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**EAST BATON ROUGE PARISH  
JUVENILE COURT  
BATON ROUGE, LOUISIANA  
DECEMBER 31, 2005**

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 8-16-06

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## TABLE OF CONTENTS

	Independent auditor's report	i - ii
	Required supplementary information:	
	Management's discussion and analysis	1 - 7
	Basic financial statements:	
	<u>Statements</u>	
	<i>Government-wide financial statements:</i>	
1	Statement of net assets	9
2	Statement of activities	10
	<i>Fund financial statements:</i>	
3	Balance sheet - governmental funds	11 - 12
4	Statement of revenues, expenditures, and changes in fund balances - governmental funds	13 - 14
5	Statement of fiduciary net assets - fiduciary fund	15
	Notes to basic financial statements	16 - 25
	Required supplementary information:	
	<u>Exhibits</u>	
1	Budgetary comparison schedule - general fund	27 - 29
2	Budgetary comparison schedule - Victims of Juvenile Crimes Compensation fund	30
	Notes to required supplementary information on budgetary accounting and control	31
	Independent auditor's report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	32 - 33
	Schedule of findings and questioned costs	34 - 36
	Schedule of corrective action taken on prior year findings	37
	Management's corrective action plan	38 - 39

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## INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the  
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities and major funds of the East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Court's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major funds of the East Baton Rouge Parish Juvenile Court as of December 31, 2005, and the respective changes in financial position thereof 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 June 9, 2006 on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages 1 – 7 and 27 – 31, respectively, 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.

A handwritten signature in cursive script, appearing to read "S.A. Champagne & Co. LLP".

June 9, 2006

**REQUIRED SUPPLEMENTARY INFORMATION**



# JUVENILE COURT

PARISH OF EAST BATON ROUGE

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TELEPHONE (225) 354-1250  
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**Kathleen Stewart Richey**  
*Judge, Division A*

**Pamela Taylor Johnson**  
*Judge, Division B*

**Donna T. Carter**  
*Judicial Administrator*

**Darlene Kaufman**  
*Deputy Judicial Administrator*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Baton Rouge Parish Juvenile Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2005. Please read it in conjunction with the Court's financial statements that begin on page 9.

### FINANCIAL HIGHLIGHTS

- The Court's total net assets increased by approximately \$13,200 or 3 percent.
- During the year, Court revenues generated for governmental operations of \$511,100 exceeded expenses of \$497,900. Last year expenses exceeded revenues by almost \$6,000.
- The total cost of overall Court operations increased by approximately \$36,100 or 8 percent. This increase was due to additional costs in personal services and employee benefits in the Non-Support Program.
- The general fund reported revenues exceeding expenditures this year by approximately \$3,700. Last year expenditures exceeded revenues by \$18,500.
- The resources available for appropriation were approximately \$16,500 more than amounts originally budgeted for the general fund. Expenditures were approximately \$1,500 less than original budgetary limits.

### USING THIS ANNUAL REPORT

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

## **Reporting the Court as a Whole**

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

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

Currently, the Court has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of Juvenile Court. Primarily, administrative fees generated by the Non-Support Program finance these activities.

## **Reporting the Court's Funds**

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

## **THE COURT AS A WHOLE**

The Court's total net assets increased by \$13,200 from \$466,300 to \$479,500. Last year net assets decreased by \$6,000.

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

For the year ended December 31, 2005, net assets changed as follows:

**Table 1**  
**Net Assets**

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current and other assets	\$ 578,812	\$ 569,948	\$ 8,864	2 %
Capital assets	56,512	49,139	7,373	15 %
Total assets	<u>635,324</u>	<u>619,087</u>	<u>16,237</u>	3 %
Current liabilities	8,471	12,545	(4,074)	(32) %
Noncurrent liabilities	147,392	140,254	7,138	5 %
Total liabilities	<u>155,863</u>	<u>152,799</u>	<u>3,064</u>	2 %
 Net assets				
Invested in capital assets	56,512	49,139	7,373	15 %
Restricted	62,641	57,144	5,497	10 %
Unrestricted	360,308	360,005	303	- %
Total net assets	<u>\$ 479,461</u>	<u>\$ 466,288</u>	<u>\$ 13,173</u>	3 %

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions – increased by almost \$300 to \$360,300 at the end of the year.

Non-Support Program fees increased in 2005 by \$51,000 or 13% because new child support orders were constantly coming into effect throughout the year and because the Court continued the process of obtaining signed authorization for collection of administrative fees on all new and existing Title IV-D support cases as required for compliance by federal regulations. Interest increased by \$7,700 or 101 percent due to higher interest earned on cash balances in 2005.

In spite of a significant increase in revenues in 2005, unrestricted net assets only increased by \$300 over 2004 because expenditures in 2005 also increased, offsetting any significant increase in unrestricted net assets. Program costs for the Non-Support Program increased by \$47,500 or 14 percent primarily due to routine merit and longevity increases, additional part-time labor, substantial severance payments for two (2) employees, and higher retirement costs from 17.6 percent in 2004 to 20.13 percent in 2005.

The Court's total revenues increased by 12 percent or more than \$55,300. The total cost of all Court operations and services increased by more than \$36,100 or 8 percent. This overall increase in costs is primarily due to additional costs in personal services and employee benefits in the Non-Support Program.



## Governmental Activities

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

**Table 2**  
**Changes in Net Assets**

	2005	2004	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 4,852	\$ 4,046	\$ 806	20 %
Intergovernmental	59,020	62,942	(3,922)	(6) %
Charges for services	431,806	380,847	50,959	13 %
Investment earnings	15,386	7,656	7,730	101 %
Other	20	269	(249)	(93) %
Total revenues	<u>511,084</u>	<u>455,760</u>	<u>55,324</u>	12 %
Program expenses				
Juvenile Court				
Court operations	59,004	71,935	(12,931)	(18) %
Non-support program	378,295	330,809	47,486	14 %
FINSAP	59,020	59,020	-	- %
Reparations to crime victims	1,592	-	1,592	- %
Total expenses	<u>497,911</u>	<u>461,764</u>	<u>36,147</u>	8 %
Increase (decrease) in net assets	<u>\$ 13,173</u>	<u>\$ (6,004)</u>	<u>\$ 19,177</u>	319 %

## THE COURT'S FUNDS

As the Court completed the year, its general fund (as presented in the balance sheet on pages 11-12) reported a fund balance of \$503,600, which is \$3,600 more than last year's total of \$500,000.

The following schedule presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2005, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3**  
**General Fund Revenues and Expenditures**

	2005		2004	
	Amount	Percent of Total	Amount	Percent of Total
<b>Revenues</b>				
Intergovernmental	\$ 59,020	12 %	\$ 62,942	13 %
Charges for services	431,806	86	380,847	85
Investment earnings and other	9,456	2	6,912	2
Total revenues	500,282	100	450,701	100
<b>Expenditures</b>				
Juvenile Court				
Court operations	43,191	9	42,247	9
Non-support program	371,157	74	340,809	76
FINSAP	59,020	12	59,020	13
	473,368	95	442,076	98
Capital outlay	23,186	4	27,136	6
Total expenditures	496,554	99	469,212	104
Excess (deficiency) of revenues over expenditures	\$ 3,728	1 %	\$ (18,511)	(4) %

Juvenile Court expenditures increased overall by more than \$27,300 or 6 percent mainly due to an increase in personal services and employee benefits in the Non-Support Program.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. The budget amendment increased appropriations for Non-Support fees because of a gradual increase in Non-Support Program administrative fee revenues. The amendment also took into account additional revenues generated by higher interest rates earned on cash balances throughout the year.

The actual general fund revenues exceeded the original budget by \$16,500 due to increases in Non-Support administrative fees and interest earned on cash balances in 2005. Actual general fund expenditures were almost \$1,600 less than the amount originally budgeted.

Projections for Non-Support Program fees are based on prior year activity. Interest rates are also projected based on prior year rates. The budget is amended based on actual activity through the first 10 months of the year. Actual expenditures for computer maintenance and support were \$4,800 higher than budgeted due to additional unanticipated programming costs, network support charges,

and costs to replace and reinstall soundcards for the court's recording equipment. Non-Support Program salaries were \$6,000 more than projected due to additional funding allocated to the collections clerk position and substantial severance payments for two (2) employees. Capital outlay funds in the amount of \$5,000 originally appropriated for carpeting were not used because the carpeting project was delayed until 2006. Office and computer supplies were substantially less than projected and there was less travel in 2005 than originally anticipated. Bank service charges were substantially lower than budgeted because all bank service charges previously budgeted were waived following a substantial cash investment in a certificate of deposit with the bank in mid-year 2005.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of December 31, 2005, the Court had \$288,600 invested in capital assets including computer equipment. (See Table 4 below.) This represents a net increase of more than \$10,800 or 4 percent from last year.

**Table 4**  
**Capital Assets at Year-end**

	<u>2005</u>	<u>2004</u>
Computer equipment, including software	\$ 251,809	\$ 233,459
Other office equipment	23,286	30,796
Furniture and fixtures	13,510	13,510
Totals	<u>\$ 288,605</u>	<u>\$ 277,765</u>

This year's additions included \$23,200 in computer equipment. Outdated computer and other office equipment totaling more than \$12,400 were transferred to surplus.

### Debt

At year-end, December 31, 2005, the Court had a total of more than \$147,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by Juvenile Court employees. That is a 5 percent increase as shown in the following table.

**Table 5**  
**Outstanding Debt at Year-end**

	<u>2005</u>	<u>2004</u>
Accrued compensated absences	<u>\$ 147,392</u>	<u>\$ 140,254</u>

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

The City and Parish of East Baton Rouge extensively funds the Court's operations with the exception of the Non-Support Program which is funded independently by the administrative fees generated by the program. The annual budget from the City of Baton Rouge for 2006 reflects an increase of 5.41 percent over the 2005 appropriation. The budget includes an additional \$17,600 in salaries, \$15,250 in retirement contributions, \$7,500 in group insurance benefits and \$3,500 to cover post-employment benefits for Court employees. Funds appropriated for supplies and contractual services remained the same as the 2005 appropriation. The *City Parish Budgeting Division* only allowed bare necessity increases in the 2006 budget for funding routine annual 3 percent merit and longevity salary increases and to cover increased rates in employee benefits. Consequently, Court revenues will fund any additional increases in supplies and contractual services. The 2006 Juvenile Court Budget reflects a projected increase in revenues attributed to anticipated gradual increases in administrative fee revenues in the Non-Support Program as more child support orders come into compliance with federal requirements imposed by the Department of Social Services as a condition for the collection of the Court's administrative fees. Since late 2003, DSS discontinued collection of the Court's administrative fees without a signed written authorization by the payor on each child support order. On an ongoing basis, the Court continues the process of obtaining signed authorizations for the collection of the administrative fees on all active Title IV-D support cases. The 2006 Juvenile Court Budget also reflects \$12,200 in grant funds awarded to the Court by the Louisiana Commission on Law Enforcement (LCLE) for the Court's 2006 Mentor Program.

## **CONTACTING THE COURT'S FINANCIAL MANAGEMENT**

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



Donna T. Carter  
Judicial Administrator

**BASIC FINANCIAL STATEMENTS**

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

*December 31, 2005*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 475,680
Accounts receivable	4,103
Receivable from other governments	<u>99,029</u>
Total current assets	578,812
Noncurrent assets:	
Capital assets, net of depreciation	<u>56,512</u>
Total assets	<u>635,324</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>8,471</u>
Total current liabilities	8,471
Noncurrent liabilities:	
Accrued compensated absences	<u>147,392</u>
Total liabilities	<u>155,863</u>
<b>NET ASSETS</b>	
Invested in capital assets	56,512
Restricted for:	
Reparations to crime victims	62,641
Unrestricted	<u>360,308</u>
Total net assets	<u>\$ 479,461</u>

*See accompanying notes to the basic financial statements.*

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

Year ended December 31, 2005

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense)
<b>Functions/Programs</b>					
Governmental activities:					
Juvenile Court:					
Court operations	\$ 59,004	\$ -	\$ -	\$ -	\$ (59,004)
Non-support program	378,295	431,806	-	-	53,511
FINSAP program	59,020	-	59,020	-	-
Reparations to crime victims	1,592	4,852	-	-	3,260
<b>Total governmental activities</b>	<b>\$ 497,911</b>	<b>\$ 436,658</b>	<b>\$ 59,020</b>	<b>\$ -</b>	<b>(2,233)</b>

General revenues:

Interest	15,386
Other	20
<b>Total general revenues</b>	<b>15,406</b>

Change in net assets

Net assets - beginning of year	13,173
Net assets - end of year	466,288
	<b>\$ 479,461</b>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
*December 31, 2005*

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 413,394	\$ 62,286	\$ 475,680
Accounts receivable	-	-	-
Due from other governments	99,029	-	99,029
Due from other funds	-	355	355
Total assets and other debits	<u>\$ 512,423</u>	<u>\$ 62,641</u>	<u>\$ 575,064</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,986	\$ -	\$ 1,986
Due to other governments	6,485	-	6,485
Due to other funds	355	-	355
Total liabilities	<u>8,826</u>	<u>-</u>	<u>8,826</u>
<b>FUND BALANCES</b>			
Reserved for:			
Reparations to crime victims	-	62,641	62,641
Unreserved, reported in:			
General fund	<u>503,597</u>	<u>-</u>	<u>503,597</u>
Total fund balances	<u>503,597</u>	<u>62,641</u>	<u>566,238</u>
Total liabilities and fund balances	<u>\$ 512,423</u>	<u>\$ 62,641</u>	<u>\$ 575,064</u>

See accompanying notes to the basic financial statements.



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

Total governmental fund balances	\$ 566,238
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	56,512
Receivables that are not available to pay current period expenditures and therefore are not reported in the funds.	4,103
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(147,392)</u>
Net assets of governmental activities	<u>\$ 479,461</u>

*See accompanying notes to the basic financial statements.*

**EAST BATON ROUGE PARISH JUVENILE COURT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

*Year ended December 31, 2005*

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
<b>REVENUES</b>			
Fees and fines	\$ -	\$ 4,852	\$ 4,852
Charges for services	431,806	-	431,806
Intergovernmental	59,020	-	59,020
Interest	9,436	1,847	11,283
Other	20	-	20
Total revenues	<u>500,282</u>	<u>6,699</u>	<u>506,981</u>
<b>EXPENDITURES</b>			
Current operations:			
Juvenile Court			
Court operations	43,191	-	43,191
Non-support program	371,157	-	371,157
FINSAP program	59,020	-	59,020
Reparations to crime victims	-	1,592	1,592
Capital expenditures	23,186	-	23,186
Total expenditures	<u>496,554</u>	<u>1,592</u>	<u>498,146</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>			
	3,728	5,107	8,835
Fund balances - beginning of year	<u>499,869</u>	<u>57,534</u>	<u>557,403</u>
Fund balances - end of year	<u>\$ 503,597</u>	<u>\$ 62,641</u>	<u>\$ 566,238</u>

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds	\$	8,835
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		7,373
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		4,103
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(7,138)</u>
Change in net assets of governmental activities	\$	<u>13,173</u>

*See accompanying notes to the basic financial statements.*

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUND**  
*December 31, 2005*

	Agency Fund
<b>ASSETS</b>	
Cash	\$ 35,321
Due from other governments	-
Total assets and other debits	\$ 35,321
<b>LIABILITIES</b>	
Accounts payable	\$ 134
Bail bond deposits	33,457
Due to other governments	1,730
Total liabilities	\$ 35,321

*See accompanying notes to the basic financial statements.*

# EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2005

## A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *Financial reporting entity*

The East Baton Rouge Parish Juvenile Court was established by a 1990 legislative act and is provided for under Louisiana Revised Statutes Sections 13:1621 through 13:1630. The Juvenile Court has jurisdiction regarding the interest of children alleged to be delinquent, abandoned, neglected, or otherwise in need of supervision or care.

The Court also carries on certain ancillary activities including those related to the expedited process for establishment and enforcement of child support obligations under RS 46:2365, the maintenance of a victim of juvenile crime compensation fund under RS 13:1561 and the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children's Code.

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

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

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Only the financial transactions resulting from certain ancillary activities of the Court not accounted for by the governing authority of the Parish of East Baton Rouge including those related to the expedited process for establishment and enforcement of child support obligations under RS 46:2365, the maintenance of a victim of juvenile crime compensation fund under RS 13:1561, the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children's Code, and the carrying out of other programs related to the administration of juvenile justice are reported in these financial statements.

*Basis of presentation*

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

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

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

The funds of the Court are described below:

*Governmental funds*

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

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

*Fiduciary fund*

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

*Measurement focus and basis of accounting*

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

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

*Financial statement amounts*

*Cash and cash equivalents* – “Cash and cash equivalents” includes all demand deposits and money market accounts of the Court.

*Interfund receivables and payables*

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

*Receivables*

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

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

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Capital assets*

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

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

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

*Revenues*

Substantially all government fund revenues are accrued. Those revenues include amounts due under grant contracts, as well as, fees earned in conjunction with the administration of Title IV-D non-support program and interest revenue.

*Expenditures*

Expenditures are recognized when the related fund liability is incurred.

*Compensated absences*

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

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

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

In accordance with GASB Statement No. 16, which requires the accrual for vacation leave and compensatory time to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement, the Court has recorded a liability as of December 31, 2005 for 100% of the accrued vacation for each employee up to a maximum of 120 days and accrued compensatory time up to a maximum of 30 days at the employee's current rate of pay. Additionally, applicable percentages of social security and Medicare taxes have been added to the above accruals.



**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The amounts shown for fiscal year 2005 in the accompanying financial statements for accrued compensated absences represent a liability of the Court for all its employees except the judges and hearing officer because such compensation in excess of the City-Parish annual budget allowance would be paid out of Court funds. Management has determined that payments for accrued compensated absences will likely be paid from future years' resources. Since this amount will not be paid from current funds, it is maintained separately and represents a reconciling item between the fund and government-wide presentations.

*Accounting estimates*

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

**B: CASH AND INVESTMENTS**

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

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

At December 31, 2005, the Court had interest-bearing demand deposits (book balances) as follows:

Certificate of deposit	\$ 203,750
Interest bearing demand deposits	271,630
Other demand deposits	35,321
Cash on hand	300
	<u>\$ 511,001</u>

These deposits are stated at cost, which approximates market.

**B: CASH AND INVESTMENTS (Continued)**

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2005, Juvenile Court has \$521,365 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$665,366 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). These pledged securities also secure deposits of \$8,912 (collected bank balances) held in other Juvenile Court accounts.

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

**C: INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables due to the general fund at December 31, 2005 are as follows:

City of Baton Rouge-Parish of East Baton Rouge	\$ 61,860
East Baton Rouge Parish Juvenile Court - Judicial Expense Fund	269
Louisiana Department of Social Services	36,900
	<u>\$ 99,029</u>

**D: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 is as follows:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Computer equipment, including software	\$ 233,460	\$ 23,186	\$ 4,837	\$ 251,809
Other office equipment	30,796	-	7,510	23,286
Furniture and fixtures	13,510	-	-	13,510
Totals at historical cost	<u>277,766</u>	<u>23,186</u>	<u>12,347</u>	<u>288,605</u>

**D: CAPITAL ASSETS (Continued)**

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Less accumulated depreciation				
Computer equipment, including software	201,299	13,110	4,837	209,572
Other office equipment	19,197	2,111	7,510	13,798
Furniture and fixtures	8,131	592	-	8,723
Totals at historical cost	<u>228,627</u>	<u>15,813</u>	<u>12,347</u>	<u>232,093</u>
Capital assets, net	<u>\$ 49,139</u>	<u>\$ 7,373</u>	<u>\$ -</u>	<u>\$ 56,512</u>

Depreciation expense of \$15,813 was charged to governmental activities for Juvenile Court – Court operations.

**E: LONG-TERM DEBT**

As of December 31, 2005, the governmental long-term debt consisted of the following:

Accrued compensated absences – noncurrent portion \$ 147,392

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005	Amounts Due within One Year
Accrued Compensated Absences	<u>\$ 140,254</u>	<u>\$ 7,138</u>	<u>\$ -</u>	<u>\$ 147,392</u>	<u>\$ -</u>

**F: SALARY EXPENDITURES**

The Court administers the payroll for all Juvenile Court employees excluding the judges. The City-Parish and the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund reimburses the Court for those salaries disbursed by the court but appropriated in their respective budgets. The amounts shown in the accompanying financial statements are the actual salary expenditures of the Court and do not include any amounts for salaries reimbursed by the City-Parish or the Judicial Expense Fund.

## **G: PENSION PLANS**

### *Plan Description*

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

### *Funding Policy*

Plan members are required to contribute 9.5% of their annual covered salary and the Juvenile Court is required to contribute at an actuarially determined rate. The rate at December 31, 2005, was 20.13% of annual covered payroll. The contribution requirements of plan members and the Juvenile Court are established and may be amended by the System Board of Trustees. The Juvenile Court's contributions to the System for the years ending December 31, 2005, 2004, and 2003 were \$46,675, \$36,830, and \$34,838 respectively, equal to the required contributions for each year.

## **H: OTHER POST-EMPLOYMENT BENEFITS**

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

### *Health and dental benefits*

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

The current costs of these premiums are allocated to all employers and funds that participate in the health and dental self insurance programs.

**H: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

During 2005, postretirement health and dental benefits were as follows:

	Average Number of Participants	Amount
Health and dental plan	17	\$ 15,263

*Life insurance benefits*

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

Expenditures for these future benefits are not recognized by the Court since they are provided by the City-Parish.

**I: INTERFUND TRANSACTIONS**

The following is a summary of amounts due from and due to other funds at December 31, 2005:

	Due From	Due To
General fund		
Victims of Juvenile Crime Compensation fund	\$ -	\$ 355
Victims of Juvenile Crime Compensation fund		
General fund	355	-
	<u>\$ 355</u>	<u>\$ 355</u>

**J: CONCENTRATIONS OF CREDIT RISK**

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

**K: OTHER EXPENDITURES OF THE JUVENILE COURT**

Certain operating expenditures of the juvenile court are paid by the City-Parish and the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund and are not included in the accompanying financial statements. The expenditures for the operation of the Juvenile Court paid by these entities for the year ended December 31, 2005 are summarized as follows:

	<u>City-Parish</u>	<u>Judicial Expense Fund</u>
Personal services	\$ 558,542	\$ 6,751
Group benefits	202,241	517
Supplies	26,605	6,402
Contractual services	48,546	25,286
Capital outlay	-	-
	<u>\$ 835,934</u>	<u>\$ 38,956</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

*Year ended December 31, 2005*

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2004	\$ 496,271	\$ 499,869	\$ 499,869	\$ -
<b>Resources (inflows):</b>				
Intergovernmental:				
Families in Need of Services Assistance				
Program	59,020	59,020	59,020	-
Non-support fees	420,000	430,000	431,806	1,806
Interest	4,800	9,500	9,436	(64)
Other	-	-	20	20
Amounts available for appropriation	<u>483,820</u>	<u>498,520</u>	<u>500,282</u>	<u>1,762</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Juvenile Court:				
Court operations:				
Supplies:				
Office supplies	3,500	3,500	3,690	(190)
General supplies	4,000	4,550	4,291	259
Computer supplies	500	935	934	1
Subscriptions and publications	3,000	1,585	3,055	(1,470)
Small equipment and office furniture	500	415	415	-
Contractual services:				
Advertising	250	25	23	2
Auditing and accounting services	1,000	1,000	925	75
Bank service charges	1,500	325	324	1
Dues and memberships	450	270	266	4
Printing and copying	1,000	760	761	(1)
Professional services	1,000	1,315	1,314	1
Education and training	500	500	489	11
Travel	1,500	955	953	2
Mileage reimbursement	-	200	184	16
Meals	750	-	-	-
Parking	480	480	480	-

*Continued*



Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Telephone and communications	\$ 650	\$ 820	\$ 817	\$ 3
Postage	1,200	920	918	2
Repair and maintenance - equipment	1,500	1,475	1,474	1
Computer maintenance and support	17,120	23,250	21,878	1,372
Non-support program:				
Personal services:				
Salaries	250,280	259,900	256,329	3,571
Severance Pay	-	6,490	6,490	-
Group benefits:				
Payroll taxes	5,100	5,025	5,045	(20)
Retirement	45,530	46,675	46,675	-
Group insurance	10,670	10,880	5,558	5,322
Post-employment benefits	14,900	16,460	15,263	1,197
Workers' compensation	2,100	1,000	501	499
Supplies:				
Office supplies	2,500	1,175	904	271
General supplies	200	-	-	-
Computer supplies	500	-	-	-
Small equipment and office furniture	500	-	-	-
Contractual services:				
Advertising	50	200	200	-
Auditing and accounting services	9,000	9,000	9,000	-
Printing and copying	500	630	596	34
Professional services	7,500	8,500	8,762	(262)
Dues and memberships	200	200	195	5
Travel and training	4,500	2,750	2,738	12
Meals and meetings	250	-	-	-
Mileage reimbursement	2,000	2,500	2,432	68
Telephone	4,000	4,125	4,125	-
Postage	1,000	130	130	-
Storage	2,185	2,135	2,135	-
Equipment repair and maintenance	4,500	4,080	4,079	1

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
FINSAP program				
Contractual services:				
Programmatic services	\$ 59,020	\$ 59,020	\$ 59,020	\$ -
Total current	467,385	484,155	473,368	10,787
Capital outlay:				
Computer equipment	25,720	23,190	23,186	4
Furniture and fixtures	5,000	-	-	-
Total capital outlay	30,720	23,190	23,186	4
Total charges to appropriations	498,105	507,345	496,554	10,791
Budgetary fund balance - December 31, 2005	\$ 481,986	\$ 491,044	\$ 503,597	\$ 12,553

See accompanying note to budgetary comparison schedules.

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**BUDGETARY COMPARISON SCHEDULE -**  
**VICTIMS OF JUVENILE CRIMES COMPENSATION FUND**  
*Year ended December 31, 2005*

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - December 31, 2004	\$ 57,225	\$ 57,534	\$ 57,534	\$ -
Resources (inflows):				
Juvenile traffic/crime fines	4,000	4,800	4,852	52
Interest	1,000	1,860	1,847	(13)
Amounts available for appropriation	<u>5,000</u>	<u>6,660</u>	<u>6,699</u>	<u>39</u>
Charges to appropriations (outflows):				
Reparations to crime victims	<u>1,000</u>	<u>1,600</u>	<u>1,592</u>	<u>8</u>
Total charges to appropriations	<u>1,000</u>	<u>1,600</u>	<u>1,592</u>	<u>8</u>
Budgetary fund balance - December 31, 2005	<u>\$ 61,225</u>	<u>\$ 62,594</u>	<u>\$ 62,641</u>	<u>\$ 47</u>

See accompanying note to budgetary comparison schedules.

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

*December 31, 2005*

*Budgetary accounting and control*

*Budget law*

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

- (1) An operating budget is prepared for the general and special revenue 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 and special revenue fund's budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

*Budgetary accounting*

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

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EID #72-0454386

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

Honorable Judges of the  
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the East Baton Rouge Parish Juvenile Court's basic financial statements and have issued our report thereon dated June 9, 2006. 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 East Baton Rouge Parish Juvenile Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect East Baton Rouge Parish Juvenile Court's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2004-1 and 2005-1.

This report is intended solely for the information and use of the management and governing body of the East Baton Rouge Parish Juvenile Court, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R. S. 24:512, this report is distributed by the Legislative Auditor as a public document.

  
June 9, 2006

**EAST BATON ROUGE PARISH JUVENILE COURT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended December 31, 2005*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor expresses an unqualified opinion on the financial statements of the East Baton Rouge Parish Juvenile Court.
2. A reportable condition relating to the audit of the financial statements of the East Baton Rouge Parish Juvenile Court is reported in the "Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. Two instances of noncompliance material to the financial statements of the East Baton Rouge Parish Juvenile Court were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.

**B: FINDINGS – FINANCIAL STATEMENT AUDIT**

**2004-01. Mutual Fund Investment**

Criteria – LA R.S. 33:2955 restricts investments in mutual funds to those that have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Additionally, the investment in such mutual fund is limited to twenty-five percent of the monies considered available for investment.

Condition – In November 2004, the Court invested \$200,000 in the Hartford Inflation Plus mutual fund. The investment strategy of this fund is to maintain at least 65% of its net assets in U.S. dollar-denominated inflation-protected debt securities issued by the U.S. Treasury. Up to 35% of the fund's net assets could be invested in other sectors including corporate bonds, mortgage-related securities, and securities of foreign issuers. At the time of purchase, 100% of the fund was invested in U.S. Treasury securities. However, by year end, the fund had acquired foreign bonds amounting to less than 3% of its portfolio. Additionally, the investment was in excess of 25% of the monies considered available for investment.

Effect – The Court’s investment in this fund was not in compliance with statutory requirements.

Cause – The activity in the fund’s portfolio after the purchase was not monitored, and neither Court personnel nor the broker were aware of the 25% limitation imposed by the statute.

Recommendation – Investments in mutual funds should be limited to 25% of the monies considered available for investment and to only those funds that have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Management response – The investment fund referred to above was sold on April 27, 2005 and deposited in a United States Government money market account. Any future investment of Court funds will be made in full compliance with the law.

### **2005-01. Payments in Excess of Leave Earned**

Criteria – Article VII, Section 14 of the 1974 Louisiana Constitution and LA R.S. 14:138 prohibit advancing wages to employees.

Condition – An employee of the Court was paid for sick leave in excess of amounts earned. Prior to the biweekly payroll of February 18, 2005, this employee’s leave record showed that she had been paid for over 300 hours of sick leave in excess of amounts earned. However, according to the Court’s unwritten policy, employees were paid for sick leave if the unearned portion could be offset by vacation or compensatory time. This employee was covered by the offset of vacation and compensatory time until February 18, 2005. As of that date, this employee’s leave record indicates that she was paid for 17.5 hours in excess of sick leave, vacation, and compensatory time earned. However, this employee had accumulated enough sick leave, vacation, and compensatory time before the end of the year to cover the total leave deficit.

Effect – This employee was paid in advance for leave time not yet earned, in essence and advance of wages prohibited by statute.

Cause – Approved employee time sheets indicating leave taken are not delivered to payroll personnel timely. This employee’s time sheet for the period covered by the February 18, 2005 payroll was not approved until March 1, 2005, after the payroll was prepared and distributed thereby causing a leave deficiency once the leave taken data was posted to the leave record.

Recommendation – Leave records must be updated before payrolls are prepared. Additionally, employee leave records should indicate the actual type of leave that is used. Sick leave used amounts should not be recorded in excess of amounts earned. At the time the employee depletes her sick leave reserve, any excess amount should be charged to vacation or compensatory time if these are available. Otherwise, the employee should only be paid for actual hours worked.

Management response – The Court has since instituted a new policy wherein payrolls are no longer processed prior to receiving individual time sheets from each employee. Time sheets signed by the employee and approved by their judge or supervisor are due to payroll personnel by 10:00 a.m. the Monday before payday. In the event the judge or supervisor is unavailable to approve the time recorded, time sheets signed by the employee must still be turned into payroll



personnel by the Monday morning deadline in order to timely process payroll. Should the judge or supervisor modify the employee's time sheet, the adjustment will be reflected on the following payroll. Additionally, an upgrade to the payroll software enables leave balances to be reflected on each employee's check stub. This will keep both payroll personnel and the employee aware of current leave balances. Requested use of sick leave in excess of the sick leave balance will be subtracted from paid vacation or compensatory time when available. An employee who has no accumulated paid leave will be placed on leave without pay during the requested leave period. Employees will only be paid for actual hours worked and granted use of leave already accumulated.

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**SCHEDULE OF CORRECTIVE ACTION TAKEN**  
**ON PRIOR YEAR FINDINGS**  
*Year Ended December 31, 2005*

**2004-01. Mutual Fund Investment**

Item repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2005.  
Corrective actions are noted.



# JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard  
Baton Rouge, Louisiana 70807

**Kathleen Stewart Richey**  
*Judge, Division A*

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

**Donna T. Carter**  
*Judicial Administrator*

**Pamela Taylor Johnson**  
*Judge, Division B*

June 9, 2006

**Darlene Kaufman**  
*Deputy Judicial Administrator*

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2005.

Name and address of independent public accounting firm:

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

Audit period: Year ended December 31, 2005

The findings from the *2005 Schedule of Findings and Questioned Costs* are discussed below. The findings are numbered consistently with the number assigned to the schedule.

## **2004-01. Mutual Fund Investment**

**Condition:** In November 2004, the Court invested \$200,000 in the Hartford Inflation Plus mutual fund. The investment strategy of this fund is to maintain at least 65% of its net assets in U.S. dollar-denominated inflation-protected debt securities issued by the U.S. Treasury. Up to 35% of the fund's net assets could be invested in other sectors including corporate bonds, mortgage-related securities, and securities of foreign issuers. At the time of purchase, 100% of the fund was invested in U.S. Treasury securities. However, by year end, the fund had acquired foreign bonds amounting to less than 3% of its portfolio. Additionally, the investment was in excess of 25% of the monies considered available for investment.

**Action Taken:** The investment fund referred to above was sold on April 27, 2005 and deposited in a United States Government money market account. Any future investment of Court funds will be made in full compliance with the law.

## **2005-01. Payments in Excess of Earned Leave**

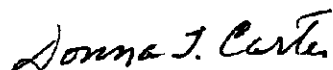
**Condition:** An employee of the Court was paid for sick leave in excess of amounts earned. Prior to the biweekly payroll of February 18, 2005, the employee's leave record showed that she had been paid for over 300 hours in excess of amounts earned. However, according to the Court's unwritten policy, employees were paid for sick leave if the unearned portion could be offset by vacation leave or compensatory time. This employee was covered by the offset of vacation leave and compensatory time until February 18, 2005. As of this date, this employee's leave record indicates that she was paid for 17.5 hours in excess of sick leave, vacation leave, and compensatory time earned. However, this employee had accumulated enough sick leave, vacation leave, and compensatory time before the end of the year to cover the total leave deficit.

**Action Taken:** This situation occurred because employee timesheets were not received timely. The Court has since instituted a new policy wherein payrolls are no longer processed prior to receiving individual time sheets from each employee. Time sheets signed by the employee and approved by their judge or supervisor are due to payroll personnel by 10:00 a.m. the Monday before payday. In the event the judge or supervisor is unavailable to approve the time recorded, time sheets signed by the employee must still be turned into payroll personnel by the Monday morning deadline in order to timely process payroll. Should the judge or supervisor modify the employee's time sheet, the adjustment will be reflected on the following payroll. Additionally, an upgrade to the payroll software enables leave

balances to be reflected on each employee's check stub. This will keep both payroll personnel and the employee aware of current leave balances. Requested use of sick leave in excess of the sick leave balance will be subtracted from paid vacation or compensatory time when available. An employee who has no accumulated paid leave will be placed on leave without pay during the requested leave period. Employees will only be paid for actual hours worked and granted use of leave already accumulated.

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

Sincerely yours,

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

Donna T. Carter  
Judicial Administrator