

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

**ANNUAL FINANCIAL REPORT  
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 2-2-05

The Second Judicial District Court  
 Parishes of Bienville, Claiborne and Jackson, Louisiana  
 Annual Financial Report  
 June 30, 2004

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Managements' Discussion and Analysis	-	1-3
Independent Auditor's Report	-	4-5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	A	8
Statement of Activities	B	9
Fund Financial Statements		
Governmental Funds:		
Balance Sheet-Governmental Funds	C	11
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	D	12-13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	E	14
Notes to Financial Statements	-	15-24
Other Required Supplementary Information		
Major Funds:		
Budgetary Comparison Schedule-General Fund	F-1	26-27
Budgetary Comparison Schedule-Probation Fund	F-2	28
Budgetary Comparison Schedule-IV-D	F-3	29
Nonmajor Funds:		
Budgetary Comparison Schedule-FINS	F-4	30

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Annual Financial Report  
June 30, 2004

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Other Reports		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	G	32-33

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of The Second Judicial District Court's (the District Court) annual financial report, the District Court's management is providing this narrative discussion and analysis of the financial activities of the District Court for the fiscal year ended June 30, 2004. The District Court's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The District Court adopted the provisions of the *Governmental Accounting Standards Board Statement No. 34* for the year beginning July 1, 2003. As this is the first year the District Court will be reporting under this new model, certain comparative information with the previous year, which by design included in this model, will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

**FINANCIAL HIGHLIGHTS**

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

Capital assets, net of accumulated depreciation	\$ 16,333
Unrestricted net assets which represent the portion available to maintain continuing obligations to citizens and creditors	\$720,611

**GOVERNMENTAL-WIDE FINANCIAL STATEMENTS**

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

**FUND FINANCIAL STATEMENTS**

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

OTHER INFORMATION

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

FINANCIAL ANALYSIS OF THE DISTRICT COURT AS A WHOLE

The District Court implemented the new financial reports for the year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District Court as a whole. The following provides a summary of the District Court's net assets:

## Summary of Net Assets

ASSETS:	
Cash & Cash Equivalents	\$724,893
Receivables	14,474
Other Assets	1,372
Capital Assets (net)	<u>16,333</u>
Total Assets	<u>\$757,072</u>
LIABILITIES:	
Accounts Payable	\$ 16,802
Accrued Expenses	<u>3,326</u>
Total Liabilities	<u>\$ 20,128</u>
NET ASSETS:	
Invested in Capital Assets	\$ 16,333
Unrestricted Net Assets	<u>720,611</u>
Total Net Assets	<u>\$736,944</u>

The District Court continues to maintain operations with no long-term debt. This is an indication of the District Court's ability to pay its obligations as they become due.

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

REVENUES:	
Fees, fines & Charges for Services	\$549,279
Operating and Capital Grants	28,000
Miscellaneous	<u>10,878</u>
Total Revenues	\$588,157
EXPENSES:	
Judicial	<u>573,809</u>
Changes in Net Assets	\$ 14,348
Beginning Net Assets	<u>722,596</u>
Ending Net Assets	<u>\$736,944</u>

BUDGETARY HIGHLIGHTS

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

CONTACTING THE DISTRICT COURT OFFICE

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

**Johnson, Thomas & Cunningham**  
**Certified Public Accountants**

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

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the governmental activities, major funds, and remaining fund information, which collectively comprise the basic financial statements, of The Second Judicial District Court, as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of The Second Judicial District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and remaining fund information of The Second Judicial District Court at June 30, 2004, and the changes in financial position, where applicable, of those activities and funds and the budgetary comparisons presented as Other Required Supplemental Information, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules presented therewith are not required parts of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 2 to the basic financial statements, The Second Judicial District Court adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*; Statement No. 37, *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, 2003. This results in a change in the format and content of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on The Second Judicial District Court’s basic financial statements. In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2004, on our consideration of The Second 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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA’s

December 27, 2004

Natchitoches, Louisiana



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**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Current Assets-	
Cash & Cash Equivalents	\$724,893
Receivables	14,474
Other Assets	<u>1,372</u>
Total Current Assets	\$740,739
Noncurrent Assets-	
Capital Assets (Net)	<u>16,333</u>
Total Assets	\$ <u>757,072</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ 16,802
Accrued Expenses	<u>3,326</u>
Total Liabilities	\$ <u>20,128</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets	\$ 16,333
Unrestricted	<u>720,611</u>
Total Net Assets	\$ <u>736,944</u>

See notes to financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Activities  
June 30, 2004

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Government Activities</u>
		<u>Fees, Fines Commissions, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Judicial	<u>\$573,809</u>	<u>\$549,279</u>	<u>\$28,000</u>	<u>\$ 3,470</u>
General Revenues:				
				\$ 10,784
				<u>94</u>
				<u>\$ 10,878</u>
				\$ 14,348
				<u>722,596</u>
				<u>\$736,944</u>

See notes to financial statements.

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FUND FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Balance Sheet-Governmental Funds  
June 30, 2004

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Probation Fund</u>	<u>IV-D Collection Fund</u>		
<b><u>ASSETS:</u></b>					
Cash & Cash Equivalents	\$479,290	\$175,124	\$14,805	\$55,674	\$ 724,893
Receivables	14,249	225	0	0	14,474
Other Assets	<u>1,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,372</u>
Total Assets	<u>\$494,911</u>	<u>\$175,349</u>	<u>\$14,805</u>	<u>\$55,674</u>	<u>\$ 740,739</u>
<b><u>LIABILITIES:</u></b>					
Accounts Payable	\$ 15,305	\$ 1,431	\$ 66	\$ 0	\$ 16,802
Accrued Expenses	<u>3,091</u>	<u>235</u>	<u>0</u>	<u>0</u>	<u>3,326</u>
Total Liabilities	<u>\$ 18,396</u>	<u>\$ 1,666</u>	<u>\$ 66</u>	<u>\$ 0</u>	<u>\$ 20,128</u>
<b><u>FUND BALANCE:</u></b>					
Unreserved	<u>\$476,515</u>	<u>\$173,683</u>	<u>\$14,739</u>	<u>\$55,674</u>	\$ 720,611
Total Liabilities and Fund Balances	<u>\$494,911</u>	<u>\$175,349</u>	<u>\$14,805</u>	<u>\$55,674</u>	

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

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

Capital Assets	162,562
Less, Accumulated Depreciation	<u>(146,229)</u>
Net Assets of Governmental Activities	<u>\$ 736,944</u>

See notes to financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
In Fund Balance-Governmental Funds  
June 30, 2004

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Fund	Probation Fund	Special Revenue IV-D Collection Fund		
<b>REVENUES:</b>					
Intergovernmental-					
State	\$ 15,921	\$ 0	\$ 0	\$28,000	\$ 43,921
Parish	90,662	0	0	0	90,662
Bonding Revenue	8,203	0	0	0	8,203
Civil Fees	46,892	0	0	0	46,892
Criminal Court Fees	190,137	99,450	98,014	0	387,601
Interest	8,440	1,840	162	342	10,784
Other	<u>94</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>94</u>
Total Revenues	<u>\$360,349</u>	<u>\$101,290</u>	<u>\$ 98,176</u>	<u>\$28,342</u>	<u>\$588,157</u>
<b>EXPENDITURES:</b>					
Judicial-					
Current-					
Auto	\$ 17,334	\$ 0	\$ 0	\$ 0	\$ 17,334
Books & Library	35,500	0	0	106	35,606
Conference & Seminars	22,972	0	0	200	23,172
Contracted Services, Personal Services, & Benefits	265,227	58,169	31,167	25,614	380,177
Dues & Subscriptions	1,573	0	33	100	1,706
Fees	8,542	0	952	0	9,494
Insurance	14,956	0	0	0	14,956
Legal & Accounting	9,173	0	0	0	9,173
Miscellaneous	562	102	0	0	664
Office Supplies	19,567	3,632	0	111	23,310
Rent	2,256	0	0	0	2,256
Repairs & Maintenance	5,054	0	0	75	5,129
Travel	29,124	0	826	1,052	31,002
Utilities & Telephone	15,087	1,758	0	595	17,440
Capital Outlay	<u>5,920</u>	<u>1,659</u>	<u>0</u>	<u>1,585</u>	<u>9,164</u>
Total Expenditures	<u>\$452,847</u>	<u>\$ 65,320</u>	<u>\$ 32,978</u>	<u>\$29,438</u>	<u>\$580,583</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (92,498)</u>	<u>\$ 35,970</u>	<u>\$ 65,198</u>	<u>\$ (1,096)</u>	<u>\$ 7,574</u>

Continued next page

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
In Fund Balance-Governmental Funds  
June 30, 2004

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Probation Fund</u>	<u>Special Revenue IV-D Collection Fund</u>		
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	\$ 80,000	\$ 0	\$ 0	\$ 0	\$ 80,000
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(80,000)</u>	<u>0</u>	<u>(80,000)</u>
Total Other Financing	\$ <u>80,000</u>	\$ <u>0</u>	\$ <u>(80,000)</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</i>					
	\$ (12,498)	\$ 35,970	\$ (14,802)	\$ (1,096)	\$ 7,574
Fund Balances-					
Beginning of Year	<u>489,013</u>	<u>137,713</u>	<u>29,541</u>	<u>56,770</u>	<u>713,037</u>
End of Year	<u>\$476,515</u>	<u>\$173,683</u>	<u>\$ 14,739</u>	<u>\$55,674</u>	<u>\$720,611</u>

See notes to financial statements.



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2004

Net Change in Fund Balance-Governmental Funds	\$ 7,574
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period are	9,164
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but they do not require the use of current financial resources and are not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(2,390)</u>
Net Change in Net Assets per Statement of Activities	<u>\$14,348</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

Introduction:

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

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, The Second Judicial District Court includes all funds that are within the oversight responsibility of the District Court. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the District Court is deemed to be a separate reporting entity. Certain units of local government over which the District Court exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Court.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

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

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The major funds of the District Court are described below:

Governmental Fund-

General Fund

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

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

Special Revenue Funds-

Probation Fund

Code of Criminal Procedure Article 894 A(1) stated that as of 1989, the Department of Probation and Parole would not supervise probation in misdemeanor cases. Article 894 A(1) authorized the court to place the defendant on probation with a "probation office" designated by the court upon such conditions as the court may fix. Additionally, Article 895 1(C) of the Code of Criminal Procedure provides for a monthly probation fee to be paid to the agency providing supervision. The Probation Fund was established as the designated "probation office". The Probation Fund accounts for the collection of the monthly probation fees and expenditures of maintaining the probation offices.

IV-D Collection Fund

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

D. Measurement Focus/Basis of Accounting-

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus-

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement is used as appropriate.

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting-

In the government-wide Statement of Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

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

Capital Assets-

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

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

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

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

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

Fixtures & Equipment	5-7 years
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Equity Classifications-

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

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budget-

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

G. Estimates-

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

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

2. Changes in Accounting Principles:

For the year ended June 30, 2004, the District Court has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the District 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.

The implementation of GASB No. 34 caused the opening fund balance at June 30, 2003, to be restated in terms of "net assets" as follows:

Total fund balance-Governmental Fund at June 30, 2003		\$713,038
Add: Cost of capital assets at June 30, 2003	\$ 153,398	
Less: Accumulated Depreciation at June 30, 2003	(143,840)	<u>9,558</u>
Net Assets at June 30, 2003		<u>\$722,596</u>

3. Cash and Cash Equivalents:

At June 30, 2004, the District Court had cash and cash equivalents totaling \$735,266. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the District Court. The deposits at June 30, 2004, were secured as follows:

Demand Deposits	\$ 306,018
Time Deposits	429,247
FDIC	(682,251)
Pledged Securities	<u>(53,015)</u>
Uninsured	\$ <u>0</u>

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



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

4. Compensated Absences:

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

5. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2004, is as follows:

<u>Activities</u>	<u>Balance 07-01-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-04</u>
Capital Assets Depreciated: Office Furniture, Fixtures & Equipment	<u>\$153,398</u>	<u>\$9,164</u>	<u>\$0</u>	<u>\$162,562</u>
Less, Accumulated Depreciation: Office Furniture, Fixtures & Equipment	<u>143,840</u>	<u>2,390</u>	<u>0</u>	<u>146,230</u>
Net Capital Assets	<u>\$ 9,558</u>	<u>\$6,774</u>	<u>\$0</u>	<u>\$ 16,332</u>

Depreciation expense of \$2,390 was charged to the Judicial function.

6. Receivables:

Receivables at June 30, 2004, consist of the following:

Intergovernmental revenues are collected by other agencies on behalf of District Court.

	<u>General Fund</u>	<u>Probation Fund</u>	<u>Total</u>
Probation Fees	\$ 0	\$225	\$ 225
State	9,497	0	9,497
Criminal Court Fees	4,708	0	4,708
Other	<u>44</u>	<u>0</u>	<u>44</u>
Total	<u>\$14,249</u>	<u>\$225</u>	<u>\$14,474</u>

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

7. Pension Plan:

Louisiana State Employees' Retirement System (LASERS)

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

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

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

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

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

*Funding Policy.* Plan members are required to contribute 7.5 percent of their annual covered salary and The Second Judicial District Court is required to contribute at an actuarially determined rate. The current rate is 14.1 percent of annual covered payroll. The contribution requirements of plan members and The Second Judicial District Court are established and may be amended by state statute. As provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Second Judicial District Court's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$37,281, \$29,555, and \$27,132, respectively, equal to the required contributions for each year.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2004

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

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

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

9. Litigation:

Management has advised that there is no litigation pending against The Second Judicial District Court at June 30, 2004.

10. Interfund Transfers:

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

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OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Civil Fees	\$ 48,000	\$ 48,000	\$ 46,892	\$ (1,108)
Criminal Court Fees	175,000	175,000	190,137	15,137
Bonding Revenue	10,000	10,000	8,203	(1,797)
Interest	10,000	10,000	8,440	(1,560)
Parish	85,000	85,000	90,662	5,662
State Reimbursement	0	0	15,921	15,921
Other	250	250	94	(156)
Total Revenues	<u>\$ 328,250</u>	<u>\$ 328,250</u>	<u>\$360,349</u>	<u>\$ 32,099</u>
<b>EXPENDITURES:</b>				
Advertising	\$ 200	\$ 200	\$ 422	\$ (222)
Association Dues	1,400	1,400	1,572	(172)
Auto Expenditures	18,000	18,000	17,334	666
Contracted Services	5,000	5,000	2,949	2,051
Continuing Education	0	0	1,513	(1,513)
Court Costs	125	125	0	125
Court Reporters	15,000	15,000	8,542	6,458
Court Reporters-Capital Outlay	0	0	2,632	(2,632)
Court Reporters-Supplies	3,500	3,500	140	3,360
Insurance	18,000	18,000	14,956	3,044
Judicial Per Diem	0	0	6,475	(6,475)
Legal & Accounting	14,000	14,000	9,172	4,828
Periodicals & Library	27,500	27,500	35,500	(8,000)
Office Supplies	15,000	15,000	12,898	2,102
Miscellaneous	500	500	0	500
Payroll Taxes	2,000	2,000	1,728	272
Rent	2,500	2,500	2,256	244
Repair & Maintenance	13,500	13,500	5,054	8,446
Retirement	30,000	30,000	37,281	(7,281)
Salaries	220,000	220,000	223,269	(3,269)
Seminars/Conventions	30,000	30,000	21,459	8,541
Supplies	5,000	5,000	6,670	(1,670)
Travel	22,000	22,000	22,649	(649)
Taxes & Licenses	600	600	0	600
Utilities & Telephone	18,000	18,000	15,087	2,913
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>3,288</u>	<u>46,712</u>
Total Expenditures	<u>\$ 511,825</u>	<u>\$ 511,825</u>	<u>\$452,846</u>	<u>\$ 58,979</u>

Continued next page

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

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues over Expenditures	\$(183,575)	\$(183,575)	\$ (92,497)	\$ 91,078
OTHER FINANCING SOURCES (USES):				
Transfers from IV-D	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>	<u>(20,000)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ <u>(83,575)</u>	\$ <u>(83,575)</u>	\$ <u>(12,497)</u>	\$ <u>(71,078)</u>

See notes to financial statements.

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

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Fees, Charges, and Commissions for Services	\$101,000	\$101,000	\$ 99,450	\$(1,550)
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,840</u>	<u>840</u>
Total Revenues	\$102,000	\$102,000	\$101,290	\$ (710)
EXPENDITURES:				
Judicial	<u>61,950</u>	<u>61,950</u>	<u>65,320</u>	<u>(3,370)</u>
Excess of Revenues over Expenditures	\$ <u>40,050</u>	\$ <u>40,050</u>	\$ <u>35,970</u>	\$ <u>(4,080)</u>

See notes to financial statements.

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

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Fees, Commissions, & Charges for Services	\$126,500	\$ 95,000	\$ 98,014	\$ 3,014
Interest	<u>250</u>	<u>150</u>	<u>162</u>	<u>12</u>
Total Revenues	<u>\$126,750</u>	<u>\$ 95,150</u>	<u>\$ 98,176</u>	<u>\$ 3,026</u>
<b>EXPENDITURES:</b>				
Judicial	\$ 38,300	\$ 38,300	\$ 32,978	\$ 5,322
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Expenditures	<u>\$ 38,800</u>	<u>\$ 38,800</u>	<u>\$ 32,978</u>	<u>\$ 5,822</u>
Excess of Revenues over Expenditures	\$ 87,950	\$ 56,350	\$ 65,198	\$ 8,848
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to General Fund	<u>(84,000)</u>	<u>(84,000)</u>	<u>(80,000)</u>	<u>4,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>\$ 3,950</u>	<u>\$(27,650)</u>	<u>\$(14,802)</u>	<u>\$12,848</u>

See notes to financial statements.



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

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$28,000	\$28,000	\$28,000	\$ 0
Interest	<u>500</u>	<u>500</u>	<u>342</u>	(158)
Total Revenues	<u>\$28,500</u>	<u>\$28,500</u>	<u>\$28,342</u>	<u>\$(158)</u>
EXPENDITURES:				
Judicial	\$28,831	\$28,831	\$27,853	\$ 978
Capital Outlay	<u>1,250</u>	<u>1,250</u>	<u>1,585</u>	(335)
Total Expenditures	<u>\$30,081</u>	<u>\$30,081</u>	<u>\$29,438</u>	<u>\$ 643</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,581)</u>	<u>\$ (1,581)</u>	<u>\$ (1,096)</u>	<u>\$ 485</u>

See notes to financial statements.

**OTHER REPORTS**

**Johnson, Thomas & Cunningham**  
Certified Public Accountants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of The Second Judicial District Court of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 27, 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, and the *Louisiana Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether The Second Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Second Judicial District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our 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 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 the Legislative Auditor of the State of Louisiana and management of The Second Judicial District Court and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

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

December 27, 2004  
Natchitoches, Louisiana