-05</u>
Capital Assets Depreciated:				
Office Furniture, Fixtures & Equipment	<u>\$162,562</u>	<u>\$74,390</u>	<u>\$0</u>	<u>\$236,952</u>
Less, Accumulated Depreciation:				
Office Furniture, Fixtures & Equipment	<u>146,229</u>	<u>10,218</u>	<u>0</u>	<u>156,447</u>
Net Capital Assets	<u>\$ 16,333</u>	<u>\$64,172</u>	<u>\$0</u>	<u>\$ 80,505</u>

Depreciation expense of \$10,218 was charged to the Judicial function.

5. Pension Plan:

Louisiana State Employees' Retirement System (LASERS)

Plan Description. All full-time administrative employees are required to participate in the System. Excluded by law are independent contractors and certain other non-employee relationships. Participants who retire at the following ages, after the stated years of creditable service, are entitled to a retirement benefit as calculated by the LASERS benefit formula:

At any age	after 30 years of creditable service
At age 55	after 25 years of creditable service
At age 60	after 10 years of creditable service
At age 50	with 10 years, if retiring from a position which is being eliminated.

Additionally, participants may retire with 20 years of service credit at any age with actuarially reduced benefits.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
June 30, 2005

LASERS benefit formula is designed so a retiree receives a maximum retirement benefit equal to 2.5% of their final average compensation for every year of creditable service; an additional \$300 is applied if a participant joined LASERS before July 1, 1986. Benefits may not exceed 100% of final average compensation. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

The System also provides death and disability benefits. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employee's Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and The Second Judicial District Court is required to contribute at an actuarially determined rate. The current rate is 17.8 percent of annual covered payroll. The contribution requirements of plan members and The Second Judicial District Court are established and may be amended by state statute. As provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Second Judicial District Court's contributions to the System for the years ending June 30, 2005, 2004, and 2003, were \$37,034, \$37,281, and \$29,555, respectively, equal to the required contributions for each year.

The Second Judicial District Court Judges are also members of the Louisiana State Employees' Retirement System. As referenced in Note 8, Judges of the District Court are paid directly by the state and the state pays the employer contribution on their behalf. For that reason, contributions made on behalf of the judges are not included in the amounts referenced in the above paragraph. Additionally, any variances, if any, in "Plan Description" or "Funding Policy" are not included in this note.

6. Expenditures of the Judicial District Not Included in the Accompanying Financial Statements:

The accompanying financial statements do not include certain salary or administrative expenditures for the District Court paid out of the funds of the Bienville, Claiborne or Jackson Parish Police Juries or directly by the State.

7. Litigation:

Management has advised that there is no litigation pending against The Second Judicial District Court at June 30, 2005.

8. Interfund Transfers:

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Major Fund
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts as of June 30, 2004

	Budget		Actual	Variance	2004
	Original	Final		(Unfavorable)	Actual
REVENUES:					
Civil Fees	\$ 48,000	\$ 48,000	\$ 52,994	\$ 4,994	\$ 46,892
Criminal Court Fees	175,000	175,000	193,626	18,626	190,137
Bonding Revenue	10,000	10,000	0	(10,000)	8,203
Interest	10,000	10,000	7,913	(2,087)	8,440
Parish	85,000	85,000	109,848	24,848	90,662
Capital Grant	0	0	10,479	10,479	0
State Reimbursement	0	0	0	0	15,921
Other	250	250	532	282	94
Total Revenues	<u>\$ 328,250</u>	<u>\$ 328,250</u>	<u>\$ 375,392</u>	<u>\$ 47,142</u>	<u>\$360,349</u>
EXPENDITURES:					
Advertising	\$ 750	\$ 750	\$ 122	\$ 628	\$ 422
Association Dues	1,600	1,600	1,318	282	1,572
Auto Expenditures	18,000	18,000	15,472	2,528	17,334
Contracted Services	5,000	5,000	7,503	(2,503)	2,949
Continuing Education	1,000	1,000	938	62	1,513
Court Costs	125	125	0	125	0
Court Reporters	15,000	15,000	13,418	1,582	8,542
Court Reporters-Capital Outlay	0	0	20,957	(20,957)	2,632
Court Reporters-Supplies	3,500	3,500	487	3,013	140
Insurance	18,000	18,000	17,239	761	14,956
Judicial Per Diem	0	0	8,826	(8,826)	6,475
Legal & Accounting	14,000	14,000	7,807	6,193	9,172
Periodicals & Library	35,000	35,000	27,919	7,081	35,500
Office Supplies	15,000	15,000	15,590	(590)	12,898
Miscellaneous	500	500	0	500	0
Payroll Taxes	2,000	2,000	1,711	289	1,728
Rent	2,500	2,500	0	2,500	2,256
Repair & Maintenance	13,500	13,500	3,500	10,000	5,054
Retirement	40,000	40,000	36,686	3,314	37,281
Salaries	220,000	220,000	223,190	(3,190)	223,269
Seminars/Conventions	30,000	30,000	23,443	6,557	21,459
Supplies	6,000	6,000	4,961	1,039	6,670
Travel	22,000	22,000	13,489	8,511	22,649
Taxes & Licenses	600	600	283	317	0
Utilities & Telephone	18,000	18,000	13,945	4,055	15,087
Capital Outlay	50,000	50,000	44,130	5,870	3,288
Total Expenditures	<u>\$ 532,075</u>	<u>\$ 532,075</u>	<u>\$ 502,934</u>	<u>\$ 29,141</u>	<u>\$452,846</u>

Continued next page

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Major Fund
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts as of June 30, 2004

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)	2004 <u>Actual</u>
	<u>Original</u>	<u>Final</u>			
Excess (Deficiency) of Revenues over Expenditures	\$(203,825)	\$(203,825)	\$(127,542)	\$ 76,283	\$ (92,497)
OTHER FINANCING SOURCES (USES):					
Transfers from IV-D	<u>60,000</u>	<u>60,000</u>	<u>73,000</u>	<u>13,000</u>	<u>80,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$(143,825)	\$(143,825)	\$ (54,542)	\$ 89,283	\$ (12,497)
Fund Balance-Beginning of Year	<u>476,515</u>	<u>476,515</u>	<u>476,515</u>	<u>0</u>	<u>489,012</u>
Fund Balance-End of Year	<u>\$ 332,690</u>	<u>\$ 332,690</u>	<u>\$ 421,973</u>	<u>\$ 89,283</u>	<u>\$476,515</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Major Fund
Probation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts as of June 30, 2004

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2004 Actual</u>
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Fees, Charges, and Commissions for Services	\$101,000	\$101,000	\$101,298	\$ 298	\$ 99,450
Interest	<u>1,000</u>	<u>1,000</u>	<u>2,571</u>	<u>1,571</u>	<u>1,840</u>
Total Revenues	\$102,000	\$102,000	\$103,869	\$ 1,869	\$101,290
EXPENDITURES:					
Judicial	<u>61,950</u>	<u>73,650</u>	<u>74,927</u>	<u>(1,277)</u>	<u>65,320</u>
Excess of Revenues over Expenditures	\$ 40,050	\$ 28,350	\$ 28,942	\$ 592	\$ 35,970
Fund Balance-Beginning of Year	<u>173,683</u>	<u>173,683</u>	<u>173,683</u>	<u>0</u>	<u>137,713</u>
Fund Balance-End of Year	<u>\$213,733</u>	<u>\$202,033</u>	<u>\$202,625</u>	<u>\$ 592</u>	<u>\$173,683</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Major Fund
IV-D Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts as of June 30, 2004

	Budget		Actual	Variance Favorable (Unfavorable)	2004 Actual
	Original	Final			
REVENUES:					
Fees, Commissions, & Charges for Services	\$100,000	\$100,000	\$107,733	\$ 7,733	\$ 98,014
Interest	<u>100</u>	<u>100</u>	<u>123</u>	<u>23</u>	<u>162</u>
Total Revenues	<u>\$100,100</u>	<u>\$100,100</u>	<u>\$107,856</u>	<u>\$ 7,756</u>	<u>\$ 98,176</u>
EXPENDITURES:					
Judicial	\$ 38,300	\$ 38,300	\$ 33,751	\$ 4,549	\$ 32,978
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>	<u>0</u>
Total Expenditures	<u>\$ 38,800</u>	<u>\$ 38,800</u>	<u>\$ 33,751</u>	<u>\$ 5,049</u>	<u>\$ 32,978</u>
Excess of Revenues over Expenditures	\$ 61,300	\$ 61,300	\$ 74,105	\$ 12,805	\$ 65,198
OTHER FINANCING SOURCES (USES):					
Transfers to General Fund	<u>(60,000)</u>	<u>(60,000)</u>	<u>(73,000)</u>	<u>(13,000)</u>	<u>(80,000)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ 1,300	\$ 1,300	\$ 1,105	\$ (195)	\$ (14,802)
Fund Balance-Beginning of Year	<u>14,739</u>	<u>14,739</u>	<u>14,739</u>	<u>0</u>	<u>29,541</u>
Fund Balance-End of Year	<u>\$ 16,039</u>	<u>\$ 16,039</u>	<u>\$ 15,844</u>	<u>\$ (195)</u>	<u>\$ 14,739</u>

See notes to financial statements.

The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana
Nonmajor Fund
FINS Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts as of June 30, 2004

	Budget		Actual	Variance	2004
	Original	Final		(Unfavorable)	Actual
REVENUES:					
Intergovernmental	\$28,000	\$28,000	\$28,000	\$ 0	\$28,000
Interest	<u>250</u>	<u>250</u>	<u>937</u>	<u>687</u>	<u>342</u>
Total Revenues	<u>\$28,250</u>	<u>\$28,250</u>	<u>\$28,937</u>	<u>\$ 687</u>	<u>\$28,342</u>
EXPENDITURES:					
Judicial	\$28,831	\$28,831	\$28,833	\$ (2)	\$27,853
Capital Outlay	<u>1,250</u>	<u>1,250</u>	<u>0</u>	<u>1,250</u>	<u>1,585</u>
Total Expenditures	<u>\$30,081</u>	<u>\$30,081</u>	<u>\$28,833</u>	<u>\$1,248</u>	<u>\$29,438</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (1,831)	\$ (1,831)	\$ 104	\$1,935	\$ (1,096)
Fund Balance-Beginning of Year	<u>55,674</u>	<u>55,674</u>	<u>55,674</u>	<u>0</u>	<u>56,770</u>
Fund Balance-End of Year	<u>\$53,843</u>	<u>\$53,843</u>	<u>\$55,778</u>	<u>\$1,935</u>	<u>\$55,674</u>

See notes to financial statements.

OTHER REPORTS

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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

To the Honorable Jenifer Clason, Chief Judge
The Second Judicial District Court
Parishes of Bienville, Claiborne and Jackson, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of The Second Judicial District Court as of and for the year ended June 30, 2005, which collectively comprise The Second Judicial District Court's basic financial statements and have issued our report thereon dated October 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Second Judicial District Court'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*.

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

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

October 21, 2005
Natchitoches, Louisiana