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ELEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Parishes of DeSoto and Sabine, Louisiana

FINANCIAL STATEMENTS
June 30, 2004

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 1-19-05

Deborah D. Dees, MBA, CPA
122 Jefferson Street
Mansfield, Louisiana 71052
318-872-3007

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana

Annual Financial Statements
As of and for the Year Ended June 30, 2004

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Independent Auditor's Report

To the Honorable Judges of the
Eleventh Judicial District Court
DeSoto and Sabine Parishes, Louisiana

I have audited the accompanying basic financial statements of the governmental activities of the Eleventh Judicial District Court Expense Fund, DeSoto and Sabine Parishes, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Eleventh Judicial District Court's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

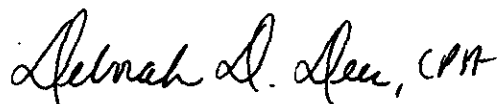
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eleventh Judicial District Court Expense Fund, as of June 30, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1(A), the Expense Fund has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2004, on my consideration of the Eleventh Judicial District Court Expense Fund's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis pages 3 through 6 and the budgetary comparison information (Schedule 1) on page 25 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.



Mansfield, Louisiana
December 28, 2004

Required Supplemental Information (Part I)

ELEVENTH JUDICIAL DISTRICT



STATE OF LOUISIANA

DISTRICT JUDGE

DIVISION A

ROBERT E. BURGESS

OFFICE: 318-872-1366
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P.O. BOX 1299
MANSFIELD, LOUISIANA 71052

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Eleventh Judicial District Court provides an overview of the Court's activities for the year ended June 30, 2004. Please read it in conjunction with the Court's financial statements.

USING THIS ANNUAL REPORT

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

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

Reporting the Court as a Whole

The Statement of Net Assets and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net assets and changes in them. The Court's net assets, the difference between assets and liabilities, measure the Court's financial position. The increases or decreases in the Court's net assets are an indicator of whether its financial position is improving or deteriorating. Other non-financial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and State's economic condition should be considered in order to assess the overall condition of the Court.

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

Reporting the Court's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Court's funds, not the court as a whole. In addition to accounting for the court costs and fees and other revenues that finance activities of District Court, the Court also accounts for appropriations received from the U. S. Department of Justice and State of Louisiana Supreme Court to administer the Drug Court. These funds are reported using an accounting method called modified accrual accounting, which measure only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the Court's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

For the year ended June 30, 2004, net assets changes are as follows:

	<u>2004</u>
Current and other assets	\$ 377,164
Capital assets, net	<u>56,791</u>
Total Assets	433,955
Other Liabilities	\$ <u>33,883</u>
Total Liabilities	33,883
Net assets	
Investment in capital assets, net	56,791
Restricted	29,289
Unrestricted	<u>313,992</u>
Total Net Assets	400,072
Total Liabilities and Net Assets	\$ <u><u>433,955</u></u>

For the year ended June 30, 2004, activities changes are as follows:

	<u>2004</u>
General government	
Expenses	\$ (326,455)
Program revenues	
Fees, fines and charges for services	234,844
Operating grants and contributions	<u>118,490</u>
Subtotal	26,879
General revenues	<u>2,128</u>
Change in net assets	\$ <u><u>29,007</u></u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The Eleventh Judicial District Court adopted a budget for its Combined Judicial Expense Fund for the year ended June 30, 2004. There were no adjustments made to the budget during the year. The Eleventh Judicial District Court’s budgetary comparison is presented as required supplementary information and shown on page 25.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2004, the Court has \$112,915 invested in capital assets including computers, office furniture and equipment (See table below).

	<u>2004</u>
Equipment	\$ 64,572
Furniture and fixtures	40,730
FINS	<u>7,613</u>
Total	<u>\$ 112,915</u>

Debt

The Eleventh Judicial District Court Expense Fund has no debt.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The Eleventh Judicial District Court Expense Fund’s elected officials considered the following factors and indicators when setting next year’s budget, rates, and fees. These factors and indicators include:

- 1) Fees, fines and charges for services
- 2) Intergovernmental revenues (state and local grants)
- 3) Personal services expenses
- 4) Operating services expenses

The Eleventh Judicial District Court Expense Fund does not expect any significant changes in next year’s results as compared to the current year.

CONTACTING THE ELEVENTH JUDICIAL COURT EXPENSE FUND’S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Eleventh Judicial District Court Expense Fund’s finances and to show the Eleventh Judicial District Court Expense Fund’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Judi Michael, Court Administrator, P. O. Box 1299, Mansfield, LA 71052.

Basic Financial Statements

Government-Wide Financial Statements

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

STATEMENT OF NET ASSETS

June 30, 2004

	GOVERNMENTAL ACTIVITIES
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 110,182
LAMP Account	212,023
Restricted Cash	29,289
Receivables	25,670
Capital assets (net)	<hr/> 56,791
 TOTAL ASSETS	 \$ 433,955 <hr/> <hr/>
LIABILITIES	
Accounts, salaries, and other payables	\$ 1,443
Due to Others	25,565
Victom Restitution payable	<hr/> 6,875
 TOTAL LIABILITIES	 \$ 33,883 <hr/> <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 56,791
Restricted for:	
FINS and Drug Court	29,289
Unrestricted	<hr/> 313,992
 TOTAL NET ASSETS	 \$ 400,072 <hr/> <hr/>

The accompanying notes are an integral part of this statement.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

	Expenses	Program Revenues		Governmental Activities	Net (Expenses) Revenues and Change in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Administrative	\$ 99,867	\$ 153,040	\$	\$	\$ 53,173
Drug Court	93,112	13,557	83,350		3,795
Probation	68,467	47,404	-		(21,063)
FINS	38,772	2,080	35,140		(1,552)
Restitution	26,237	18,763			(7,474)
Total Governmental Activities	<u>\$ 326,455</u>	<u>\$ 234,844</u>	<u>\$ 118,490</u>	<u>\$</u>	<u>26,879</u>
					2,128
					<u>2,128</u>
					<u>29,007</u>
					<u>371,065</u>
					<u>\$ 400,072</u>

The accompanying notes are an integral part of this statement.

Fund Financial Statements

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

BALANCE SHEET, GOVERNMENTAL FUNDS

June 30, 2004

	<u>GENERAL FUND</u>
ASSETS	
Cash and cash equivalents	\$ 110,182
LAMP account	212,023
Restricted Cash:	
Cash-FINS	4,540
Cash-Drug Court	24,749
Receivables	
Fines and court costs receivable	21,350
Reimbursements receivable	<u>4,320</u>
TOTAL ASSETS	\$ <u>377,164</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts, salaries, and other payables	\$ 1,443
Due to DeSoto Parish Sheriff's Office	25,565
Victim Restitution payable	<u>6,875</u>
Total Liabilities	<u>33,883</u>
Fund Balances:	
Reserved for:	
FINS and Drug Court	29,289
Unreserved, reported in:	
General Fund	<u>313,992</u>
Total Fund Balances	<u>343,281</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>377,164</u>

The accompanying notes are an integral part of this statement.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2004

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

Total Fund Balances for Governmental Funds (Statement C)	\$	343,281
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds. Those assets consist of:		
Furniture, fixtures and equipment, net of \$56,125 in accumulated depreciation		<u>56,791</u>
Total Net Assets of Governmental Activities (Statement A)	\$	<u><u>400,072</u></u>

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2004

	GENERAL FUND
Revenues:	
Bond fees, forfeitures, and court costs	\$ 153,040
Restitution collected	18,763
Probation and related fees	47,404
Drug Court fees	13,557
Truancy fees-FINS	2,080
Intergovernmental:	
Grant- State FINS	35,140
Grant- Federal OJP	54,362
Grant- State Supreme Court	28,988
Interest earnings	2,128
Total Revenues	355,462
 Expenditures:	
Current:	
Administrative	
Personnel and related benefits	6,745
Operating and administrative	81,580
Drug Court	93,112
Probation	67,672
FINS	37,249
Restitution paid to others	26,237
Capital Outlay	26,905
Total Expenditures	339,500
 Excess (Deficiency) of Revenues over Expenditures	15,962
 Fund balances, beginning of year	327,319
Fund balances, end of year	\$ 343,281

The accompanying notes are an integral part of this statement.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

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

Net Change in Fund Balances-Total Governmental Funds (Statement E)	\$	15,962
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as <i>depreciation expense</i> . This is the amount by which capital outlay exceeds depreciation in the current period.		<u>13,045</u>
Change in Net Assets of Governmental Activities (Statement B)	\$	<u><u>29,007</u></u>

Notes to the Financial Statements

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

Notes to the Financial Statements

June 30, 2004

INTRODUCTION

The Eleventh Judicial District Court Expense Fund (the Fund) was created by LSA-RS 13:996.58. The purpose of the fund is to provide sufficient funding to expedite efficient operation of the court. In general, the fund is established and may be used to any purpose or purposes connected with, incidental to or related to the proper administration of the court.

The Eleventh Judicial District Court (the District) was created by LSA-RS 13:477(11). The District is comprised of DeSoto and Sabine parishes with courthouses in Mansfield and Many, respectively. The District's purpose is general jurisdiction judgeship for the approximately 50,500 people in the parishes. The voters of the two parishes elect the three judges of the District to six-year terms. The Fund employs ten full-time employees whose salaries are paid by the police jury or the sheriff of each parish, and for a portion of the fiscal year, two part-time employees hired as a result of a federal grant.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD &A) section providing an analysis of the Judicial Expense Fund's overall financial position and results of operations and financial statements prepared using full accrual accounting for all Judicial Expense Fund's activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements. The Judicial Expense Fund has elected to implement the general provisions of the Statement in the current year and plans to retroactively report capital assets acquired prior to July 1, 2003.

This report includes funds which are controlled by the Eleventh Judicial District Court (Chief Judge and Judges) but determined to be a component unit of the Desoto and Sabine Parish Police Juries. The DeSoto and Sabine Parish Police Juries have significant control over the Judicial Expense Fund in the area of necessary capital outlays and salary administration. The Parish Police Juries would present this component unit in a discreet presentation format if it were included in their financial statements. The funds are administered by the Court Administrator.

B. Basic Financial Statements

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

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

Notes to the Financial Statements

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements (continued)

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

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

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

C. Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources at the end of the period.

D. Basis of Accounting

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

E. Budgets

The Chief Judge prepares a proposed budget for the fund on a basis consistent with generally accepted accounting principles (GAAP). The judges, in banc, approve the budget. Due of the uncertainties of the budgeting, at least two of the three judges are involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
Notes to the Financial Statements
June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

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

G. Investments

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

H. Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000, or more are reported at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

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

I. Compensated Absences

The Fund has the following policy relating to vacation and sick leave: Employees of the Fund receive ten days of noncumulative vacation leave each year. Sick leave is granted at the discretion of the judges and is also noncumulative. At June 30, 2004, the Fund does not have accumulated and vested benefits related to vacation and sick leave. The cost of leave privileges is recognized as current-year expenditure when the leave is actually taken.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

Notes to the Financial Statements

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Net Assets

Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition of those assets. There was no outstanding debt attributable to these fixed assets as of June 30, 2004.

Restricted – This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

K. Estimates

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

2. CASH

At June 30, 2004, the Eleventh Judicial District Court Expense Fund has cash (book balances) totaling \$139,471 which includes restricted FINS and Drug Court monies of \$4,540 and \$24,749 respectively, as follows:

Demand deposits	\$	25,141
Interest-bearing demand deposits		<u>114,330</u>
Total	\$	<u><u>139,471</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

Notes to the Financial Statements

June 30, 2004

2. CASH (continued)

At June 30, 2004, the Eleventh Judicial District Court Expense Fund has \$148,497 in deposits (collected bank balances). These deposits are secured from risk by \$130,217 of federal deposit insurance. The remaining balance of \$18,280 is secured by the pledge of securities.

At June 30, 2004, the balance in the Louisiana Asset Management Pool, Inc. (LAMP) account is \$212,023 (See summary of Significant Accounting Policies Note F.) In accordance with GASB Codification 150.164, the balance in the LAMP account is not categorized in the three risk categories provided by GASB Codification 150.164 because the balance is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an interest in the pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Therefore, under GASB 9, the Judicial Expense Fund classifies this asset as cash.

3. CAPITAL ASSETS

A summary of the Eleventh Judicial District Court Expense fund's capital assets at June 30, 2004 follows:

Governmental Activities:	<u>06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/04</u>
Capital assets, being depreciated				
Equipment	\$ 79,011	\$ 9,298	\$ 23,737	\$ 64,572
Furniture and fixtures	24,467	17,607	1,344	40,730
FINS equipment	7,613	0	0	7,613
Total capital assets, being depreciated	<u>\$ 111,091</u>	<u>\$ 26,905</u>	<u>\$ 25,081</u>	<u>\$ 112,915</u>
Less accumulated depreciation for				
Equipment	\$ 57,145	\$ 8,525	\$ 23,737	\$ 41,933
Furniture and Fixtures	6,120	3,812	1,344	8,588
FINS equipment	4,080	1,523	0	5,603
Total accumulated depreciation	<u>67,345</u>	<u>\$ 13,860</u>	<u>\$ 25,081</u>	<u>56,124</u>
Total Capital assets being depreciated, net	<u>\$ 43,746</u>			<u>\$ 56,791</u>

The deduction was due to a probation car purchased for the Sheriff and carried on the Sheriff's books being removed and other small equipment purchases under the capitalization amount being deleted.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
 DeSoto and Sabine Parishes, Louisiana
 Notes to the Financial Statements
 June 30, 2004

3. CAPITAL ASSETS (continued)

Depreciation expense of \$13,860 for the year ended June 30, 2004, was charged to the following functions:

Administrative	\$	11,542
Drug Court		-
Probation		795
FINS		1,523
	\$	<u>13,860</u>

4. LEASES

The Eleventh Judicial District Court Expense Fund has operating leases as follows:

Division A – An automobile lease for 36 months with monthly payments of \$500.00 dated March, 2002. The purchase option at the end of the lease is \$21,777. There is a possible early termination charge and a possible charge for mileage in excess of 15,000 miles per year at .15 per mile.

Division B – An automobile lease for 36 months with monthly payments of \$479.32 dated March, 2002. This lease was cancelled and as of June, 2004 when another lease was signed. The new automobile lease is for 30 months with monthly payments of \$453.51 dated May, 2004. This lease expires November, 2007. There is a possible early termination charge and a possible charge for mileage in excess of 37,841 total miles at .15 per mile.

Division C – An automobile lease for 36 months with monthly payments of \$376.40 dated September 7, 2002. This lease expires in September of 2005. There is a possible early termination charge and a possible charge for excessive mileage.

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year	Vehicles
2005	\$ 14,459
2006	6,571
2007	2,268
Total	<u>\$ 23,298</u>

5. RESTRICTED NET ASSETS

The reserved fund balance shown on the balance sheet is a result of grant monies received from the Louisiana Judicial Branch for the Families in Need of Services program, a federal grant from the U.S. Department of Justice for drug court implementation and a state grant from the Louisiana Supreme Court for drug court operations.

6. JOINT VENTURE

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officer.

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND

DeSoto and Sabine Parishes, Louisiana

Notes to the Financial Statements

June 30, 2004

7. EXPENDITURES OF THE JUDICIAL DISTRICT PAID BY THE PARISH POLICY JURY

The Judicial District Court and its offices are located in the parish courthouse. The DeSoto Parish Police Jury, as required by Louisiana Revised Statute 33.4715, pays the salaries of staff members and for the cost of maintaining the building.

8. PENSION PLAN

The employees of the court are compensated by DeSoto Parish and Sabine Parish Policy Juries which are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The LASERS provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. Benefits granted by the LASERS are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information.

9. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 2004, the Eleventh Judicial District Court participated in the following federal financial assistance program:

<u>Program Title</u>	<u>Grant Number</u>	<u>Issues/ Expenditures</u>
United States Department of Justice Direct Program--Drug Court Implementation Initiative	2001-DC-BX-0010	<u>\$ 56,384</u>

10. CHANGE OF ACCOUNTING

For the year ended June 30, 2004, the Eleventh Judicial District Court Expense Fund has implemented GASB Statement No. 34, Basic Financial Statements. GASB No. 34 creates new basic financial statements for reporting on the Court's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

11. PRIOR YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2004:

Fund Balance, beginning of year as previously reported	\$ 327,319
Adjustments	
Investments in Capital Assets, beginning of year	111,091
Accumulated Depreciation, beginning of year	(67,345)
Net Assets, beginning of year as restated	<u>\$ 371,065</u>

Required Supplemental Information (Part II)

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
General Fund (and all major governmental funds)

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Budget to Actual
	Original	Final		Positive(Negative)
Revenues:				
Bond fees, forfeitures, and costs	\$ 140,000	\$ 140,000	\$ 153,040	\$ 13,040
Restitution collected	15,000	15,000	18,763	3,763
Probation and related fees	70,000	70,000	47,404	(22,596)
Drug Court fees	15,000	15,000	18,763	3,763
Truancy fees - FINS	5,000	5,000	2,080	(2,920)
Intergovernmental:				
Grant - State FINS	35,000	35,000	35,140	140
Grant - Federal OJP	50,000	50,000	54,362	4,362
Grant - State Supreme Court	28,000	28,000	28,988	988
Investment and interest income	2,000	2,000	2,128	128
Total Revenues	<u>360,000</u>	<u>360,000</u>	<u>360,668</u>	<u>668</u>
Expenditures:				
Current:				
Personnel and related benefits	20,000	20,000	6,745	13,255
Operating and administrative	80,000	80,000	81,580	(1,580)
Drug Court	90,000	90,000	93,112	(3,112)
Probation	70,000	70,000	67,672	2,328
FINS	35,000	35,000	37,249	(2,249)
Restitution paid to others	20,000	20,000	26,237	(6,237)
Capital Outlay	25,000	25,000	26,905	(1,905)
Total Expenditures	<u>340,000</u>	<u>340,000</u>	<u>339,500</u>	<u>500</u>
Excess of Revenues over Expenditures		<u>20,000</u>	<u>21,168</u>	<u>(1,168)</u>
Other Financing Sources (Uses)				
Net Change in Fund Balance		<u>20,000</u>	<u>21,168</u>	<u>(1,168)</u>
Fund Balances (Deficit) at Beginning of Year		<u>327,319</u>	<u>327,319</u>	<u>0</u>
Fund Balances (Deficit) at End of Year		<u>\$ 347,319</u>	<u>\$ 348,487</u>	<u>\$ (1,168)</u>

The accompanying notes are an integral part of this statement.

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Governmental Auditing Standards*

To the Honorable Judges of the
Eleventh Judicial District Court
DeSoto and Sabine Parishes, Louisiana

I have audited the basic financial statements of the Eleventh Judicial District Court Expense Fund as of and for the year ended June 30, 2004 and have issued my report thereon dated December 28, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Eleventh Judicial District Court Expense Fund's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Eleventh Judicial District Court Expense Fund's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Eleventh Judicial District Court judges, management of the court's office and the Legislative Auditor 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.

Deborah D. Dees, CPA

Mansfield, Louisiana
December 28, 2004

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana
Schedule of Findings and Questioned Costs
June 30, 2004

SUMMARY OF AUDITOR'S REPORTS**INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of the Eleventh Judicial District Court Expense Fund, DeSoto and Sabine Parishes, Louisiana, as of and for the year ended June 30, 2004, and have issued my report thereon dated December 28, 2004. I conducted my 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. My audit of the basic financial statements as of June 30, 2004, resulted in an unqualified opinion

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No
Other Conditions Yes No

Federal Awards

Not applicable

Identification of Major Programs

No major programs identified

FINANCIAL STATEMENT FINDINGS:

None.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS:

No matters were reported