

**JUDICIAL EXPENSE FUND OF THE
TWENTY-FIRST JUDICIAL DISTRICT COURT
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

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As of and For the Year Ended December 31, 2011

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June 21, 2012

Independent Auditor's Report

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of and for the year ended December 31, 2011, which collectively comprise the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund of the Twenty-First 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 and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of December 31, 2011, 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 21, 2012, on our consideration of the Judicial Expense Fund of the Twenty-First 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Management's Discussion and Analysis

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Management's Discussion and Analysis

For the Year Ended December 31, 2011

Introduction

The management of the Judicial Expense Fund of the Twenty-First Judicial District Court, Amite, Louisiana (the "District Court") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District Court's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$893,934 at December 31, 2011, and exceeded liabilities in the amount of \$893,726 (i.e., net assets). Of the total net assets, \$845,047 was unrestricted and available to support short-term operations, \$47,395 was restricted for indigent transcripts, with the balance invested in capital assets.
- The District Court's total net assets increased by \$70,612 to \$893,726 as compared to \$823,114 for the prior fiscal year.
- The District Court's total revenue increased by \$108,389 to \$2,600,736 as compared to \$2,500,867 for the prior fiscal year.
- The District Court's operating expenses increased by \$56,003 to \$2,529,042 as compared to \$2,473,039 for the prior fiscal year.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the District Court's financial condition and performance.

The financial statements report information on the court using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets. The Balance Sheet provides information about the nature and amount of the District Court's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District Court and assessing the liquidity and financial flexibility of the District Court.

The Statement of Revenues, Expenses, and Changes in Net Assets accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the District Court's operations in a format that can be used to determine if the District Court has recovered its costs through user fees and other charges.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Management's Discussion and Analysis

For the Year Ended December 31, 2011

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District Court's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the District Court, and schedules detailing audit findings and management response.

Financial Analysis

The purpose of financial analysis is to help determine whether the District Court is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District Court. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Balance Sheet

	December 31, 2011	December 31, 2010	Dollar Change	Percent Change
Current and Other Assets	\$ 892,650	\$ 962,207	\$ (69,557)	-7.23%
Capital Assets	1,284	760	524	68.95%
Total Assets	<u>\$ 893,934</u>	<u>\$ 962,967</u>	<u>\$ (69,033)</u>	-7.17%
Current Liabilities	\$ 208	\$ 139,853	\$ (139,645)	-99.85%
Total Liabilities	<u>\$ 208</u>	<u>\$ 139,853</u>	<u>\$ (139,645)</u>	-99.85%
Invested in Capital Assets, Net of Related Debt	\$ 1,284	\$ 760	\$ 524	68.95%
Restricted	47,395	45,673	1,722	3.77%
Unrestricted	845,047	776,681	68,366	8.80%
Total Net Assets	<u>\$ 893,726</u>	<u>\$ 823,114</u>	<u>\$ 70,612</u>	8.58%

"Total Net Assets" (total assets less total liabilities) increased by \$70,612 for the fiscal year ending December 31, 2011, primarily because of the decrease to "Current Liabilities" of \$139,645.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Management's Discussion and Analysis

For the Year Ended December 31, 2011

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	December 31, 2011	December 31, 2010	Dollar Change	Percent Change
Revenues:				
Program Revenues	\$ 2,380,851	\$ 2,272,462	\$ 108,389	4.77%
General Revenues	219,885	228,405	(8,520)	-3.73%
Total Revenues	2,600,736	2,500,867	99,869	3.99%
Expenses:				
Depreciation Expense	1,082	599	483	80.63%
District Court Activities	2,529,042	2,473,039	56,003	2.26%
Total Expenses	2,530,124	2,473,638	56,486	2.28%
Changes in Net Assets	70,612	27,229	43,383	159.33%
Beginning Net Assets	823,114	795,885	27,229	3.42%
Ending Net Assets	\$ 893,726	\$ 823,114	\$ 70,612	8.58%

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of how the District Court is being conservatively managed. Total Revenues increased by \$99,869 (3.99%). The majority of this increase can be attributed to an increase of \$108,389 (4.77%) in "Program Revenues." Total expenses increased by \$56,486 from the prior fiscal year. The majority of this increase is due to increases in general office expenditures and cost of living raises for staff.

The District Court showed ending net assets of \$893,726 for the fiscal year ended December 31, 2011, as compared to \$823,114 for the fiscal year ended December 31, 2010.

Budgetary Highlights

The District Court adopts an annual operating budget in accordance with requirements of the provisions of Louisiana R.S. 33:4574.2. Annual appropriated budgets are adopted for the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with budget appropriations. The operating budget is adopted before the end of the prior fiscal year and is amended after review of monthly budget comparison financial statements prior to year-end. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 – Budgetary Comparison Schedule," as supplementary information, following the footnotes to the financial statements.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Management's Discussion and Analysis

For the Year Ended December 31, 2011

Capital Assets

The District Court's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$1,284 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture. The total increase in the District court's investment in capital assets for the current fiscal year was \$524.

	December 31, 2011	December 31, 2010	Dollar Change	Percent Change
Judicial Expense Fund	\$ 96,662	\$ 89,090	\$ 7,572	8.50%
Court Support Fund	107,892	112,070	(4,178)	-3.73%
Subtotal	204,554	201,160	3,394	1.69%
Less: Accumulated Depreciation	(203,270)	(200,400)	(2,870)	1.43%
Net Capital Assets	<u>\$ 1,284</u>	<u>\$ 760</u>	<u>\$ 524</u>	68.95%

Future Economic Plans

The District Court's management approach is conservative. The District Court actively monitors revenues and expenses and evaluates the costs of proposed expansion projects.

Basic Financial Statements

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Statement of Net Assets
December 31, 2011

Exhibit A

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 239,245
Investments	242,551
Receivables	21,084
Due from Other Governments (Net of Allowances for Uncollectibles)	342,529
Restricted Cash and Cash Equivalents	47,241
Capital Assets, Net of Accumulated Depreciation	1,284
Total Assets	\$ 893,934
Liabilities	
Accounts Payable	\$ 208
Total Liabilities	\$ 208
Net Assets	
Investment in Capital Assets, Net of Related Debt	\$ 1,284
Restricted	47,395
Unrestricted	845,047
Total Net Assets	\$ 893,726

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Statement of Activities
For the Year Ended December 31, 2011

Exhibit B

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities:				
District Court Activities	\$ 2,529,042	\$ 1,371,356	\$ 1,009,495	\$ (148,191)
Depreciation	1,082	-	-	(1,082)
Total Governmental Activities	\$ 2,530,124	\$ 1,371,356	\$ 1,009,495	(149,273)
General Revenues:				
Criminal Court Reimbursement				214,466
Interest				5,419
Miscellaneous Income				-
Total General Revenues				219,885
Change in Net Assets				70,612
Net Assets - Beginning of the Year				823,114
Net Assets - End of the Year				\$ 893,726

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
 Governmental Funds – Balance Sheet
 December 31, 2011

Exhibit C

	General Fund	Court Support Fund	Indigent Transcript Fund	Total
Assets				
Cash and Cash Equivalents	\$ 112,049	\$ 127,196	\$ -	\$ 239,245
Investments	242,551	-	-	242,551
Receivables	20,930	-	154	21,084
Due from Other Governments	78,358	264,171	-	342,529
Due from Other Funds	-	-	-	-
Restricted Cash & Cash Equivalents	-	-	\$ 47,241	47,241
Total Assets	\$ 453,888	\$ 391,367	\$ 47,395	\$ 892,650
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 318	\$ (110)	\$ -	\$ 208
Due to Other Funds	-	-	-	-
Total Liabilities	318	(110)	-	208
Fund Balances:				
Restricted for Indigent Transcripts	-	-	47,395	47,395
Assigned for General Usage	-	391,477	-	391,477
Unassigned	453,570	-	-	453,570
Total Fund Balances	453,570	391,477	47,395	892,442
Total Liabilities and Fund Balances	\$ 453,888	\$ 391,367	\$ 47,395	\$ 892,650

The accompanying notes are an integral part of this statement.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Exhibit D

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets
For the Year Ended December 31, 2011

Total Fund Balances, Governmental Funds (Exhibit C) \$ 892,442

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. These assets consist of:

Governmental Capital Assets, Net of Depreciation 1,284

Net Assets of Governmental Activities (Exhibit A) \$ 893,726

The accompanying notes are an integral part of this statement.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Exhibit E

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2011

	General Fund	Court Support Fund	ITF Fund	Total
Revenues:				
Charges for Services	\$ 779,509	\$ 509,719	\$ 7,128	\$ 1,296,356
Federal Operating Grants	-	315,751	-	315,751
State Operating Grants	-	693,744	-	693,744
Other Supreme Court Income	-	75,000	-	75,000
Interest	4,861	558	-	5,419
Criminal Court Reimbursement	214,453	13	-	214,466
Miscellaneous Income	-	-	-	-
Total Revenues	<u>998,823</u>	<u>1,594,785</u>	<u>7,128</u>	<u>2,600,736</u>
Expenditures:				
Administrator's Contract	100,450	-	-	100,450
Salaries & Related Benefits	273,421	-	-	273,421
General Office Expenditures	144,324	6,185	261	150,770
Telephone	64,129	-	-	64,129
Travel, Training, & Meetings	23,696	9,333	-	33,029
Vehicle Expense	52,000	-	-	52,000
Insurance	10,525	-	-	10,525
Legal & Professional	17,445	14,195	-	31,640
Contracted Law Clerks	43,072	-	-	43,072
Court Reporters	49,068	63,397	5,145	117,610
Probation Office Expenditures	297,054	-	-	297,054
Cooperative Endeavor Agreement	47,867	-	-	47,867
Miscellaneous	3,435	245	-	3,680
Data Processing	-	160	-	160
Law Library, Books, & Cassettes	-	377	-	377
Hearing Officer	-	154,774	-	154,774
Stenographer, Public Defender, & Minute Clerk	-	53,800	-	53,800
FINS Program Expenditures	-	118,633	-	118,633
TASC Program Expenditures	-	250,120	-	250,120
Juvenile Drug Court	-	217,213	-	217,213
Adult Drug Court	-	508,718	-	508,718
Capital Outlay	-	1,606	-	1,606
Total Expenditures	<u>1,126,486</u>	<u>1,398,756</u>	<u>5,406</u>	<u>2,530,648</u>
Excess (Deficiency) of Revenues over Expenditures	(127,663)	196,029	1,722	70,088
Other Financing Sources / (Uses):				
Operating Transfers In / (Out)	<u>121,004</u>	<u>(121,004)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources / (Uses)	121,004	(121,004)	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(6,659)	75,025	1,722	70,088
Fund Balances - Beginning of the Year	<u>460,229</u>	<u>316,452</u>	<u>45,673</u>	<u>822,354</u>
Fund Balances - End of the Year	<u>\$ 453,570</u>	<u>\$ 391,477</u>	<u>\$ 47,395</u>	<u>\$ 892,442</u>

The accompanying notes are an integral part of this statement.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Exhibit F

Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances, Governmental Funds (Exhibit E) \$ 70,088

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

Capital outlays are reported in governmental funds as expenditures. However, in the
statement of activities, the cost of these assets is allocated over their estimated useful
lives and reported as depreciation expense. These differences consist of:

Capital Outlay	1,606
Depreciation Expense	<u>(1,082)</u>

Change in Net Assets of Governmental Activities (Exhibit B) \$ 70,612

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements
For the Year Ended December 31, 2011

Narrative Profile

The Judicial Expense Fund of the Twenty-First Judicial District Court (hereafter referred to as “District Court”) was established by the provisions of Act No. 553 of 1980, Louisiana Revised Statute 13:996.6. This original Act was amended by Act 1981 No. 437 §1 and Act 1985, No. 64, §1. The Amended Act provides for the collection of civil and criminal fees or costs in addition to all other fees or costs now or hereafter provided by law. The judges, en banc, of the District Court may pay each of their court reporters a salary from the Judicial Expense Fund. The judges, en banc, may further appoint such secretarial, clerical, research, administrative or other personnel, as they deem necessary to expedite the business and function of the court and pay all or any part of the salaries of such personnel out of the monies in the Judicial Expense Fund. In like manner, the judges may utilize the monies in the Judicial Expense Fund to pay all or any part of the cost of establishing and maintaining a law library for the court, or for buying and maintaining any type of equipment, supplies, or other items consistent with the proper administration and efficient operation of the court.

The accounting and reporting policies of the District Court conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

All Judges are independently elected officials. As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for 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.

Because the District Court's revenues are self-generated, the District Court is not fiscally dependent on the council. The District Court was determined not to be a component unit of the Tangipahoa Parish Council, the Parish financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District Court and do not present information on the Tangipahoa Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the Parish financial reporting entity.

B. Fund Accounting

The District Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

Governmental Funds

Governmental funds account for all of the District Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District Court. The following are the District Court's governmental funds:

Judicial Expense Fund - the primary operating fund of the District Court, which accounts for all the operations of the District Court, except those required to be accounted for in other funds.

Special Revenue Funds (Court Support Fund and Indigent Transcript Fund) - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District Court as a whole. These statements include all the financial activities of the District Court with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

The District Court does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

resources. This approach is then reconciled, through adjustment, to a government-wide view of the District Court's operations.

The amounts reflected in the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become 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 the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Fees, grants, interest revenue, and other revenues are recorded when due. An exception to this rule is criminal probation supervision fees, which is recorded as revenue when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental funds balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets And Budgetary Accounting

The District Court adopted operating budgets for the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund for the fiscal year ended December 31, 2011. The budgets for these funds are adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District Court follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Judicial Administrator prepares the proposed budgets and submits them to the Judges for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A meeting is then held with the Judicial Administrator and the Judges to review the proposed budgets and formal adoption is made by majority vote of the Judges. The budgets for 2011 were adopted by the Judges on December 22, 2010.
3. Copies of the adopted budgets are kept on file for public inspection.
4. Budgetary amendments due to increases or decreases in revenues or expenditures over amounts estimated require majority vote of the Judges. The budgets were amended on November 30, 2011.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana

Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2011

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed.

The District Court did not report an unfavorable variance in expenditures over appropriations for the fiscal year ended December 31, 2011.

E. Cash, Cash Equivalents, and Investments

The District Court's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District Court 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. In addition, the District Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District Court are reported at cost.

F. Inventory

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

G. Prepaid Items

The District Court recognizes expenditures for services extending over more than one accounting period when paid. The District Court did not record any prepaid items at December 31, 2011.

H. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District Court's capitalization threshold of \$500 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Pension Plans

The District Court is not a member of any retirement system, but is a member of the social security system. All full-time employees are carried on the payroll of other governmental units and are covered under their respective pension plans.

J. Compensated Absences

All full-time employees earn ten (10) days of annual leave and ten (10) days of sick leave each year. Unused sick leave and annual leave is not accumulated. At December 31, 2011, there were no employee

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2011

leave benefits requiring recognition in accordance with GASB Statement No. 16. All full-time employees are carried on the payroll of other governmental units and are covered under their related pension plans.

K. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Funds in the Indigent Transcript Fund are considered to be restricted due to the enabling legislation establishing the fund.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Judges (the District Court's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the District Court for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District Court's general fund and include all spendable amounts not contained in the other classifications.

The District Court's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2011, the District Court did not have any nonspendable or committed fund balances.

L. Restricted Net Assets

For the government-wide statement of net assets, equity is classified and displayed in three components:

1. 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.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

2. Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District Court’s policy to use restricted resources first, then unrestricted resources as they are needed.

M. 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. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District Court complied with the Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2011.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District Court did not comply with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2011, the District Court had no funds with deficit fund equities.

3. Cash and Cash Equivalents

As reflected on Exhibit A, the District Court has cash and cash equivalents totaling \$286,486 and investments totaling \$242,551 at December 31, 2011. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged 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.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

The following is a summary of cash and investments at December 31, 2011, with the related federal deposit insurance and pledge securities:

Bank Balances and Investments:

Insured (FDIC Insurance)	\$	575,734
Collateralized:		
Collateral held by pledging bank's trust department not in the District		
Court's name		-
Uninsured and Uncollateralized		<u>143,502</u>
Total Deposits	\$	<u><u>719,236</u></u>

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District Court that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District Court's deposits may not be returned to it. The District Court does not have a deposit policy for custodial risk. As of December 31, 2011, the District Court was not in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Receivables

Accounts receivable as of December 31, 2011 consists of the following:

	<u>Judicial</u>	<u>Court</u>	<u>ITF</u>	<u>Total</u>
	<u>Expense Fund</u>	<u>Support Fund</u>	<u>Fund</u>	
Civil Court Fees	\$ -	\$ -	\$ -	\$ -
Criminal Court Fees	19,429	-	154	19,583
Other	<u>1,501</u>	-	-	<u>1,501</u>
Total Receivables	<u>\$ 20,930</u>	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 21,084</u>

No allowance for uncollectible receivables is required at December 31, 2011.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

5. Due From Other Governments

Amounts due from other governmental units at December 31, 2011 consisted of the following:

	<u>Judicial Expense Fund</u>	<u>Court Support Fund</u>	<u>ITF Fund</u>	<u>Total</u>
Support Enforcement	\$ -	\$ 41,730	\$ -	\$ 41,730
State of Louisiana:				
TASC Grant	-	18,648	-	18,648
Adult Drug Court	-	90,528	-	90,528
Juvenile Drug Court	-	38,265	-	38,265
Supreme Court	-	75,000	-	75,000
21st JDC Criminal Court Fund	<u>78,358</u>	<u>-</u>	<u>-</u>	<u>78,358</u>
Total	<u>\$ 78,358</u>	<u>\$ 264,171</u>	<u>\$ -</u>	<u>\$ 342,529</u>

No allowance for uncollectible receivables is required at December 31, 2011.

6. Capital Assets

Capital asset activity for the year ended December 31, 2011 is as follows:

<u>Description</u>	<u>Balance 01/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/11</u>
Total Capital Assets	\$ 202,948	\$ 1,606	\$ -	\$ 204,554
Less: Accumulated Depreciation	<u>(202,188)</u>	<u>(1,082)</u>	<u>-</u>	<u>(203,270)</u>
Total Capital Assets, Net	<u>\$ 760</u>	<u>\$ 524</u>	<u>\$ -</u>	<u>\$ 1,284</u>

Capital assets are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method of the estimated useful lives as follows:

Furniture	7 Years
Equipment	5 Years

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

7. FINS Program

The Families in Need of Services Special Revenue Fund (FINS) is used to account for the receipt and disbursement of funds collected for reducing the number of children who enter the juvenile justice system or foster care system. The FINS Fund is included in the Court Support Special Revenue Fund. Selected data for the FINS Fund is as follows:

Revenues:	
Intergovernmental Grant	\$ 58,917
Less: Portion of Grant Shared with the City of Hammond	<u>(8,880)</u>
Revenue Recognized	50,037
Expenditures	<u>118,633</u>
Excess of Expenditures over Revenues	<u>\$ 68,596</u>

The excess of expenditures over revenues was absorbed by other Special Revenue Fund revenues. No audit fees were paid using funds received for the FINS program.

8. Leases

The District Court records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 2011:

The District Court currently leases office space in Livingston Parish on a monthly basis. The lease is currently for \$1,000 per month.

The District Court currently leases office space in Tangipahoa Parish on a monthly basis. The lease amounts are as follows: \$500 per month for the Probation Office, \$650 per month for the Drug Court, \$200 per month for the Hearing Office, and \$925 per month for the FINS / TASC office.

Since these leases may be terminated at any time, the District Court has no required future annual commitments under these leases.

9. Litigation

There is no litigation pending against the District Court at December 31, 2011.

10. Commitments and Contingencies

Act 20 of the 2011 Regular Session of the Louisiana Legislature authorized Livingston Parish to collect additional court filing fees needed to pay the revenue bond debt identified in the Loan Agreement by and between the Louisiana Local Governmental Environment Facilities and Community Development Authority and Parish of Livingston relating to \$17,865,000 Revenue Bond Series 2011 (Livingston Parish Courthouse Project) dated September 1, 2011. Anticipating a shortage of revenue generated by the collection of the additional filing costs to debt service the bonds, on February 28, 2012, the Livingston Parish Council, the Twenty-First Judicial District Court, the District Attorney of the Twenty-First Judicial District, the Sheriff for

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2011

the Parish of Livingston and the Clerk of Court for the Parish of Livingston executed a Cooperative Endeavor Agreement whereby each party has agreed that they will contribute proportionally based on “private quarters” square footage used such funds as may be necessary to pay the bond indebtedness as it comes due, in the event of a shortfall, to avoid default on the bond obligations. The agreement shall remain in effect until the bond indebtedness is paid in accordance with the “bond documents.” In the event that the monthly filing fees authorized by Act 20 decrease below the monthly debt service amount required to pay the bonds, the District Court will be required to fund their proportionate share of the shortfall, and this amount could be material to the financial statements.

Required Supplemental Information (Part II)

Budgetary Comparison Schedules

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Schedule 1

Budgetary Comparison Schedule (GAAP Basis) – Judicial Expense Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Civil & Criminal Court Fees	\$ 227,500	\$ 224,200	\$ 228,486	\$ 4,286
Bond Forfeiture Rebates	72,000	89,500	104,213	14,713
Criminal Probation Supervision Fees	468,000	453,600	446,810	(6,790)
Interest Earned	18,000	8,000	4,861	(3,139)
Reimbursement from Criminal Court	125,000	214,510	214,453	(57)
Miscellaneous Income	100	-	-	-
Total Revenues	<u>910,600</u>	<u>989,810</u>	<u>998,823</u>	<u>9,013</u>
Expenditures:				
Administrator's Contract	99,000	100,426	100,450	(24)
Salaries & Related Benefits	269,000	274,142	273,421	721
General Office Expenditures	127,300	152,150	144,324	7,826
Telephone	61,300	60,150	64,129	(3,979)
Travel, Training, & Meetings	26,500	25,000	23,696	1,304
Vehicle Expense	48,000	52,000	52,000	-
Insurance	8,000	10,823	10,525	298
Legal & Professional	16,000	21,000	17,445	3,555
Contracted Law Clerks	53,000	43,056	43,072	(16)
Court Reporters	46,960	49,200	49,068	132
Probation Office Expenditures	276,510	298,474	297,054	1,420
Cooperative Endeavor Agreement	-	47,867	47,867	-
Miscellaneous	4,000	4,380	3,435	945
Capital Outlay	-	3,400	-	3,400
Total Expenditures	<u>1,035,570</u>	<u>1,142,068</u>	<u>1,126,486</u>	<u>15,582</u>
Excess (Deficiency) of Revenues over Expenditures	(124,970)	(152,258)	(127,663)	24,595
Other Financing Sources (Uses):				
Operating Transfers In	50,000	122,000	121,004	(996)
Total Other Financing Sources (Uses)	50,000	122,000	121,004	(996)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(74,970)	(30,258)	(6,659)	23,599
Fund Balance - Beginning of the Year	<u>460,229</u>	<u>460,229</u>	<u>460,229</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 385,259</u>	<u>\$ 429,971</u>	<u>\$ 453,570</u>	<u>\$ 23,599</u>

See auditor's report.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Schedule 2

Budgetary Comparison Schedule (GAAP Basis) – Court Support Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Support Enforcement Fees	\$ 460,000	\$ 460,000	\$ 493,629	\$ 33,629
Federal Grants	-	-	315,751	315,751
State Grants	1,008,315	997,063	693,744	(303,319)
Adult Drug Court Program Fees	10,000	11,000	16,090	5,090
Other Supreme Court Income	-	75,000	75,000	-
Interest Earned	1,500	550	558	8
Reimbursement from Criminal Court	5,000	13	13	-
Miscellaneous Income	-	-	-	-
Total Revenues	<u>1,484,815</u>	<u>1,543,626</u>	<u>1,594,785</u>	<u>51,159</u>
Expenditures:				
Court Reporters	59,000	62,000	63,397	(1,397)
General Office Expenditures	7,150	8,200	6,185	2,015
Travel, Training, & Meetings	10,000	9,600	9,333	267
Data Processing	600	300	160	140
Law Library, Books, & Cassettes	600	400	377	23
Legal & Professional	12,000	17,000	14,195	2,805
Hearing Officer	152,000	155,200	154,774	426
Stenographer, Public Defender, & Minute Clerk	53,800	53,800	53,800	-
FINS Program Expenditures	123,273	120,123	118,633	1,490
TASC Program Expenditures	227,100	254,940	250,120	4,820
Juvenile Drug Court	222,387	218,872	217,213	1,659
Adult Drug Court	557,300	526,640	508,718	17,922
Miscellaneous	200	150	245	(95)
Capital Outlay	-	-	1,606	(1,606)
Total Expenditures	<u>1,425,410</u>	<u>1,427,225</u>	<u>1,398,756</u>	<u>28,469</u>
Excess (Deficiency) of Revenues over Expenditures	59,405	116,401	196,029	79,628
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(50,000)</u>	<u>(121,004)</u>	<u>(121,004)</u>	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(121,004)</u>	<u>(121,004)</u>	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	9,405	(4,603)	75,025	79,628
Fund Balance - Beginning of the Year	<u>316,452</u>	<u>316,452</u>	<u>316,452</u>	-
Fund Balance - End of the Year	<u>\$ 325,857</u>	<u>\$ 311,849</u>	<u>\$ 391,477</u>	<u>\$ 79,628</u>

See auditor's report.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Schedule 3

Budgetary Comparison Schedule (GAAP Basis) – Indigent Transcript Fund
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Civil & Criminal Court Fees	\$ 6,300	\$ 6,735	\$ 7,128	\$ 393
Special Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>6,300</u>	<u>6,735</u>	<u>7,128</u>	<u>393</u>
Expenditures:				
Court Reporters	1,300	6,000	5,145	855
General Office Expenditures	<u>-</u>	<u>-</u>	<u>261</u>	<u>(261)</u>
Total Expenditures	<u>1,300</u>	<u>6,000</u>	<u>5,406</u>	<u>594</u>
Excess (Deficiency) of Revenues over Expenditures	5,000	735	1,722	987
Fund Balance - Beginning of the Year	<u>45,673</u>	<u>45,673</u>	<u>45,673</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 50,673</u>	<u>\$ 46,408</u>	<u>\$ 47,395</u>	<u>\$ 987</u>

See auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Durnin & James

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June 21, 2012

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*

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court, Amite, Louisiana, as of for the year ended December 31, 2011, which collectively comprise the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements and have issued our report thereon dated June 21, 2012. 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 Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of control 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Judicial Expense Fund of the Twenty-First 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2011-02.

The Judicial Expense Fund of the Twenty-First Judicial District Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Judicial Expense Fund of the Twenty-First Judicial District Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2011

Internal Control over Financial Reporting

2011-01 – Deficiencies in the Probation Supervision Fee Software

Condition: During our testing of probation fee receipts, we noted that there are several deficiencies in the probation supervision fee software that indicate that the design or operation of controls do 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. We specifically noted that employees receiving probation fee payments have the ability in the software to backdate receipts, change receipt numbers, and set up new users. We also noted that the probation software allows a user to create duplicate Case ID numbers for multiple probation participants. We further noted errors in the probation software that caused receipts in past years to appear duplicated in the database.

The cause of this condition appears to be errors in the programming of the probation supervision fee software and the failure of the database programmer to include automatic error checks in the system.

Recommendation: We recommend that use of the current probation supervision fee software cease as soon as possible. A new system should be designed that does not allow employees to alter receipt dates or receipt numbers. The system should not allow non-administrative users to create new users and the system should not allow duplicate receipt numbers or duplicate Case ID numbers.

Management's Response: The 21st Judicial Court has contacted the programmer who designed the probation program presently being used and he has corrected the following issues:

- A. Receipt dates cannot be altered
- B. Receipt numbers may not be altered
- C. Non Administrative users are not allowed to create new users
- D. The system does not allow duplicate receipt numbers or duplicate CASE ID numbers

These changes have been made by the programmer. In addition, the District Court is trying to find a new probation software to upgrade to, but is having problems finding a program that is capable with transferring our present data into their system and within a reasonable cost. We have sat thru several on line seminars as well as gotten prices from several vendors, but have not been able to get one to take care of all the issues suggested by the auditors within a reasonable cost price. We will continue to look to find a better program to use in our probation department.

Compliance

2011-02 – Violation of Louisiana Fiscal Agency and Cash Management Law

Condition: During our audit and testing procedures over cash, we noted that \$143,502 of deposits with the District Court's fiscal agent bank was uninsured and uncollateralized. Louisiana Revised Statute 39:1225 states that the amount of security, including FDIC insurance and other pledged collateral, shall at all times be equal to one hundred percent of the amount of collected funds on deposit.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2011

Recommendation: We recommend that the District Court require the fiscal agent bank to pledge additional collateral and monitor balances to ensure that the amount of security is equal to or greater than one hundred percent of deposits at all times.

Management's Response: This violation occurred when the District Court was changing from one bank to another because our present bank was in financial trouble and was being bought out. We moved from Central Progressive Bank to Regions Bank. While in the process of moving money, our balance got over the \$250,000 amount (as far as on paper because of outstanding checks) before the bank completed the collateral programming needed for our account. Our account became accepted into the Bank of New York Mellon's automated collateral management system, which is used by Regions Bank shortly after that and continues to be covered in that system today. Therefore, we have security that is equal to or greater than 100% of deposits at all times.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Summary Schedule of Prior Findings
For the Year Ended December 31, 2011

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
		<u>Internal Control over Financial Reporting</u>	
	None		
		<u>Compliance and Other Matters</u>	
	None		

Note: This schedule has been prepared by the management of the Judicial Expense Fund of the Twenty-First Judicial District Court.