

***Financial Report***

***Lafourche Parish Juvenile Justice Commission***

***Thibodaux, Louisiana***

***For the year ended June 30, 2011***

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 JAN 25 2012

***Financial Report***

***Lafourche Parish Juvenile Justice Commission***

***Thibodaux, Louisiana***

***For the year ended June 30, 2011***

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For the year ended June 30, 2011

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**PRINCIPAL OFFICIALS**

**Lafourche Parish Juvenile Justice Commission**

June 30, 2011

**COMMISSION MEMBERS**

**OFFICE**

Ray Bernard

Cherie Bright

Marian Fleming

Lloyd J. Guidry, Sr.

President

Craig Stanga

Secretary/Treasurer

Damon Stentz

Marion Terry

**FINANCIAL SECTION**



**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Lafourche Parish Juvenile Justice Commission,  
Thibodaux, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Lafourche Parish Juvenile Justice Commission, State of Louisiana (the Commission), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Lafourche Parish Juvenile Justice Commission as of June 30, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2011 on our consideration of the Lafourche Parish Juvenile Justice Commission's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
August 30, 2011.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Lafourche Parish Juvenile Justice Commission**

The Management's Discussion and Analysis of the Lafourche Parish Juvenile Justice Commission's (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Commission's assets exceeded its liabilities at the close of fiscal year 2011 by \$2,132,913 (net assets), which represents a 0.39% increase from last fiscal year.

The Commission's revenue increased \$183,067 (or 5.98%) primarily due to the increase of ad valorem taxes received.

The Commission's expenses increased \$291,794 (or 9.91%) primarily as a result of the net effect of increases in health insurance costs, operating services costs, and overtime costs for line staff due to a shortage of staff.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's financial statements consist of three parts: (1) management's discussion and analysis (this section) (2) basic financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Commission:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The statement of activities presents information showing how the Commission's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in

cash flows in future fiscal periods. The governmental activity of the Commission is public safety which is comprised of various programs that include two Group Home Units which serve as a long-term treatment program for abused and neglected youths and a Detention Unit which provides secure custody ordered by the courts for troubled youth.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission maintains one type of fund, governmental.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 8-12 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. As of June 30, 2011, assets exceeded liabilities by \$2,132,913. A large portion of the Commission's net assets (63.60%) reflects its investment in capital assets (construction in progress; buildings, furniture, fixtures and equipment). Consequently, these assets are not available for future spending.

### Condensed Statements of Net Assets

	June 30		Dollar Change
	2011	2010	
Current and other assets	\$ 2,162,148	\$ 1,950,724	\$ 211,424
Capital assets	1,356,557	1,418,612	(62,055)
Total assets	<u>3,518,705</u>	<u>3,369,336</u>	<u>149,369</u>
Current liabilities	1,274,021	1,143,013	131,008
Long-term liabilities	111,771	101,615	10,156
Total liabilities	<u>1,385,792</u>	<u>1,244,628</u>	<u>141,164</u>
Net Assets:			
Invested in capital assets	1,356,557	1,418,612	(62,055)
Unrestricted	776,356	706,096	70,260
Total net assets	<u>\$ 2,132,913</u>	<u>\$ 2,124,708</u>	<u>\$ 8,205</u>

### Governmental Activities

Governmental activities increased the Commission's net assets by \$8,205. Key elements of this increase are as follows:

### Condensed Changes in Net Assets

	For the year ended June 30,		Dollar Change	Total Percent Change
	2011	2010		
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,202,348	\$ 2,012,202	\$ 190,146	9.45%
Intergovernmental	998,314	1,013,422	(15,108)	-1.49%
Charges for services	9,800	9,655	145	1.50%
Miscellaneous	32,727	24,843	7,884	31.74%
Total revenues	<u>3,243,189</u>	<u>3,060,122</u>	<u>183,067</u>	<u>5.98%</u>
<b>Expenses:</b>				
General government	102,672	93,751	8,921	9.52%
Public safety	3,132,312	2,849,439	282,873	9.93%
Total expenses	<u>3,234,984</u>	<u>2,943,190</u>	<u>291,794</u>	<u>9.91%</u>
Increase in net assets	8,205	116,932	(108,727)	-92.98%
Net assets beginning of year	2,124,708	2,007,776	116,932	5.82%
Net assets end of year	<u>\$ 2,132,913</u>	<u>\$ 2,124,708</u>	<u>\$ 8,205</u>	<u>0.39%</u>

The increase in total revenues is the net effect of the increases in ad valorem taxes and miscellaneous revenues as well as the decrease in intergovernmental revenue. Intergovernmental revenue primarily decreased as a result of the demand for bed space decreasing. The net increase in total expenses is a result of the increases in health insurance costs, operating services costs, and overtime costs for line staff due to a shortage of staff.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Commission's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Commission's governmental fund reported ending fund balance of \$888,127, an increase of \$80,416 in comparison to the prior year. The fund balance is unassigned which indicates they are available for spending at the Commission's discretion.

### **General Fund Budgetary Highlights**

The Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund (Exhibit E) displays the original budget, final budget and actual amounts in columns with a variance column showing the favorable or (unfavorable) difference of the actual and the final budget.

## CAPITAL ASSETS

### **Capital Assets**

The Commission's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$1,356,557 (net of accumulated depreciation). This investment in capital assets includes construction in progress, buildings, and furniture, fixtures and equipment (see table below).

	<u>2011</u>	<u>2010</u>
Construction in progress	\$ 61,619	\$ 36,537
Buildings	1,104,516	1,179,748
Furniture, fixtures and equipment	<u>190,422</u>	<u>202,327</u>
Totals	<u>\$ 1,356,557</u>	<u>\$ 1,418,612</u>

Major capital asset events during the current fiscal year included the following:

- Construction in progress totals \$25,082 which consists of the replacement of the lift station and the detention control panel.
- New server was installed for \$5,939.
- Group Home security cameras were upgraded and new cameras were added for \$18,158.
- A new ice machine was purchased for the cafeteria for \$2,989.

Additional information on the Commission's capital assets can be found in the Note 5, Exhibit F of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Consideration of funding to be received from contracts and grants.
- The ad valorem tax revenue budgeted, materially consistent in accordance with the Commission's accounting policy, represents the estimated amount for the November 2011 assessment, which the Commission will receive, for the most part, in January 2012.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Services the Commission will provide along with estimated service cost.
- Detailed plan of equipment needed to be purchased.

The Commission receives most of its funding from local taxes and departments of the state of Louisiana. Because of this, the source of income for the Commission is rather steady. However, some of the Commission's grants and contracts are contingent upon the level of service provided by the Commission, and therefore, revenues from grants may vary from year to year. There have been no significant changes to funding levels or terms of the grants and contracts.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissions of the Lafourche Parish Juvenile Justice Commission, P.O. Box 586, Thibodaux, Louisiana 70302.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Lafourche Parish Juvenile Justice Commission**

June 30, 2011

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 1,501,512		\$ 1,501,512
Investments	505,375		505,375
Receivables:			
Taxes	76,192		76,192
Due from other governmental units	79,069		79,069
Capital assets:			
Non-depreciable	-	\$ 61,619	61,619
Depreciable, net of accumulated depreciation	-	1,294,938	1,294,938
Total assets	<u>\$ 2,162,148</u>	<u>1,356,557</u>	<u>3,518,705</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 135,791	-	135,791
Deferred revenue	1,138,230	-	1,138,230
Long-term liabilities - due after one year	-	111,771	111,771
Total liabilities	<u>1,274,021</u>	<u>111,771</u>	<u>1,385,792</u>
<b>Fund Balance/Net Assets</b>			
Fund balance - unassigned	<u>888,127</u>	<u>(888,127)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,162,148</u>		
<b>Net assets:</b>			
Invested in capital assets		1,356,557	1,356,557
Unrestricted		776,356	776,356
Total net assets		<u>\$ 2,132,913</u>	<u>\$ 2,132,913</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Lafourche Parish Juvenile Justice Commission**

June 30, 2011

<b>Fund Balance - Governmental Fund</b>	<b>\$</b>	<b>888,127</b>
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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 governmental fund.

Governmental capital assets	\$ 3,254,439	
Less accumulated depreciation	<u>(1,897,882)</u>	1,356,557

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.

Compensated absences payable		<u>(111,771)</u>
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<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>2,132,913</u></b>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 2,202,348		\$ 2,202,348
Intergovernmental :			
State of Louisiana	998,314		998,314
Charges for services	9,800		9,800
Miscellaneous:			
Interest	11,658		11,658
Other	21,069		21,069
<b>Total revenues</b>	<u>3,243,189</u>		<u>3,243,189</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	33,001		33,001
Ad valorem tax deduction	69,671		69,671
<b>Total general government</b>	<u>102,672</u>		<u>102,672</u>
Public safety - special correctional facilities:			
Personal services	2,395,864	\$ 10,156	2,406,020
Operating services	409,137	719	409,856
Supplies and materials	190,287	-	190,287
Travel and other charges	10,452	-	10,452
Depreciation	-	115,697	115,697
<b>Total public safety</b>	<u>3,005,740</u>	<u>126,572</u>	<u>3,132,312</u>
Capital outlay	54,361	(54,361)	-
<b>Total expenditures/expenses</b>	<u>3,162,773</u>	<u>72,211</u>	<u>3,234,984</u>
<b>Excess of Revenues Over Expenditures</b>	80,416	(80,416)	-
<b>Change in Net Assets</b>	-	8,205	8,205
<b>Fund Balance/Net Assets</b>			
Beginning of year	807,711	1,316,997	2,124,708
End of year	<u>\$ 888,127</u>	<u>\$ 1,244,786</u>	<u>\$ 2,132,913</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

<b>Net Change in Fund Balance - Governmental Fund</b>		<b>\$ 80,416</b>
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 and reported as depreciation expense.		
Capital outlay	\$ 54,361	
Depreciation expense	<u>(115,697)</u>	(61,336)
The net effect of various miscellaneous transactions involving net assets, such as sales, trade-ins and donations, is to decrease net assets		
		(719)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
Increase in compensated absences payable		<u>(10,156)</u>
<b>Change in Net Assets of Governmental Activities</b>		<b><u>\$ 8,205</u></b>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND**

**Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,202,348	\$ 302,348
Intergovernmental:				
State of Louisiana	986,000	986,000	998,314	12,314
Charges for services	6,000	6,000	9,800	3,800
Miscellaneous:				
Interest	16,000	16,000	11,658	(4,342)
Other	3,500	3,500	21,069	17,569
<b>Total revenues</b>	<b>2,911,500</b>	<b>2,911,500</b>	<b>3,243,189</b>	<b>331,689</b>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	75,000	75,000	33,001	41,999
Ad valorem tax deduction	-	-	69,671	(69,671)
<b>Total general government</b>	<b>75,000</b>	<b>75,000</b>	<b>102,672</b>	<b>(27,672)</b>
Public safety - special correctional facilities:				
Personal services	2,550,000	2,550,000	2,395,864	154,136
Operating services	484,975	484,975	409,137	75,838
Supplies and materials	216,900	216,900	190,287	26,613
Travel and other charges	14,000	14,000	10,452	3,548
<b>Total public safety</b>	<b>3,265,875</b>	<b>3,265,875</b>	<b>3,005,740</b>	<b>260,135</b>
Capital outlay	97,500	97,500	54,361	43,139
<b>Total expenditures</b>	<b>3,438,375</b>	<b>3,438,375</b>	<b>3,162,773</b>	<b>275,602</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(526,875)</b>	<b>(526,875)</b>	<b>80,416</b>	<b>607,291</b>
<b>Fund Balance</b>				
Beginning of Year	697,260	807,711	807,711	-
End of Year	<b>\$ 170,385</b>	<b>\$ 280,836</b>	<b>\$ 888,127</b>	<b>\$ 607,291</b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Lafourche Parish Juvenile Justice Commission**

June 30, 2011

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lafourche Parish Juvenile Justice Commission (the Commission) was created in 1978 under the provisions of Article VI, Sections 5 and 15 of the Constitution of the State of Louisiana of 1974, and Article III of the Home Rule Charter of the Parish of Lafourche to acquire and administer a juvenile justice facility or facilities.

The powers of the Commission, control and management of the affairs of the Commission, are vested in a board of commissioners composed of seven qualified electors residing in Lafourche Parish. The commissioners are appointed from the North, South and Central regions of the Parish by the Lafourche Parish Council from names submitted by the Seventeenth Judicial District Judges, the Lafourche Parish School Board and by members of the Lafourche Parish Council.

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

The Commission is a component unit of the Lafourche Parish Council.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Reporting Entity (continued)**

2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

The Commission has reviewed all of its activities and determined there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The Commission's financial statements consist of the government-wide statements on all activities of the Commission and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Commission. The government-wide presentation focuses primarily on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the Commission continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Commission:

**General Fund** - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) 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.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2010 property taxes which are being levied to finance expenditures for the 2011 calendar year will be recognized as revenue in the fiscal years ending June 30, 2011 and 2012. Accordingly, approximately one half of the 2010 tax levy is recorded as deferred revenue at June 30, 2011. Intergovernmental revenues consist of per diem funding received on a per client/unit basis. These funds, along with charges for services, are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the Commission or an intermediary collecting agency because they are generally not measurable or available until actually received.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (continued)**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is vacation and sick leave which are recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners adopted a budget for the Commission's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures at the functional level must be approved by the Commission. The Commission did not amend its budget during the year ending June 30, 2011. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget is included in the financial statements.

**f) Accounts Receivable**

The financial statements of the Commission contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments consist of certificates of deposit which are stated at cost and approximate market value.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more and a useful life greater than one year are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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 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 estimated useful lives by type of asset is as follows:

Buildings	15 - 40 years
Furniture, fixtures and equipment	5 - 15 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**i) Long-Term Obligations**

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Long-Term Obligations (continued)**

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of accrued compensated absences-vacation and compensatory time.

Fund Financial Statements:

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements.

**j) Vacation and Sick Leave**

The Commission's policies regarding vacation permit employees to accumulate earned but unused vacation. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Eligible personnel will earn credits for annual vacation and sick leave for each month of employment. The amount of credits earned is based upon length of service. At the end of each calendar year accumulated vacation and sick leave is carried forward to the new year. At no time can an employee's accumulated vacation balance exceed 15 days more than the rate of accrual. All accumulated vacation vests to the employees; however, all accumulated sick leave lapses at separation of employment.

Compensatory time will be given to those employees not subject to overtime pay. Rate of accrual will be hour for hour with the limitation of ten work days per calendar year. Compensatory time accrued should be taken within the calendar year in which it is accrued. The Commission will pay up to 5 days of the unused compensatory time at the close of the year.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Fund Equity**

**Government-wide Financial Statements:**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – 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, if any. At June 30, 2011 the Commission had no outstanding borrowings that are attributable to capital assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2011, the Commission did not have restricted net assets.

**Fund Financial Statements:**

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Commission through a resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by management based on Commission direction.

For the classification of Governmental Fund balances, the Commission considers an expenditure to be made from the most restrictive first when more than one classification is available. The Commission’s fund balance was classified as unassigned as of June 30, 2011.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements

During the year ending June 30, 2011, the Commission implemented the following GASB Statement:

Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions.*" The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*" The objective of this Statement is to address issues related to the use of the alternative measurement method and frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement is effective for frequency and timing of measurements in 2012, while reporting of the alternative measurement plan was effective in 2010. As described in Note 9, the Commission participates in the Louisiana Deferred Compensation Plan, which is not an agent employer or agent multiple employer plan; accordingly, this Statement is not currently applicable to the Commission's financial statements.

Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements.*" The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Commission is not participating in an SCA, and therefore this Statement is not currently applicable to the Commission's financial statements.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 1,535,288	\$1,501,512
Investments:		
Certificates of deposit	<u>505,375</u>	<u>505,375</u>
Totals	<u>\$2,040,663</u>	<u>\$2,006,887</u>

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of June 30, 2011, \$1,016,606 of the Commission's bank balance of \$2,040,663 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

At June 30, 2011, cash and certificates of deposit in excess of the FDIC insurance were adequately collateralized by securities held by unaffiliated banks for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list on January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for 2010 was \$3.20 per \$1,000 of assessed valuation on property within Lafourche Parish for the purpose of maintaining and operating the facilities. As indicated in Note 1c, taxes levied November 1, 2010 are used to fund expenditures in calendar year 2011, and one half of the 2010 tax levy was recognized as revenues in the fiscal year ended June 30, 2011 with the balance being recognized in the year ending June 30, 2012.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at June 30, 2011 consisted of the following:

State of Louisiana:	
Department of Social Services	\$67,392
Department of Education	3,218
Department of Public Safety	<u>8,459</u>
Total	<u>\$79,069</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Construction in progress	\$ 36,537	\$ 25,082		\$ 61,619
Capital assets being depreciated:				
Buildings	2,745,028			2,745,028
Furniture, fixtures and equipment	421,317	29,279	\$ 2,804	447,792
Total capital assets being depreciated	3,166,345	29,279	2,804	3,192,820
Less accumulated depreciation for:				
Buildings	(1,565,280)	(75,232)		(1,640,512)
Furniture, fixtures and equipment	(218,990)	(40,465)	(2,085)	(257,370)
Total accumulated depreciation	(1,784,270)	(115,697)	(2,085)	(1,897,882)
Total capital assets, net	<u>\$ 1,418,612</u>	<u>\$ (61,336)</u>	<u>\$ 719</u>	<u>\$ 1,356,557</u>

At June 30, 2011, construction in progress consisted of a new electronic control system for the Detention Center and a replacement lift station for the facility. At June 30, 2011 the Commission's commitment with contractors is as follows:

Project	Spent-to-date	Remaining Commitment
Detention Center control system and locks	\$ 41,337	\$ 4,800
Lift station replacement	20,282	77,970
	<u>\$ 61,619</u>	<u>\$ 82,770</u>

The juvenile justice facility is on a 10.0-acre tract of land that is owned by the Lafourche Parish Council. The land is being used under an intergovernmental agreement between the Council and the Commission at no cost to the Commission.

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at June 30, 2011 consisted of the following:

Salaries and benefits	\$ 3,166
Protest taxes	62,036
Vendors and others	<u>10,589</u>
Total	<u>\$ 135,791</u>

**Note 7 - LONG-TERM OBLIGATIONS**

The following is a summary of the changes in the long-term obligations of the Commission for the year ended June 30, 2011:

Long-term obligations, July 1, 2010:	
Vacation and sick leave	\$ 90,548
Compensatory time	<u>11,067</u>
	101,615
Net increase in accumulated unpaid Compensated absences	<u>10,156</u>
Long-term obligations, June 30, 2011	<u>\$111,771</u>

**Note 8 - RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. No settlements were made during the year that exceeded the Commission's insurance coverage.

**Note 9 - EMPLOYEE RETIREMENT PLAN**

Employees are offered participation in the Louisiana Deferred Compensation Plan provided by the Commission to provide retirement benefits to the employee pursuant to Section 457 of the Internal Revenue Code. Participating employees may contribute an amount of their compensation, not to exceed statutory limits. After six months of employment, the Commission will match full time employee contributions as follows: 6% for 1-10 years of continuous employment, 8% for 11-15 years of continuous employment, 10% for 16 or more years of continuous employment. During the year ended June 30, 2011, the Commission made contributions to the Deferred Compensation Plan totaling \$71,517.

**Note 10 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year ended June 30, 2011.

**Note 11 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through August 30, 2011, which is the date the financial statements were available to be issued.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**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**

To the Board of Commissioners,  
Lafourche Parish Juvenile Justice Commission,  
Thibodaux, Louisiana.

We have audited the financial statements of the governmental activities and the General Fund of Lafourche Parish Juvenile Justice Commission (the Commission), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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.

This report is intended for the information and use of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

Thibodaux, Louisiana,  
August 30, 2011.

**SCHEDULE OF FINDINGS AND RESPONSES**

**Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

**Section I Summary of Auditor's Results**

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes      no
- Significant deficiencies identified that are not  
  considered to be material weaknesses?             yes      none reported

Noncompliance material to financial statements noted?    yes      no

b) Federal Awards

Lafourche Parish Juvenile Justice Commission did not expend federal awards during the year ended June 30, 2011.

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended June 30, 2011.

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

#### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit for the year ended June 30, 2010.

No significant deficiencies were reported during the audit for the year ended June 30, 2010.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2010.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Juvenile Justice Commission did not expend federal awards in excess of \$500,000 during the year ended June 30, 2010 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2010.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Lafourche Parish Juvenile Justice Commission**

For the year ended June 30, 2011

### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

#### **Internal Control**

No material weaknesses were noted during the audit for the year ended June 30, 2011.

No significant deficiencies were reported during the audit for the year ended June 30, 2011.

#### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2011.

### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Juvenile Justice Commission did not expend federal awards during the year ended June 30, 2011.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2011.