

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Baton Rouge, Louisiana  
December 31, 2008**

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 7/15/09

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May 13, 2009

**Independent Auditor's Report**

Honorable Judges of  
The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities and governmental funds of

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Baton Rouge, Louisiana**

a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2008 which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of December 31, 2008, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2009, on our consideration of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control structure 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 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 important in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 - 6 and 26 - 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Yours truly,  
*Hawthorne, Waymouth & Carroll, L.L.P.*

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2008**

The purpose of this section is to offer management's discussion and analysis of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's (Expense Fund) financial performance during the year ended December 31, 2008. It should be read in conjunction with the financial report taken as a whole.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

With implementation of Governmental Accounting Standards Board Statement 34, a government's presentation of financial statements has greatly changed. This is the fourth year that the Expense Fund has adopted the new format. The new statements focus on the Expense Fund as a whole (government-wide) and its major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Expense Fund's accountability.

**Government-Wide Financial Statements**

Government-wide financial statements are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine Governmental Fund's current financial resources with capital assets and long-term obligations. Donated infrastructure is included.

The Statement of Net Assets presents information on all the Expense Fund's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether or not the financial position of the Expense Fund is improving.

The Statement of Activities presents information showing how the Expense Fund's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

**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. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds rather than generic fund types.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Expense Fund has presented the General Fund as a major fund.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Infrastructure Assets**

General capital assets include furniture and equipment, and all other tangible assets that are used in operations that have initial useful lives greater than two years and exceed the government's capitalization threshold (See Footnote #3: Capital Assets). Prior to the implementation of the new reporting model, no depreciation was charged on capital assets. Accumulated depreciation was recorded for the first time in the 2002 financial statements based on the date of acquisition and the life span of the assets.

**Notes to the Financial Statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

**GOVERNMENTAL ACTIVITIES**

The Expense Fund's operations are funded extensively by the City and Parish of East Baton Rouge (City-Parish). Operating funding by the City-Parish increased by \$33,400, up 4% from the year 2007. The other major funding by the Expense Fund is court fees, which decreased by \$2,400 or 3%.

The Family Court's statistical court information for the past two years is as follows.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Divorces granted	1,670	1,776	1,875
New cases filed	3,929	3,491	3,871
Family violence cases	1,463	909	921
Disavowals	1	2	1
Annulments	2	0	0
Paternity judgments and rules	1,050	1,043	1,285
Dismissals	166	145	269
Qualified domestic relation orders	143	153	152
Stipulated judgments	1,180	1,244	1,241
Income assignments	413	460	498
Community property	155	141	187
Joint custody	36	29	56
Ex-parte custody	70	77	82

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Management's Discussion and Analysis**  
**December 31, 2008**

GOVERNMENTAL ACTIVITIES (Continued)

*Condensed Financial Information*

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>			
Current assets	\$378,848	\$407,396	\$363,207
Capital assets	<u>21,747</u>	<u>11,033</u>	<u>29,384</u>
<b>Total assets</b>	400,595	418,429	392,591
<b>Total Liabilities</b>	<u>352,715</u>	<u>(213,185)</u>	<u>(76,967)</u>
	<u>47,880</u>	<u>205,244</u>	<u>315,624</u>
<b>Net Assets</b>			
Invested capital assets	21,747	11,033	29,384
Unrestricted	<u>26,133</u>	<u>194,211</u>	<u>286,240</u>
<b>Total Net Assets</b>	<u>47,880</u>	<u>205,244</u>	<u>315,624</u>
<b>Program Revenues</b>			
Fees and fines	89,963	92,350	106,151
City-Parish transfer	834,597	801,158	757,426
<b>General Revenue</b>			
Interest and other	<u>10,957</u>	<u>18,831</u>	<u>10,348</u>
	935,517	912,339	873,925
<b>Program Expense</b>			
Family Court	<u>(1,092,881)</u>	<u>(1,022,719)</u>	<u>(875,100)</u>
<b>Net Change in Assets</b>	<u>(157,364)</u>	<u>(110,380)</u>	<u>(1,175)</u>

**Contacting the Family Court's Financial Management**

This financial report is designed to provide the citizens and taxpayers with a general overview of the Family Court of East Baton Rouge Parish - Judicial Expense Fund finances and show the accountability for the money it receives. If you have any further questions about the report, or need additional information, contact the Court Administrative Office at 222 St. Louis Street, Suite 978, Baton Rouge, Louisiana (225) 389-4676.

**Basic Financial Statements**

The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Statement of Net Assets  
 December 31, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$378,848
Noncurrent Assets	
Capital assets, net of depreciation	<u>21,747</u>
<u>Total assets</u>	<u>400,595</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	1,224
Compensated absences - current	<u>10,000</u>
<u>Total current liabilities</u>	<u>11,224</u>
Long-term Liabilities	
Compensated absences payable	81,135
Other post employment benefit liability	<u>260,356</u>
<u>Total long-term liabilities</u>	<u>341,491</u>
<u>Total liabilities</u>	<u>352,715</u>
<b>Net Assets</b>	
Invested in capital assets	21,747
Unrestricted	<u>26,133</u>
<u>Total net assets</u>	<u>47,880</u>

The accompanying notes are an integral part of these statements.

The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Statement of Activities  
 Year Ended December 31, 2008

	Program Revenues			
<u>Expenses</u>	<u>Fees and Fines</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expense)</u>	
Functions and Programs				
Governmental activities				
Family Court	\$1,092,881	\$89,963	\$834,597	(\$168,321)
<u>Total governmental activities</u>	<u>1,092,881</u>	<u>89,963</u>	<u>834,597</u>	(168,321)
General Revenues				
Interest				<u>10,957</u>
Change in net assets				(157,364)
Net Assets				
Beginning of year				<u>205,244</u>
End of year				<u>47,880</u>

The accompanying notes are an integral part of these statements.

**Fund Financial Statements**

The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Balance Sheet  
Governmental Funds  
December 31, 2008

	General Fund
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$378,848
<u>Total assets</u>	<u>378,848</u>
<b>Liabilities</b>	
Accounts payable	___ 1,224
<u>Total liabilities</u>	<u>___ 1,224</u>
<b>Fund Balances</b>	
Unreserved, reported in general fund	<u>377,624</u>
<u>Total fund balances</u>	<u>377,624</u>

The accompanying notes are an integral part of these statements.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Reconciliation of Total Governmental Fund Balance**  
**to Net Assets of Governmental Activities**  
**December 31, 2008**

Total governmental fund balances		\$377,624
<p>Amounts reported for governmental activities in the  Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		21,747
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the governmental funds		
Compensated absences payable	(\$91,135)	
Other post employment benefit liability	(260,356)	(351,491)
<u>Net assets of governmental activities</u>		<u>47,880</u>

The accompanying notes are an integral part of these statements.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2008**

	<b>General Fund</b>
<b>Revenues</b>	
Fees and fines	\$89,963
Interest	<u>10,957</u>
<u>Total revenues</u>	<u>100,920</u>
<b>Other Financing Sources</b>	
Operating transfers from primary government	<u>834,597</u>
<b>Expenditures</b>	
Current Operations	
Family Court	945,614
Capital expenditures	<u>19,675</u>
<u>Total expenditures</u>	<u>965,289</u>
<b>Net Change in Fund Balance</b>	<b>(29,772)</b>
<b>Fund Balance, beginning of year</b>	<u>407,396</u>
<b>Fund Balance, end of year</b>	<u>377,624</u>

The accompanying notes are an integral part of these statements.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2008**

Net Change in Fund Balance - total governmental funds		(\$29,772)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p style="padding-left: 20px;">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.</p>		
Capital outlay	\$19,675	
Depreciation expense	<u>(8,961)</u>	10,714
<p>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 governmental funds.</p>		
Increase in compensated absences payable	(2,502)	
Increase in other post employment benefit liability	<u>(135,804)</u>	<u>(138,306)</u>
<u>Change in net assets of governmental activities</u>		<u>(157,364)</u>

The accompanying notes are an integral part of these statements.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Basic Financial Statements  
December 31, 2008**

**Note 1-Summary of Significant Accounting Policies**

The Family Court of East Baton Rouge Parish - Judicial Expense Fund 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 the subsequent sections of this note.

The Family Court of East Baton Rouge Parish - Judicial Expense Fund ("Judicial Expense Fund") was established in 1980 under Act No. 505 and Act 809 of 1995. The Judicial Expense Fund was established for the purpose of paying expenses for the Family Court deemed necessary by the Judges for efficient operations of the court. The Judicial Expense Fund receives court fees collected on its behalf by the Clerk of Court of the Nineteenth Judicial District.

The Judicial Expense Fund has twelve employees.

As the governing authority of 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 Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides the court office space, court-rooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund 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 Judicial Expense Fund maintained by The Family Court of East Baton Rouge Parish and do not present any other information on the District Court, the City-Parish, the general government services provided by the governmental unit, or other government units that comprise the financial reporting entity.

**A. Basis of Presentation**

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

**B. Basic Financial Statements**

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

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Basic Financial Statements  
December 31, 2008**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**B. Basic Financial Statements (Continued)**

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

Only the governmental fund type is used by the Judicial Expense Fund. 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 funds of the Judicial Expense Fund are described as follows:

*General Fund* - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund.

**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.

*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.

*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. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**D. Financial Statement Amounts**

*Cash and Cash Equivalents* - Includes all demand deposits, savings accounts and certificates of deposit of the Judicial Expense Fund.

The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Basic Financial Statements  
December 31, 2008

Note 1-Summary of Significant Accounting Policies (Continued)

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of account receivable. Receivables are included in the fund financial statements if they are both measurable and available. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

F. Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized and reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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:

Office Furniture and Equipment      5 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 Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

G. Revenues

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as, amounts due under grant contracts, interest, revenue and transcript charges to attorneys. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

H. Expenditures

Expenditures are recognized when the related fund liability is incurred.

I. Compensated Absences

The annual and sick leave plan adopted by the Judicial Expense Fund allows a maximum of 48 days per year. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Employees of the Judicial Expense Fund may accrue up to 30 days of compensatory time in lieu of overtime payment. Compensatory leave is paid by the Judicial Expense Fund upon termination, resignation, retirement or death up to the maximum accrual amounts. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Basic Financial Statements  
December 31, 2008

Note 1-Summary of Significant Accounting Policies (Continued)

I. Compensated Absences (Continued)

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only 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 Judicial Expense Fund records a liability for 100% of the accrued vacation and compensatory time for each employee up to 120 days at the employees' current rate of pay. Additionally, applicable percentages of retirement contributions, social security, and Medicare are added to the above accrued leave.

GASB Statement No. 16 requires the accrual for sick leave 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 the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The accrued compensated absences shown in the accompanying financial statements represent the liability for all employees of the Judicial Expense Fund except the judges and the commissioners.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-side presentations.

J. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 2-Cash and Cash Equivalents

Cash includes amounts in demand and time deposits. Under state law, the Judicial Expense Fund 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.

At December 31, 2008, the Judicial Expense Fund cash balances are as follows:

	<u>Carrying Amount</u>
Demand deposits	\$15,210
Interest bearing	<u>363,638</u>
	<u>378,848</u>

These deposits are stated at cost, which approximates market.

The Family Court of East Baton Rouge Parish  
**Judicial Expense Fund**  
**Notes to Basic Financial Statements**  
**December 31, 2008**

**Note 2-Cash and Cash Equivalents (Continued)**

Deposit balances (bank balances) at December 31, 2008 were secured as follows:

Federal deposit insurance \$378,848

As of December 31, 2008, the Judicial Expense Fund's bank balances were fully insured by Federal deposit insurance and not exposed to custodial credit risks.

**Note 3-Capital Assets**

Capital asset activity for the year ended December 31, 2008 is as follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31</u>
Office furniture and equipment at historical cost	\$183,181	\$19,675		\$202,856
Less accumulated depreciation	<u>172,148</u>	<u>8,961</u>		<u>181,109</u>
Capital assets, net	<u>11,033</u>	<u>10,714</u>		<u>21,747</u>

Depreciation expense charged to governmental activities was \$8,961.

**Note 4-Salary Expenditures**

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed but appropriated in the City-Parish budget.

Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Judicial Expense Fund and the East Baton Rouge Parish Clerk of Court.

**Note 5-Defined Benefit Plans**

A. Plan Description

The Family Court contributes to the Employee's Retirement System of the City of Baton Rouge, Parish of East Baton Rouge. The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to the plan members and beneficiaries. The City of Baton Rouge and the Parish of East Baton Rouge Plan of Government and Louisiana Revised Statutes 11:2551 et seq. grant the respective board of trustees the authority to establish and amend benefit provisions of the plan.

The Retirement System is reported as a blended component unit of the City-Parish as defined by Governmental Accounting Standards Board Statement No. 14, the Financial Reporting Entity. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Pension Trust Fund by the primary government.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Basic Financial Statements  
December 31, 2008**

**Note 5-Defined Benefit Plans (Continued)**

**A. Plan Description (Continued)**

The board of trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System. The remaining membership of the board consists of the Director of Finance, and two persons with business and accounting experience, appointed by the Metropolitan Council. All administrative expenses of the Retirement System are paid from funds of the system, and the board issues its own financial statements on an annual basis.

The Retirement System issues publicly available financial reports that include financial statements and required supplementary information for the plan. The financial reports may be obtained from the

Retirement Administrator  
Employees' Retirement System  
City of Baton Rouge, Parish of East Baton Rouge  
Post Office Box 1471  
Baton Rouge, Louisiana 70821-1471

**B. Funding Policy**

Plan members are required to contribute 9.5% of their annual covered salary and the Family Court is required to contribute at an actuarially determined rate. The current rate is 22.40% of annual covered payroll. The preceding rate is for the plan with the rate being applicable to the Employee's Retirement System of the City of Baton Rouge. The Family Courts' contributions to the plans for the past three years were as follows:

<u>Year</u>	<u>Contribution Rates</u>		<u>Amount Contributed</u>
	<u>Employee</u>	<u>Employer</u>	
2008	9.50%	16.00%	\$64,343
2007	9.50%	22.40%	65,603
2006	9.50%	22.38%	59,651

**Note 6-Other Post Employment Benefit Liability**

Judicial Expense Fund employees may at their option participate in the employees' group life, health, and dental insurance programs sponsored by the government and administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

**Plan Description**

The Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members.

The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Notes to Basic Financial Statements  
 December 31, 2008

**Note 6-Other Post Employment Benefit Liability (Continued)**

Plan Description (Continued)

Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. The government pays the following percentages of scheduled premiums:

<u>Years of Service</u>	<u>Vested Percentage</u>
Fewer than 10	25%
10-15 years	50%
15 - 20 years	75%
Over 20 years	100%

Funding Policy

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During 2007, the health/dental plan was funded with employees and retirees contributing 25% - 38% of the health and dental premiums and the City Parish contributing 62% - 75% of the health and dental premiums, dependent upon the number of family members covered. One hundred percent of required premiums on the \$3,000 retiree life insurance policy is funded by the employer. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

The employer contribution to the OPEB plan for 2008 totaled \$35,040 or approximately 8% of gross payroll as approved by the Metropolitan Council in the 2008 operating budget.

Annual OPEB Cost and Net OPEB Obligation

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 following table shows the Judicial Expense Fund's OPEB cost for the year and the amount actually contributed to the plan during the year

Annual required contribution	<u>\$170,844</u>
Annual OPEB cost (expense)	170,844
Less: contributions made	<u>(35,040)</u>
Increase in net OPEB obligation	135,804
Net OPEB obligation	
Beginning of year	<u>124,552</u>
End of year	<u>260,356</u>

The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Notes to Basic Financial Statements  
 December 31, 2008

Note 6-Other Post Employment Benefit Liability (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Trend information for OPEB plan:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$170,844	21%	\$260,356
December 31, 2007	\$157,248	21%	\$124,552

As of January 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. No separate calculation was made for the Judicial Expense Fund's portion of the actuarial accrued liability for benefits. For additional information related to the actuarial accrued liability for the benefits, see the City-Parish audit report. This report may be obtained from the City-Parish, 222 St. Louis Street, Room 431, Baton Rouge, Louisiana.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The individual entry age-normal cost method was used for the January 1, 2008 actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical and expected investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 4% investment rate of return compounded annually. Life expectancies were based on the 1994 Group Annuity Mortality Table set forward two years. Turnover rates were based on the government's historical data and modified based on years of employment.

Both historical retiree claim costs and year 2007 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 3.75%, the plan assumed a medical inflation rate of 8% beginning in 2005, decreasing one percent per year through 2013. The actuarial valuation also assumes that (1) 80% of employees are assumed to be married at retirement; (2) female spouses are assumed to be three years younger than males; (3) 80% of employees married at retirement will elect spouse's coverage; (4) no employees will have dependent children at retirement; and (5) all employees will elect Medicare coverage when they are first eligible.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 2.5% compounded annually. The remaining amortization period at January 1, 2008 was thirty years.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Notes to Basic Financial Statements**  
**December 31, 2008**

**Note 7-Concentrations of Credit Risk**

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

**Note 8-Long-Term Debt**

A. Debt Outstanding

The following is a summary of changes in long-term debt transactions of the Family Court for the year ended December 31, 2008:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated absences payable	<u>\$88,633</u>	<u>\$35,301</u>	<u>\$32,799</u>	<u>\$91,135</u>	<u>\$10,000</u>

**Required Supplementary Information**

The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Budgetary Comparison Schedule - General Fund  
 Year Ended December 31, 2008

	<u>Budgetary Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget - Positive) (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance</b>				
Beginning of year	<u>\$407,396</u>	<u>\$407,396</u>	<u>\$407,396</u>	
<b>Resources - Inflows</b>				
Fees and fines			89,963	\$89,963
Interest income			10,957	10,957
Transfers from primary government	<u>815,810</u>	<u>815,810</u>	<u>834,597</u>	<u>18,787</u>
<u>Amounts available for appropriation</u>	<u>815,810</u>	<u>815,810</u>	<u>935,517</u>	<u>119,707</u>
<b>Charges to Appropriations - Outflows</b>				
Salaries and benefits	419,520	419,520	438,206	(18,686)
Employee benefits	164,350	164,350	155,790	8,560
Supplies and other expenses	52,340	52,340	176,101	(123,761)
Contractual services	179,600	179,600	175,517	4,083
Capital outlay			<u>19,675</u>	<u>(19,675)</u>
<u>Total charges to appropriations</u>	<u>815,810</u>	<u>815,810</u>	<u>965,289</u>	<u>(149,479)</u>
<b>Budgetary Fund Balance</b>				
End of year	<u>407,396</u>	<u>407,396</u>	<u>377,624</u>	<u>(29,772)</u>

The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Required Supplementary Information  
Budgetary Accounting and Control  
December 31, 2008

**Note 1-Budgetary Accounting and Control**

A. Budget Law

The Judicial Expense Fund annual operating budget is prepared by the City of Baton Rouge, Parish of East Baton Rouge, according to 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:

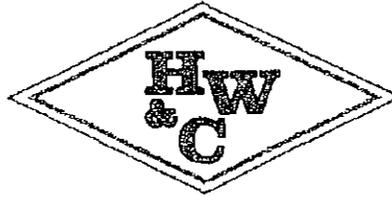
1. An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year;
2. The budget is available for public inspection at least fifteen 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 fund budget is prepared on a detailed line item basis with revenues budgeted by source. Expenditures are budgeted by character (personnel 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; and
5. Appropriations lapse at the end of each fiscal year.

2. Budgetary Accounting

The general fund budget is prepared using the modified accrual basis of accounting.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J CHARLES PARKER, C P A  
LOUIS C. McKNIGHT, III, C P A.  
CHARLES R. PEVEY, JR., C P A  
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

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May 13, 2009

**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***

The Family Court of the Parish of East Baton Rouge  
Judicial Expense Fund  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities and governmental funds of The Family Court of the Parish of East Baton Rouge Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2008, and have issued our report thereon dated May 13, 2009. 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

In planning and performing our audit, we considered The Family Court of the Parish of East Baton Rouge Judicial Expense Fund'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 Family Court of the Parish of East Baton Rouge Judicial Expense Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Family Court of the Parish of East Baton Rouge Judicial Expense Fund's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Family Court of the Parish of East Baton Rouge Judicial Expense Fund'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as finding 2008-1.

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

Yours truly,

*Hawthorn, Weymouth & Carroll, L.L.P.*

The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Schedule of Current Year Findings  
Year Ended December 31, 2008

*2008-1 - Employee Loans*

Condition

During the year ended December 31, 2008, Family Court loaned funds to an employee by advancing vacation pay. According to Louisiana Constitution, Article 7, Section 14, funds shall not be loaned to any individual person.

Recommendation

The Family Court should make no advances to employees.

Management's Response

All requests for vacation leave are first submitted to the supervising judge for approval. In this instance the employee required an amount of vacation leave in excess of the amount of their leave accumulation. Accumulated leave records are not maintained by the supervising judge, but by the court administrator. The Family Court, upon notification of its error, immediately established a new procedure whereby an employee must also submit their request simultaneously to the supervising judge and the court administrator. The court administrator will then verify the leave requested does not exceed the accumulation amount before the leave is taken.

The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Schedule of Prior Year Findings  
Year Ended December 31, 2008

None.