

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2012

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 SEP 18 2013

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 1 – 7 and 27 – 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2013 on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Parish Juvenile Court's internal control over financial reporting and compliance.


May 20, 2013



Kathleen Stewart Richey
Judge Division A

Pamela Taylor Johnson
Judge Division B

JUVENILE COURT

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Donna T. Carter
Judicial Administrator

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Deputy Judicial Administrator

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Baton Rouge Parish Juvenile Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2012. Please read it in conjunction with the Court's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The Court's total net assets decreased by \$33,000 or 13 percent
- During the year, Court expenses exceeded Court revenues of \$1,275,100 generated for governmental operations by approximately \$33,000. Last year Court expenses exceeded Court revenues by approximately \$151,400.
- The total cost of overall Court operations decreased by \$112,200 or 8 percent.
- The general fund reported expenses exceeding revenues this year by \$31,000. Last year expenses exceeded revenues by \$170,200
- The resources available for appropriation were approximately \$1,300 more than amounts originally budgeted for the general fund. Expenditures were less than original budgetary limits by approximately \$46,700.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Court as a whole and present a longer-term view of the Court's finances. Fund financial statements (on pages 11 – 14) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements.

Reporting the Court as a Whole

Our analysis of the Court as a whole begins on page 9. One of the most important questions asked about the Court's finances is, "Is the Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Court as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net assets and changes in them. You can think of the Court's net assets—the difference between assets and liabilities—as one way to measure the Court's financial health, or financial position. Over time, increases or decreases in the Court's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by Juvenile Court as well as the State's economic condition to assess the overall health of the Court.

Currently, the Court has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of Juvenile Court.

Reporting the Court's Funds

Our analysis of the Court's funds begins on page 11. The fund financial statements provide detailed information about the Court's funds—not the Court as a whole. All amounts received through the Victims of Juvenile Crime Compensation Fund are reported in a separate special revenue fund, while the fees for court costs and other revenues that finance activities of Juvenile Court are reported in the General Fund. These are governmental funds that focus on how money flows into and out of a fund and the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the Court's operations. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

The Court's total net assets decreased by \$33,000 from \$258,400 in 2011 to \$225,500 in 2012. Last year net assets decreased by \$151,400.

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Court's governmental activities.

For the year ended December 31, 2012, net assets changed as follows:

Table 1
Net Assets

	2012	2011	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$431,900	\$ 428,745	\$ 3,155	1 %
Capital assets	5,473	10,229	(4,756)	(46) %
Total assets	<u>437,373</u>	<u>438,974</u>	<u>(1,601)</u>	- %
Current liabilities	40,862	7,115	33,747	474 %
Noncurrent liabilities	171,054	173,431	(2,377)	(1) %
Total liabilities	<u>211,916</u>	<u>180,546</u>	<u>31,370</u>	17 %
Net assets				
Invested in capital assets	5,473	10,229	(4,756)	(46) %
Restricted	74,639	74,737	(98)	- %
Unrestricted	145,345	173,462	(28,117)	(16) %
Total net assets	<u>\$225,457</u>	<u>\$ 258,428</u>	<u>\$ (32,971)</u>	(13) %

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions – decreased by \$28,100 to \$145,300 at the end of the year

The Court's expenses in 2012 were approximately 8 percent less than 2011 because no more Non-Support Program salaries were paid by the Court after March 31, 2011 and expenses for the Court's Drug Court Program ceased after June 30, 2011 following the termination of the program

Since the closure of the Court's Non-Support Program and Drug Court Program in 2011, 95 percent of the Court's revenues are from City-Parish appropriated funds for Court operations. The other 5 percent of the Court's revenues are from the Louisiana Supreme Court for programmatic services for the *Families in Need of Services Assistance Program (FINSAP)*, interest income, and a minimal appropriation from the Court's Judicial Expense Fund for the salary and employer taxes for a judicial staff employee.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

**Table 2
Changes in Net Assets**

	2012	2011	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 2,600	\$ 3,285	\$ (685)	(21) %
Intergovernmental	1,270,523	1,260,989	9,534	1 %
Charges for services	-	-	-	- %
Investment earnings	1,182	4,531	(3,349)	(74) %
Other	844	127	717	- %
Total revenues	1,275,149	1,268,932	6,217	- %
Program expenses				
Juvenile Court				
Court operations	1,241,156	1,251,361	(10,205)	(1) %
Non-support program	2,574	79,088	(76,514)	(97) %
FINSAP	61,971	61,971	-	- %
Drug Court	-	26,132	(26,132)	- %
Reparations to crime victims	2,419	1,798	621	35 %
Total expenses	1,308,120	1,420,350	(112,230)	(8) %
Increase (decrease) in net assets	\$ (32,971)	\$ (151,418)	\$ 118,447	(78) %

THE COURT'S FUNDS

As the Court completed the year, its general fund (as presented in the balance sheet on page 11) reported a fund balance of \$313,400, which is \$31,000 less than last year's total of \$344,400.

The following schedule presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2012, and the amount and percentage of increases and decreases in relation to the prior year

**Table 3
General Fund Revenues and Expenditures**

	2012		2011	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
Intergovernmental	\$ 1,270,522	100 %	\$ 1,260,989	99 %
Investment earnings	961	-	7,719	1
Other	844	-	127	-
Total revenues	<u>1,272,327</u>	<u>100</u>	<u>1,268,835</u>	<u>100</u>
Expenditures				
Juvenile Court				
Court operations	1,238,776	97	1,245,636	98
Non-support program	2,574	-	105,339	8
FINSAP	61,971	5	61,971	5
Drug court	-	-	26,132	2
	<u>1,303,321</u>	<u>102</u>	<u>1,439,078</u>	<u>113</u>
Capital outlay	-	-	-	-
Total expenditures	<u>1,303,321</u>	<u>102</u>	<u>1,439,078</u>	<u>113</u>
Deficiency of revenues over expenditures	<u>\$ (30,994)</u>	<u>(2) %</u>	<u>\$ (170,243)</u>	<u>(13) %</u>

Juvenile Court expenditures decreased overall by approximately \$135,800 or 9 percent primarily due to loss of the Non-Support Program and the Drug Court Program.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. There were no notable changes in revenues during the year when comparing original budgeted revenues to the amended budget and to actual revenues at year end.

Juvenile Court expenses for the year were substantially less than initially projected for personal services and benefits due to various unanticipated personnel changes, i.e., an employee retired almost a full year earlier than planned and was not replaced, another employee unexpectedly entered into the *City-Parish's Deferred Retirement Option Plan (D.R.O.P)* at mid-year; and another employee was on unpaid medical leave for over three (3) months. All of the aforementioned occurrences had a major effect on the amount of funds needed from Juvenile Court funds to supplement personal services and benefits in the Court's *2012 City-Parish Budget*. Essentially, because less funds were needed than projected in *Court's 2012 City-Parish Budget* for personal services and benefits, some of these expenses initially budgeted for payment from the Court's general fund were funded by the City-Parish.

Actual Juvenile Court expenses were \$46,700 less than initially budgeted for the above-stated reasons.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2012, the Court had \$308,500 invested in capital assets including computer equipment (See Table 4 below.) This represents a decrease in computer equipment in the amount of \$3,075 for the end of the year 2012

Table 4
Capital Assets at Year-end

	<u>2012</u>	<u>2011</u>
Computer equipment, including software	\$ 268,361	\$ 271,436
Other office equipment	27,617	27,617
Furniture and fixtures	12,518	12,518
Totals	<u>\$ 308,496</u>	<u>\$ 311,571</u>

Debt

At year-end, December 31, 2012, the Court had a total of \$171,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by Juvenile Court employees. That is a 1 percent decrease from 2011 as shown in the following table:

Table 5
Outstanding Debt at Year-end

	<u>2012</u>	<u>2011</u>
Accrued compensated absences	<u>\$ 171,054</u>	<u>\$ 173,431</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2012, the Juvenile Court continued to maintain *employee salaries and benefits* at the same level as 2011 from surplus funds left over from the Court's now defunct Non-Support Program. The Court's general fund balance which is primarily made up of the Non-Support Program surplus funds is steadily decreasing with each passing year as the Court becomes increasingly dependent on the Court's *City-Parish Annual Operating Budget* for all funding with the exception of approximately \$50,000 annually generated by the Court's *Judicial Expense Fund* from Clerk of Court filing fees, traffic fines; delinquency court costs; and bail bond revenues. *Judicial Expense Fund* revenues are used to supplement the Court's City-Parish funding for supplies and contractual services.

The Court's 2013 *City-Parish Annual Operating Budget* appropriation provided an overall increase of 99 percent over 2012 which included an additional \$40,610 for *employee salaries*, \$5,000 for

supplies, and \$13,190 for *contractual services*. Funds appropriated by the City-Parish in 2013 for *employee benefits* were 46,890 less than 2012. No funds were appropriated for capital outlay in 2013.

CONTACTING THE COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Court's finances and to show the Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 8333 Veterans Memorial Boulevard, Baton Rouge, Louisiana.



Donna T. Carter
Judicial Administrator

BASIC FINANCIAL STATEMENTS

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF NET POSITION**

December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 398,863
Accounts receivable	81
Receivable from other governments	29,956
Prepaid expense	<u>3,000</u>
Total current assets	431,900
Noncurrent assets:	
Capital assets, net of depreciation	<u>5,473</u>
Total assets	<u>\$ 437,373</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,495
Salaries and payroll taxes payable	29,934
Accrued salaries	<u>6,433</u>
Total current liabilities	40,862
Noncurrent liabilities:	
Accrued compensated absences	<u>171,054</u>
Total liabilities	<u>\$ 211,916</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ 5,473
Restricted for	
Reparations to crime victims	74,639
Unrestricted	<u>145,345</u>
Total net position	<u>\$ 225,457</u>

See accompanying notes to the basic financial statements

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES**

Year ended December 31, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions/Programs					
Governmental activities					
Juvenile Court					
Court operations	\$ 1,241,156	\$ -	\$ -	\$ -	\$ (1,241,156)
Non-support program	2,574	-	-	-	(2,574)
FINSAP program	61,971	-	61,971	-	-
Reparations to crime victims	<u>2,419</u>	<u>2,600</u>	-	-	<u>181</u>
Total governmental activities	<u>\$ 1,308,120</u>	<u>\$ 2,600</u>	<u>\$ 61,971</u>	<u>\$ -</u>	<u>\$ (1,243,549)</u>
General revenues.					
Intergovernmental					1,208,552
Interest					1,182
Other					<u>844</u>
Total general revenues					<u>1,210,578</u>
Change in net assets					(32,971)
Net assets - beginning of year					<u>258,428</u>
Net assets - end of year					<u>\$ 225,457</u>

See accompanying notes to the basic financial statements

EAST BATON ROUGE PARISH JUVENILE COURT
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2012

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 324,324	\$ 74,539	\$ 398,863
Accounts receivable	81	-	81
Due from other governments	29,956	-	29,956
Due from other funds	-	100	100
Total assets and other debits	<u>\$ 354,361</u>	<u>\$ 74,639</u>	<u>\$ 429,000</u>
LIABILITIES			
Salaries and payroll taxes payable	\$ 29,934	\$ -	\$ 29,934
Due to other governments	4,495	-	4,495
Due to other funds	100	-	100
Accrued salaries	6,433	-	6,433
Total liabilities	<u>40,962</u>	<u>-</u>	<u>40,962</u>
FUND BALANCES			
Reserved for			
Reparations to crime victims	-	74,639	74,639
Unassigned	313,399	-	313,399
Total fund balances	<u>313,399</u>	<u>74,639</u>	<u>388,038</u>
Total liabilities and fund balances	<u>\$ 354,361</u>	<u>\$ 74,639</u>	<u>\$ 429,000</u>

See accompanying notes to the basic financial statements

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Total governmental fund balances	\$ 388,038
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 fund	5,473
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period	3,000
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds	<u>(171,054)</u>
Net assets of governmental activities	<u>\$ 225,457</u>

See accompanying notes to the basic financial statements

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2012

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
REVENUES			
Fees and fines	\$ -	\$ 2,600	\$ 2,600
Intergovernmental	1,270,522	-	1,270,522
Interest	961	221	1,182
Other	844	-	844
Total revenues	<u>1,272,327</u>	<u>2,821</u>	<u>1,275,148</u>
EXPENDITURES			
Current operations			
Juvenile Court			
Court operations	1,238,776	-	1,238,776
Non-support program	2,574	-	2,574
FINSAP program	61,971	-	61,971
Drug court program	-	-	-
Reparations to crime victims	-	2,419	2,419
Capital expenditures	-	-	-
Total expenditures	<u>1,303,321</u>	<u>2,419</u>	<u>1,305,740</u>
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	(30,994)	402	(30,592)
Fund balances - beginning of year	<u>344,393</u>	<u>74,237</u>	<u>418,630</u>
Fund balances - end of year	<u>\$ 313,399</u>	<u>\$ 74,639</u>	<u>\$ 388,038</u>

See accompanying notes to the basic financial statements

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances - total governmental funds	\$	(30,592)
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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period		(4,756)
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period		3,000
Some expenditures reported in the funds in a prior period are reported in governmental activities in the current period		(3,000)
Expenditures for compensated absences reported in the funds for the current year were expensed in the governmental activities of a previous period		<u>2,377</u>
Change in net assets of governmental activities	\$	<u>(32,971)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND
December 31, 2012

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 96,510
Total assets and other debits	<u>\$ 96,510</u>
LIABILITIES	
Accounts payable	\$ 75
Bail bond deposits	94,055
Due to JEF	<u>2,380</u>
Total liabilities	<u>\$ 96,510</u>

See accompanying notes to the basic financial statements

EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2012

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The East Baton Rouge Parish Juvenile Court (Court) complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Financial reporting entity

The East Baton Rouge Parish Juvenile Court was established by a 1990 legislative act and is provided for under Louisiana Revised Statutes Sections 13:1621 through 13.1630. The Juvenile Court has jurisdiction regarding the interest of children alleged to be delinquent, abandoned, neglected, or otherwise in need of supervision or care.

The Court also carries on certain ancillary activities including those related to the maintenance of a victim of juvenile crime compensation fund under RS 13 1561 and the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children's Code.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists

The Court is part of the operations of the juvenile court system that is fiscally dependent on the City-Parish. The City-Parish provides the facilities for court operations and appropriates funds for personal services, and other supplies and services in its annual budget. The nature of the relationship between the Court and the City-Parish is significant. Therefore, the Court was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying financial statements present information only on the East Baton Rouge Parish Juvenile Court as noted below and do not present any other information on the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

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

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

The Court uses the governmental and fiduciary fund types. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The fiduciary fund type is custodial in nature and does not involve the measurement of results of operations.

The funds of the Court are described below:

Governmental funds

General fund – The General fund is the primary operating fund of the Court. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue fund – The Special Revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Fiduciary fund

Agency fund – The Agency fund accounts for assets held by the Court in a purely custodial capacity.

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial statement amounts

Cash and cash equivalents – “Cash and cash equivalents” includes all demand deposits, money market accounts, and certificates of deposit held by the Court.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note I.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All amounts are deemed collectible in full and no allowance for uncollectible accounts receivable has been recorded.

Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital assets

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

Computer equipment, including software	3 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Court and do not reflect assets obtained from other sources.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Substantially all government fund revenues are accrued. Those revenues include amounts due under grant contracts, as well as fees earned and interest revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

Annual vacation leave accrues on a scale related to an employee's length of service. Annual leave may accumulate up to the number of days that can be earned during the five most recent years of employment limited to a maximum total accumulation of one hundred twenty (120) days. Annual leave is payable for actual vacation days and accumulations are payable upon termination, retirement or death.

Certain employees may accrue compensatory time in lieu of overtime payment for up to thirty (30) days. The compensatory leave is payable upon termination, retirement or death.

Sick leave accrues on the same basis as does annual vacation leave and may accumulate without limit. However, sick leave is payable only upon absence from work for designated medical reasons. Accumulated sick leave is not payable upon termination, retirement or death.

In accordance with GASB Statement No. 16, which requires the accrual for vacation leave and compensatory time to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement, the Court has recorded a liability as of December 31, 2012 for 100% of the accrued vacation for each employee up to a maximum of 120 days and accrued compensatory time up to a maximum of 30 days at the employee's current rate of pay. Additionally, applicable percentages of social security and Medicare taxes have been added to the above accruals.

GASB Statement No. 16 requires the accrual for accumulated sick leave only if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since payments are not made for accumulated sick leave in any case, no amount has been accrued.

The amounts shown for fiscal year 2012 in the accompanying financial statements for accrued compensated absences represent a liability of the Court for all its employees except the judges and hearing officer because such compensation in excess of the City-Parish annual budget allowance would be paid out of Court funds. Management has determined that payments for accrued compensated absences will likely be paid from future years' resources. Since this amount will not be paid from current funds, it is maintained separately and represents a reconciling item between the fund and government-wide presentations.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates 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 and expenditures during the reporting period. Actual results could differ from those estimates.

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned. The Judicial Expense Fund does not have a deposit policy for custodial credit risk

At December 31, 2012, the Court had demand deposits (book balances) as follows:

Interest bearing demand deposits	398,863
Other demand deposits	<u>96,510</u>
	<u>\$ 495,373</u>

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, Juvenile Court has \$482,147 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$571,381 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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 court that the fiscal agent has failed to pay deposited funds upon demand.

C: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due to the general fund at December 31, 2012, are as follows.

City of Baton Rouge-Parish of East Baton Rouge \$ 29,956

D: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, is as follows:

	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Computer equipment, including software	\$ 271,436	\$ -	\$ 3,075	\$ 268,361
Other office equipment	27,617	-	-	27,617
Furniture and fixtures	12,518	-	-	12,518
Totals at historical cost	<u>311,571</u>	<u>-</u>	<u>3,075</u>	<u>308,496</u>
	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Less accumulated depreciation				
Computer equipment, including software	265,403	3,153	3,075	265,481
Other office equipment	25,541	1,231	-	26,772
Furniture and fixtures	10,398	372	-	10,770
Totals at historical cost	<u>301,342</u>	<u>4,756</u>	<u>3,075</u>	<u>303,023</u>
Capital assets, net	<u>\$ 10,229</u>	<u>\$ (4,756)</u>	<u>\$ -</u>	<u>\$ 5,473</u>

Depreciation expense of \$4,756 was charged to governmental activities for Juvenile Court – Court operations

E: LONG-TERM DEBT

As of December 31, 2012, the governmental long-term debt consisted of the following:

Accrued compensated absences – noncurrent portion \$ 171,054

The following is a summary of changes in long-term debt for the year ended December 31, 2012:

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012	Amounts Due within One Year
Accrued Compensated Absences	\$ 173,431	\$ -	\$ 2,377	\$ 171,054	\$ -

F: SALARY EXPENDITURES

The Court administers the payroll for all Juvenile Court employees excluding the judges. The City-Parish and the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund reimburses the Court for those salaries disbursed by the court but appropriated in their respective budgets.

G: PENSION PLANS

Plan Description

The East Baton Rouge Parish Juvenile Court contributes to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge (the System) for all full time Juvenile Court employees. The System is a defined-benefit, cost sharing, multiple employer pension plan that provides retirement benefits for all full-time City-Parish employees and various related agencies and entities and is controlled and governed by a separate board of trustees. The System provides full retirement benefits for all covered employees with 25 years of service, regardless of age and minimum eligibility benefits at age 55 with 10 years of service, or 20 years of service regardless of age. The City-Parish Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge, P. O. Box 1471, Baton Rouge, LA 70821.

Funding Policy

Plan members are required to contribute 9.5% of their annual covered salary and the Juvenile Court is required to contribute at an actuarially determined rate. The rate at December 31, 2012, was 23.15% of annual covered payroll. The contribution requirements of plan members and the Juvenile Court are established and may be amended by the System Board of Trustees. The Juvenile Court's contributions to the System for the years ending December 31, 2012, 2011, and 2010 were \$ 82,765, \$152,034, and \$191,294 respectively, equal to the required contributions for each year.

H: OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note G, the City-Parish provides post retirement health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

Health and dental benefits

Employees may at their option participate in the group health and dental insurance programs. Upon retirement the employee may continue coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

Employees and retirees contribute from 25% to 48% of the premiums and the City-Parish contributes from 52% to 75% of the premiums depending upon the number of family members covered. Effective January 1, 2003, the current costs of these premiums were allocated over all employers and funds that participate in the health and dental insurance programs.

Except as noted below, the Court does not recognize the costs for the employer portion of these benefits since they are provided by the City-Parish.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976, have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Court does not recognize any costs associated with these life insurance benefits since they are provided by the City-Parish.

Annual OPEB Cost and Net OPEB Obligation

The portion of the East Baton Rouge City-Parish annual OPEB cost attributable to the Court was calculated based upon the annual required contribution (ARC) as actuarially determined under the applicable provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated for the City-Parish by an outside actuarial consultant.

For the year ended December 31, 2012, the Court's allocated portion of the ARC and annual OPEB cost amounted to \$317,663 and the net OPEB obligation at that date was \$1,518,895.

As noted above, these benefits are provided by and are the obligation of East Baton Rouge City-Parish. Therefore, the Judicial Expense Fund does not recognize the annual OPEB costs related to these benefits or the associated OPEB obligation since the annual OPEB cost and the OPEB obligation are included in the financial statements of the City-Parish government.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

However, as the City-Parish funds its OPEB obligation, the Court is assessed for a portion of this funding as it relates to Court employees.

During 2012, the City-Parish assessment for such postretirement health and dental benefits charged to Court operations amounted to \$131,605.

I: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at December 31, 2012:

	<u>Due From</u>	<u>Due To</u>
General fund		
Victims of Juvenile Crime Compensation fund	\$ -	\$ 100
Victims of Juvenile Crime Compensation fund		
General fund	100	-
	<u>\$ 100</u>	<u>\$ 100</u>

J: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

K: OTHER EXPENDITURES OF THE JUVENILE COURT

Certain operating expenditures of the juvenile court are paid directly or reimbursed by the City-Parish and the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund. The expenditures for the operation of the Juvenile Court paid by these entities for the year ended December 31, 2012, are summarized as follows

	<u>City-Parish</u>	<u>Judicial Expense Fund</u>
Personal services	\$ 748,166	\$ 8,400
Group benefits	324,330	643
Supplies	47,985	-
Contractual services	79,028	-
	<u>\$ 1,199,509</u>	<u>\$ 9,043</u>

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through May 20, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Year ended December 31, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2011 as previously reported	\$ 347,421	\$ 344,393	\$ 344,393	\$ -
Resources (inflows)				
Intergovernmental				
Families in Need of Services Assistance Program				
	61,970	61,970	61,971	1
Miscellaneous revenue	-	-	844	844
Interest	500	960	961	1
Amounts available for appropriation	62,470	62,930	63,776	846
Charges to appropriations (outflows)				
Current				
Juvenile Court:				
Personal services.				
Salaries	75,500	23,750	781,749	757,999
Less intergovernmental reimbursements	-	-	(754,957)	(754,957)
Net personal services	75,500	23,750	26,792	(3,042)
Group benefits				
Payroll taxes	-	-	14,471	14,471
Retirement	-	-	82,765	82,765
Post-Employment benefit	-	-	131,605	131,605
Insurance	-	-	96,131	96,131
Less intergovernmental reimbursements	-	-	(324,972)	(324,972)
Net group benefits	-	-	-	-
Supplies				
Office supplies	-	-	47,985	47,985
Less intergovernmental reimbursements	-	-	(47,985)	(47,985)
Net supplies	-	-	-	-
Contract services				
Bank service charge	-	-	362	362
Auditing & accounting	4,000	4,000	5,700	1,700
Other professional fees	-	-	14,335	14,335
Telephone and communication	-	-	12,850	12,850
Other contractual services	-	-	50,823	50,823
Less intergovernmental reimbursements	-	-	(79,028)	(79,028)
Net contract services	4,000	4,000	5,042	(1,042)

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Non-support program				
Personal services				
Severance	-	-	2,208	-
Less intergovernmental reimbursements	-	-	(1,609)	-
Net personal services			599	(599)
Group benefits				
Payroll taxes	-	-	366	(366)
FINSAP program				
Contractual services				
Programmatic services	61,970	61,970	61,971	(1)
Total current	141,470	89,720	94,770	(5,050)
Capital outlay.				
Computer equipment	-	-	-	-
Total capital outlay	-	-	-	-
Total charges to appropriations	141,470	89,720	94,770	(5,050)
Budgetary fund balance - December 31, 2012	\$ 268,421	\$ 317,603	\$ 313,399	\$ (4,204)

See accompanying notes to budgetary comparison schedules

**EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
VICTIMS OF JUVENILE CRIMES COMPENSATION FUND**

Year ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - December 31, 2011	\$ 73,348	\$ 74,237	\$ 74,237	\$ -
Resources (inflows)				
Juvenile traffic/crime fines	2,800	2,700	2,600	(100)
Interest	<u>200</u>	<u>220</u>	<u>221</u>	<u>1</u>
Amounts available for appropriation	<u>3,000</u>	<u>2,920</u>	<u>2,821</u>	<u>(99)</u>
Charges to appropriations (outflows)				
Reparations to crime victims	<u>3,000</u>	<u>2,920</u>	<u>2,419</u>	<u>501</u>
Total charges to appropriations	<u>3,000</u>	<u>2,920</u>	<u>2,419</u>	<u>501</u>
Budgetary fund balance - December 31, 2012	<u>\$ 73,348</u>	<u>\$ 74,237</u>	<u>\$ 74,639</u>	<u>\$ 402</u>

See accompanying notes to budgetary comparison schedules.

**EAST BATON ROUGE PARISH JUVENILE COURT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

December 31, 2012

Budgetary accounting and control

Budget law

The Court prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

- (1) An operating budget is prepared for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The general and special revenue funds' budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

Budgetary accounting

The annual operating budgets of the general and special revenue funds are prepared and presented on the modified accrual basis of accounting.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Juvenile Court's basic financial statements and have issued our report thereon dated May 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Baton Rouge Parish Juvenile Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the East Baton Rouge Parish Juvenile Court's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2006-1 and 2006-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Baton Rouge Parish Juvenile Court's Response to Findings

East Baton Rouge Parish Juvenile Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses and the corrective action plan. East Baton Rouge Parish Juvenile Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


May 20, 2013

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unqualified opinion on the financial statements of the East Baton Rouge Parish Juvenile Court
2. Two significant deficiencies in the internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the East Baton Rouge Parish Juvenile Court were disclosed during the audit
4. Not applicable
5. Not applicable.
6. Not applicable
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable

B: FINDINGS – FINANCIAL STATEMENT AUDIT

- 2006-1 As part of the audit process, we have always assisted management in drafting the financial statements and related notes as part of our year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined above.

B: FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, they have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles, they provide all of the information to be included in the financial statements and they understand the financial statements presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

- 2006-2 Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Organization routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. We realize the cash basis method of accounting is easy to administer and understand. We also understand that the procedures and effort required to maintain your books on the generally accepted basis of accounting throughout the year can be time-consuming. Thus, we acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with our assistance.

Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for their monitoring purposes.

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2012

2006-1 Internal Control over Financial Reporting

Repeated in current year findings

2006-2 Adjusting from Cash Basis to Accrual Basis

Repeated in current year findings



JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

TELEPHONE (225) 354-1250
FAX (225) 357-7876

Kathleen Stewart Richey
Judge Division A

Pamela Taylor Johnson
Judge, Division B

Donna T. Carter
Judicial Administrator

Darlene Kaufman
Deputy Judicial Administrator

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2012.

Name and address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2012

The findings for the *2012 Schedule of Findings and Responses* are discussed below. The findings are numbered consistently with the number assigned to the schedule.

2006-1.

Condition. As part of the audit process, the auditor's have always assisted management in drafting the financial statements and related notes as part of their year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because the auditor's involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined.

Action Taken: Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, we have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles, we provide all of the information to be included in the financial statements and we understand the financial statement presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

2006-2

Condition: Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Organization routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. The cash basis method of accounting is easy to administer and understand.

Also the procedures and effort required to maintain the books on the generally accepted basis of accounting throughout the year can be time-consuming. Thus, the auditor's acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with their assistance.

Action Taken: Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end, the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for monitoring purposes.

If there are any questions regarding this plan, please call me at 225-354-1215.

Sincerely yours,

A handwritten signature in cursive script that reads "Donna T. Carter".

Donna T. Carter
Judicial Administrator