

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT
CHALMETTE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2003

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

Release Date 6-9-04

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Annual Financial Statements
December 31, 2003

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
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January 30, 2004

Independent Auditor's Report

The Honorable Kirk Vaughn
and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities, the general fund, the juvenile probation special revenue fund and the FINS special revenue fund of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, as of and for the year ended December 31, 2003 which collectively comprises the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the juvenile probation special revenue fund and the FINS special revenue fund of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court as of December 31, 2003, and the respective changes in financial position 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 January 30, 2004, on our consideration of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's internal control over financial reporting and our 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 4 through 8 and the budgetary comparison schedule identified as Schedules 1, 2, and 3 are not required parts of the basic financial statements but are

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court

supplementary information required by accounting principles generally accepted in the United States Of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Durnin & James, CPAs

Durnin & James, CPAs
(A Professional Corporation)

Management's Discussion and Analysis

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Management's Discussion and Analysis
December 31, 2003

As management of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana (the "Court"), we offer readers of the Court's financial statements this narrative overview and analysis of the financial activities of the Court for the fiscal year ended December 31, 2003. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Court's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Court's finances. It is also intended to provide readers with an analysis of the Court's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Court. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Court's financial activity, identify changes in the Court's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the second year that the Court has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34. This reporting model significantly changed the presentation of financial data, and also the manner in which the information is recorded. Prior year comparative information for this reporting period has been included in these financial statements, along with a narrative of the changes expected from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Court's financial statements. The Court's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
 2. Fund Financial Statements
 3. Notes to the Financial Statements
 4. Other Supplementary Information, which is in addition to the basic financial statements themselves.
-
1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Court's financial position and results of operations in a manner similar to a private-sector business.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Management's Discussion and Analysis (Continued)
December 31, 2003

- A. The *statement of net assets* presents information on all of the Court's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Court is improving or weakening.
- B. The *statement of activities* presents information showing how the Court's net assets change during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Court's assets exceeded its liabilities at the close of the most recent fiscal year by \$201,527 (net assets). Of this amount, \$200,094 are unrestricted net assets.

A portion of the Court's net assets (0.71 percent) reflects its investment in capital assets (e.g., machinery & equipment, vehicles, furniture, etc.), less any related debt used to acquire those assets that is still outstanding. The Court uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets (\$200,094) may be used to meet the Court's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Court is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

Governmental Activities

The Governmental Activities of the Court include General Government. Court costs, a FINS grant, and Juvenile Probation Fees fund these governmental activities.

Here we show the Court's major expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following major expenditures:

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana**

**Management's Discussion and Analysis (Continued)
December 31, 2003**

Governmental Activities Expenditures:	<u>Amount</u>	<u>Percent</u>
Salaries and Related Benefits	\$ 210,380	85.18%
Insurance	5,250	2.13%
Legal and Professional	11,422	4.62%
General Office and Telephone	13,009	5.27%
Other Expenditures	6,930	2.81%
Total Expenditures	\$ 246,991	100.00%

General revenues are those available for the Court to use to pay for the governmental activities described above.

Governmental Activities Revenues:	<u>Amount</u>	<u>Percent</u>
Court Costs	\$ 178,052	82.03%
Probation Supervision Fees	7,230	3.33%
Intergovernmental Revenues	31,391	14.46%
Other Revenues	391	0.18%
Total Revenues	\$ 217,064	100.00%

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Court consist of one category: governmental funds.

A. Governmental funds are used to account for most of the Court basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Court's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Management's Discussion and Analysis (Continued)
December 31, 2003

funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on page 17.

The Court maintains three governmental funds, the General Fund, the Juvenile Probation Special Revenue Fund and the FINS Special Revenue Fund. Information is presented on these three funds on pages 10 and 11 of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Court's General Fund reported on ending fund balances of \$125,570. The Court's Juvenile Probation and FINS special revenue funds reported ending fund balances of \$13,844 and \$60,680, respectively.

The Court retains a reasonable surplus in the General Fund and each of its special revenue funds for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 22 of this report.

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 24 through 26 of this report.

- A. Budgetary Comparison Schedule – The Court adopts an annual appropriated budget for its general fund and each special revenue funds.. A budgetary comparison statement has been provided for the general fund and each special revenue fund to demonstrate compliance with this budget, beginning on page 24.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Management's Discussion and Analysis (Continued)
December 31, 2003

- B. Analysis of Significant Budget Variances in the General Fund:
1. Expenditures – Professional liability insurance decreased by \$2,750 under the amount originally budgeted. This difference is due primarily to an error in the calculation of the original budget amounts.

Capital Asset and Debt Administration

1. Capital Assets

The Court's investment in capital assets for its governmental activities as of December 31, 2003 amounts to \$1,433 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture & fixtures. The total decrease in the Court's investment in capital assets for the current fiscal year was \$573, due to depreciation for the current fiscal year (\$573).

There were no major capital asset additions during the current fiscal year.

Additional information on the Court's capital assets can be found in Note 6 on pages 22 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Court's budget for the 2004 fiscal year:

For fiscal year ending December 31, 2004, there is no budgeted revenue increase in court costs over the December 31, 2003 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$125,570. There is no surplus or deficit budgeted for the fiscal year ending December 31, 2004.

Requests for Information

This financial report is designed to provide a general overview of the Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eileen Tauzier, 1100 West St. Bernard Hwy., Chalmette, Louisiana, 70043.

Basic Financial Statements

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

December 31, 2003

	December 31, 2003				Statement of Net Assets	
	General Fund	Juvenile Probation	FINS Fund	Adjustments (Note 1)	2003	2002
Assets						
Cash and Cash Equivalents	\$ 116,579	\$ 13,844	\$ 60,378	\$ -	\$ 190,801	\$ 221,715
Receivables	-	-	829	-	829	829
Due from Other Governments (Net of Allowances for Uncollectibles)	12,985	-	-	-	12,985	15,001
Due from Other Funds	-	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation (Note 6)	-	-	-	1,433	1,433	2,006
Total Assets	\$ 129,564	\$ 13,844	\$ 61,207	\$ 1,433	\$ 206,048	\$ 239,551
Liabilities						
Accounts Payable	\$ 3,994	-	\$ 527	\$ -	\$ 4,521	\$ 8,097
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	\$ 3,994	\$ -	\$ 527	\$ -	\$ 4,521	\$ 8,097
Net Assets						
Investment in Capital Assets, Net of Related Debt	\$ -	-	\$ -	\$ 1,433	\$ 1,433	\$ 2,006
Unreserved, Undesignated	125,570	13,844	60,680	-	200,094	229,448
Total Net Assets	\$ 125,570	\$ 13,844	\$ 60,680	\$ 1,433	\$ 201,527	\$ 231,454

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2003

	General Fund	Juvenile Probation	FINS Fund	Adjustments (Note 1)	Statement of Activities 2003	Statement of Activities 2002
Expenditures / Expenses:						
General Government	\$ (189,989)	\$ (7,303)	\$ (49,126)	\$ -	\$ (246,418)	\$ (243,835)
Capital Outlay	-	-	-	-	-	-
Depreciation	-	-	-	(573)	(573)	(573)
Total Expenditures / Expenses	\$ (189,989)	\$ (7,303)	\$ (49,126)	\$ (573)	\$ (246,991)	\$ (244,408)
Program Revenues:						
Court Cost	\$ 178,052	-	-	-	\$ 178,052	\$ 183,107
Probation Supervision Fees	-	7,230	-	-	7,230	7,529
Total Program Revenues	\$ 178,052	\$ 7,230	\$ -	\$ -	\$ 185,282	\$ 190,636
Net Program Expense	\$ (11,937)	\$ (73)	\$ (49,126)	\$ (573)	\$ (432,273)	\$ (53,772)
General Revenues:						
Intergovernmental Grant	-	-	\$ 31,391	-	\$ 31,391	\$ 24,791
Interest	391	-	-	-	391	726
Total General Revenues	\$ 391	\$ -	\$ 31,391	\$ -	\$ 31,782	\$ 25,517
Excess (Deficiency) of Revenues over Expenditures	\$ (11,546)	\$ (73)	\$ (17,735)	\$ (573)	\$ (29,927)	\$ (28,255)
Fund Balance / Net Assets - Beginning of the Year	\$ 137,116	\$ 13,917	\$ 78,415	\$ 2,006	\$ 231,454	\$ 259,709
Fund Balance / Net Assets - End of the Year	\$ 125,570	\$ 13,844	\$ 60,680	\$ 1,433	\$ 201,527	\$ 231,454

The accompanying notes are an integral part of this statement.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements
December 31, 2003

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Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements
December 31, 2003

Introduction

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana.

The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith.

The judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the Judicial Clerk's Fund. In like manner, the judges, en banc, may utilize the moneys in the Judicial Clerk's Fund to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

The accounting and reporting policies of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

The accompanying basic financial statements of the Judicial Expense Fund of the Thirty-Fourth Judicial District Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of (1) the primary government (council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and / or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Council.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council provides for office space, courtrooms, and approval authority over its capital budget and therefore is fiscally dependent on the council, the Judicial Clerk's Fund was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Judicial Clerk's Fund and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The accounts of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court are organized on the basis of three funds. The operations of the funds are accounted for with separate sets of self-balancing accounts that comprise their assets, liabilities, fund balances, revenues, and expenditures. The funds presented in the financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Judicial Clerk's Fund. It is used to account for all financial resources.

Special Revenue Fund

The Juvenile Probation Supervision Fee Special Revenue Fund is used to account for the receipt and disbursement of funds collected for juvenile probation supervision fees.

The Families in Need of Services (FINS) Special Revenue Fund 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 the foster care system.

D. Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Exhibits A and B, 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 revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003

financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Judicial Clerk's Fund office-wide operations.

The amounts reflected in the General Fund and Special Revenue Funds, of Exhibits A and B, use the modified accrual basis of accounting. Under the modified accrual 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 with the current period or soon enough thereafter to pay liabilities of the current period. The Judicial Clerk's Fund office considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is 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. Court costs, intergovernmental grants and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

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

E. Governmental-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the Judicial Clerk's Fund office as a whole. These statements include all the financial activities of the Judicial Clerk's Fund office. 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*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Exhibit B) are derived directly from Judicial Clerk's office users as a fee for services; program revenues reduce the cost of the function to be financed from the Judicial Clerk's office's general revenues.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2003

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and Statement of Net Assets (Exhibit A) are as follows:

Exhibit B	
Recording of Depreciation Expense	\$ (573)
Adjustment to Beginning Fund Balance for Prior Years Capital Assets	2,006
Net Effect of Changes	\$ 1,433
Exhibit A	
Recording Net Capital Assets	\$ 1,433
Net Effect of Changes	\$ 1,433

F. Budgets and Budgetary Accounting

The Judicial Clerk's Fund adopted operating budgets for the General Fund, for the Juvenile Probation Supervision Fee Special Revenue Fund, and for the Families In Need of Services Special Revenue Fund for the fiscal year ended. The budgets for all of the funds are adopted on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

The Judicial Clerk's Fund follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Chief Judge prepares a proposed budget and submits same to the Judges of the Thirty-Fourth Judicial District Court for their review.
2. A meeting is then held to review the proposed budget and formal adoption is made by majority vote of the Judges of the Thirty-Fourth Judicial District Court.
3. Copies of the adopted budget are kept on file for public inspection.
4. Budgetary amendments due to increase or decrease in revenues or expenditures over amounts estimated require the approval of the Judges of the Thirty-Fourth Judicial District Court. The budget for the year ended December 31, 2003 was amended.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2003

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

	General Fund	Juvenile Probation	FINS Fund
Excess (Deficiency) of Revenues Over Expenditures (Exhibit B)	\$ (11,546)	\$ (73)	\$ (17,735)
Add:			
Prior Year Receivables	15,001	-	-
Current Year Payables	2,867	-	-
Less:			
Current Year Receivables	(12,985)	-	-
Prior Year Payables	(6,790)	-	(234)
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis	\$ (13,453)	\$ (73)	\$ (17,969)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, money market accounts, and time deposits. Under state law, the Judicial Clerk's Fund office 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.

Under state law, the Judicial Clerk's Fund office may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities are 90 days or less; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Inventories

The Judicial Clerk's Fund office utilizes the "purchase method" of accounting for supplies whereby expendable operating supplies are recognized as expenditures when purchased. The Office did not record any inventory at December 31, 2003.

I.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003

Capital Assets

Capital assets are capitalized at historical cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Judicial Clerk's Office maintains a threshold level of \$100 or more for capitalizing capital assets

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful life of the asset. Capital assets in this report are comprised of equipment which has an estimated useful life of 5 years.

J. Compensated Absences

There is no written policy for compensated absences. All full-time employees earn one week of annual leave. This leave is taken when the judges take their leave. Sick leave and annual leave is non-cumulative. In governmental funds, the cost of sick leave and annual leave is recognized when payments are made to employees.

K. Fund Equity

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

L. Estimates

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

2. **Cash**

For reporting purposes, cash includes demand deposits and time certificates of deposits. Under Louisiana law, the Judicial Clerk's Fund may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the Union, or under the laws of the United States. Further, the Judicial Clerk's Fund may invest in time deposits or certificates of

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2003

deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As reflected in the accompanying combined balance sheet, the Judicial Clerk's Fund had cash totaling \$190,801 at December 31, 2003. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the 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. The following is a summary of cash as confirmed by financial institutions at December 31, 2003, with the related federal deposit insurance and pledged securities. The cash at December 31, 2003, was secured as follows:

	<u>Confirmed Bank Balances 12/31/03</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash	\$ 195,379	\$ 195,177	\$ 202
Cash Equivalents - Time Certificates of Deposit	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 195,379	\$ 195,177	\$ 202
Uncollateralized- Securities held in the name of the Fiscal Agent pledged to the Court			<u>\$ -</u>
Deficiency of FDIC Insurance and Pledged Securities over Cash Balances			<u>\$ (202)</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judicial Clerk's Fund Office that the fiscal agent has failed to pay deposited funds upon demand.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003

3. Due From Other Governmental Units

Due from other governmental units represent court costs collected in 2003 and received in 2004 from the following:

St. Bernard Parish Clerk of Court	\$ 4,485
St. Bernard Parish Sheriff	<u>8,500</u>
 Total	 <u>\$ 12,985</u>

No allowance for uncollectible receivables is required at December 31, 2003.

4. Accounts Payable

Accounts payable at December 31, 2003, including payroll withholding taxes and accrued payroll taxes, total \$4,521.

5. Litigation

There is no litigation pending against the Judicial Clerk's Fund at December 31, 2003.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2003

6. Capital Assets

The general fixed assets of the Judicial Clerk's Fund include only those assets purchased by funds provided for in the Judicial Expense Fund.

The following is a summary of changes in capital assets for the year ended December 31, 2003:

	<u>Balance</u> 12/31/02	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/03
Capital Assets Not Depreciated				
None	\$ -	\$ -	\$ -	\$ -
Other Capital Assets:				
Equipment	\$ 8,327	\$ -	\$ -	\$ 8,327
Total Other Capital Assets	\$ 8,327	\$ -	\$ -	\$ 8,327
Less Accumulated Depreciation for:				
Equipment	\$ 6,321	\$ 573	\$ -	\$ 6,894
Total Accumulated Depreciation	\$ 6,321	\$ 573	\$ -	\$ 6,894
Other Capital Assets, Net	\$ 2,006	\$ (573)	\$ -	\$ 1,433
Totals	<u>\$ 2,006</u>	<u>\$ (573)</u>	<u>\$ -</u>	<u>\$ 1,433</u>

Government activities capital assets net of accumulated depreciation at December 31, 2003 are comprised of the following:

Capital Assets, Net	<u>\$ 1,433</u>
Total	<u>\$ 2,006</u>

Depreciation was charged to governmental functions in the amount of \$573.

7. Operating Lease Commitment

As of January 1, 2002 the organization entered into a written monthly operating lease for the calendar year of 2003 for its FINS program requiring rent of \$500 monthly. The lease term may be extended for two additional one-year terms. Rent expense for the year ended December 31, 2003 was \$6,000.

Required Supplemental Information

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana

Schedule 1

Budgetary Comparison Schedule – General Fund

For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Court Cost	\$ 178,000	\$ 177,000	\$ 178,052	\$ 1,052
Interest Earned	700	300	391	91
Total Revenues	\$ 178,700	\$ 177,300	\$ 178,443	\$ 1,143
Expenditures:				
General Office Expenditures	\$ 2,000	\$ 2,000	\$ 1,084	\$ 916
Insurance	7,000	8,000	5,250	2,750
Legal & Professional	9,000	12,800	11,422	1,378
Salaries & Related Benefits	168,500	172,500	172,233	267
Total Expenditures	\$ 186,500	\$ 195,300	\$ 189,989	\$ 5,311
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,800)	\$ (18,000)	\$ (11,546)	\$ 6,454
Fund Balance - Beginning of the Year	\$ 137,116	\$ 137,116	\$ 137,116	\$ -
Fund Balance - End of the Year	\$ 129,316	\$ 119,116	\$ 125,570	\$ 6,454

See auditor's report.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana

Schedule 2

Budgetary Comparison Schedule – Juvenile Probation Fund

For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Probation Supervision Fees	\$ 6,500	\$ 6,500	\$ 7,230	\$ 730
Total Revenues	\$ 6,500	\$ 6,500	\$ 7,230	\$ 730
Expenditures:				
General Office Expenditures	\$ 8,000	\$ 8,000	\$ 6,384	\$ 1,616
Telephone	1,700	1,700	919	781
Total Expenditures	\$ 9,700	\$ 9,700	\$ 7,303	\$ 2,397
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,200)	\$ (3,200)	\$ (73)	\$ 3,127
Fund Balance - Beginning of the Year	\$ 13,917	\$ 13,917	\$ 13,917	\$ -
Fund Balance - End of the Year	<u>\$ 10,717</u>	<u>\$ 10,717</u>	<u>\$ 13,844</u>	<u>\$ 3,127</u>

See auditor's report.

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Schedule 3

Budgetary Comparison Schedule – FINS Fund

For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Intergovernmental Grant	\$ 24,000	\$ 31,000	\$ 31,391	\$ 391
Total Revenues	\$ 24,000	\$ 31,000	\$ 31,391	\$ 391
Expenditures:				
General Office Expenditures	\$ 17,000	\$ 12,000	\$ 10,747	\$ 1,253
Salaries & Related Benefits	14,000	13,400	12,428	972
Legal & Professional	21,500	26,000	25,719	281
Telephone	-	-	232	(232)
Total Expenditures	\$ 52,500	\$ 51,400	\$ 49,126	\$ 2,274
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,500)	\$ (20,400)	\$ (17,735)	\$ 2,665
Fund Balance - Beginning of the Year	<u>\$ 78,415</u>	<u>\$ 78,415</u>	<u>\$ 78,415</u>	<u>\$ -</u>
Fund Balance - End of the Year	<u>\$ 49,915</u>	<u>\$ 58,015</u>	<u>\$ 60,680</u>	<u>\$ 2,665</u>

See auditor's report.

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

**Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting
Based on an Audit of Basic Financial Statements
Performed in Accordance With *Government Auditing Standards***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

January 30, 2004

Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting
Based on an Audit of Basic Financial Statements
Performed in Accordance With *Government Auditing Standards*

The Honorable Kirk Vaughn
and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited the financial statements of the governmental activities, the general fund, the juvenile probation special revenue fund and the FINS special revenue fund of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, Chalmette, Louisiana, a component unit of the St. Bernard Parish Council, as of and for the year ended December 31, 2003, which collectively comprises the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's basic financial statements and have issued our report thereon dated January 30, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Judicial Clerk's Fund of the Thirty-Fourth 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 grants, 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 that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and recommendations as item 2003-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or

Judicial Clerk's Fund of the
Thirty-Fourth Judicial District Court

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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,

Durnin & James, CPAs

Durnin & James, CPAs
(A Professional Corporation)

Findings and Recommendations

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana
Current Year Audit Findings
For the Year Ended December 31, 2003

Findings and Recommendations (Continued)

Compliance

2003-1 – Cash deposits in bank under-collateralized

Cash, which was not covered by FDIC, was not collateralized by the pledging of securities.

The bank did not pledge securities when cash deposits exceeded FDIC coverage. State law LSA-R.S. 39:1225 requires that the depository pledge as security for deposits its own securities. The amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States. At December 31, 2003, cash in the amount of \$202 was unsecured.

We recommend the court request their local Bank One branch classify their accounts as public funds and request Bank One increase the amount of securities pledged for their accounts. We also recommend the court monitor pledged security reports on a monthly basis.

In management's Corrective Action Plan dated February 10, 2004, management stated that it would require the bank to pledge securities when necessary and that pledged security reports would be monitored monthly.

Corrective Action Plan for Current Year Audit Findings

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
Chalmette, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2003

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Compliance</u>				
02-1	Cash deposits in bank under-collateralized.	Bank will be required to pledge securities as necessary, and pledged security reports will be monitored	Eileen Tauzier	December 31, 2004

Note: This schedule has been prepared by the management of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

Summary Schedule of Prior Audit Findings

Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court
 Chalmette, Louisiana

Summary Schedule of Prior Year Audit Findings
 For the Year Ended December 31, 2003

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective		Plan Corrective Action -		Additional Explanation
			Action	Action	Partial Corrective Action Taken	Action Taken	
Compliance							
02-1	December 31, 1998	Cash deposits in bank under-collateralized	No		Bank will be required to pledge securities as necessary, and pledge security reports will be monitored		
Internal Control							
02-2	December 31, 2002	Unauthorized Telephone Use	Yes		Discontinued use of telephone		

Note: This schedule has been prepared by the management of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.