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**EAST BATON ROUGE PARISH
JUVENILE COURT
JUDICIAL EXPENSE FUND**

BATON ROUGE, LOUISIANA

DECEMBER 31, 1999

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 JUL 19 2000

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EID #72-0454386

INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the accompanying general purpose financial statements of the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, as of and for the year ended December 31, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund as of December 31, 1999, and the results of its operations and the changes in fund balances for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2000 on our consideration of the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund'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.


March 27, 2000

**EAST BATON ROUGE JUVENILE COURT
JUDICIAL EXPENSE FUND
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 1999

(With comparative totals for December 31, 1998)

	Governmental		Totals (Memorandum only)	
	Fund Types	Account Group		
	General	General Fixed Assets		
			1999	1998
ASSETS				
Cash	\$ 67,682	\$ -	\$ 67,682	\$ 61,052
Receivables:				
Intergovernmental:				
East Baton Rouge Parish Clerk of Court	167	-	167	365
East Baton Rouge Parish Juvenile Court	11,473	-	11,473	9,223
City of Baton Rouge	-	-	-	1,769
Other	482	-	482	2,759
Fixed assets	-	61,106	61,106	60,306
Total assets	<u>\$ 79,804</u>	<u>\$ 61,106</u>	<u>\$ 140,910</u>	<u>\$ 135,474</u>
LIABILITIES AND FUND EQUITY				
Accounts payable	\$ 547	\$ -	\$ 547	\$ 2,678
Total liabilities	<u>547</u>	<u>-</u>	<u>547</u>	<u>2,678</u>
Fund equity:				
Investment in general fixed assets	-	61,106	61,106	60,306
Fund balances:				
Unreserved - undesignated	79,257	-	79,257	72,490
Total fund equity	<u>79,257</u>	<u>61,106</u>	<u>140,363</u>	<u>132,796</u>
Total liabilities and fund equity	<u>\$ 79,804</u>	<u>\$ 61,106</u>	<u>\$ 140,910</u>	<u>\$ 135,474</u>

See accompanying notes

**EAST BATON ROUGE PARISH JUVENILE COURT
JUDICIAL EXPENSE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES**

December 31, 1999

(With comparative totals for the year ended December 31, 1998)

	Governmental Fund Types	
	General	
	1999	1998
REVENUES		
Intergovernmental:		
Fees collected by Clerk of Court	\$ 8,444	\$ 8,217
Costs collected by East Baton Rouge Parish Juvenile Court	35,475	50,620
Transcript fees	2,796	1,860
Interest	2,637	980
Miscellaneous	430	200
Total revenues	49,782	61,877
EXPENDITURES		
Current:		
Computer supplies	582	1,157
Travel and meetings	1,769	5,760
Office supplies and expense	4,397	3,602
Telephone and communications	5,821	5,189
Personal services and related benefits	20,312	23,634
Dues and subscriptions	495	355
Books and publications	421	1,164
Professional services	2,045	3,695
Training and conferences	1,940	1,473
Transcript preparation fees	2,796	1,860
Special programs	1,637	6,462
Total current	42,215	54,351

Continued

	Governmental Fund Types	
	General	
	1999	1998
Capital outlay:		
Furniture and fixtures	\$ -	\$ 3,467
Computer equipment	-	35,025
Office equipment	800	4,074
Total capital outlay	<u>800</u>	<u>42,566</u>
Total expenditures	<u>43,015</u>	<u>96,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,767	(35,040)
Fund balance - beginning of year	72,490	107,530
Fund balance - end of year	<u>\$ 79,257</u>	<u>\$ 72,490</u>

See accompanying notes

**EAST BATON ROUGE PARISH JUVENILE COURT
JUDICIAL EXPENSE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES**

For the year ended December 31, 1999

	Governmental Fund Types		
	General		
	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Intergovernmental:			
Fees collected by Clerk of Court	\$ 8,600	\$ 8,444	\$ (156)
Costs collected by East Baton Rouge Parish Juvenile Court	39,200	35,475	(3,725)
Transcript fees	2,300	2,796	496
Interest	2,600	2,637	37
Miscellaneous	430	430	-
Total revenues	<u>53,130</u>	<u>49,782</u>	<u>(3,348)</u>
EXPENDITURES			
Current:			
Computer supplies	750	582	168
Travel and meetings	2,750	1,769	981
Office supplies and expense	5,350	4,397	953
Telephone and communications	6,000	5,821	179
Personnel services and related benefit	22,500	20,312	2,188
Dues and subscriptions	500	495	5
Books and publications	500	421	79
Professional services	3,000	2,045	955
Training and conferences	1,500	1,940	(440)
Transcription preparation fees	3,000	2,796	204
Special programs	2,500	1,637	863
Total current expenses	<u>48,350</u>	<u>42,215</u>	<u>6,135</u>

Continued

	Governmental Fund Types		
	General		
	Budget	Actual	Variance - Favorable (Unfavorable)
Capital outlay:			
Furniture and fixtures	\$ -	\$ -	\$ -
Computer equipment	-	-	-
Office equipment	800	800	-
Total capital outlay	<u>800</u>	<u>800</u>	<u>-</u>
Total expenditures	<u>49,150</u>	<u>43,015</u>	<u>6,135</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 3,980</u>	6,767	<u>\$ 2,787</u>
Fund balance - beginning of year		72,490	
Fund balance - end of year		<u>\$ 79,257</u>	

See accompanying notes

**EAST BATON ROUGE PARISH JUVENILE COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 1999**

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

The East Baton Rouge Parish Juvenile Court - Judicial Expense Fund was established by a legislative act effective July 2, 1991. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies and any other costs or expenses related to the proper administration of the court, except for the payment of judges' salaries.

Financial reporting entity

As the governing authority of the consolidated government, for reporting purposes, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of (a) a primary government (City-Parish), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Reporting Entity*, established criteria for determining which component units should be considered part of the City of Baton Rouge, Parish of East Baton Rouge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The judicial expense fund is part of the operations of the juvenile court system which is fiscally dependent on the City-Parish for office space and courtrooms. The substance of the relationship between the juvenile court system and the City-Parish is that the City-Parish has approval authority over its operating and capital budget. Additionally, the nature and significance of the relationship between the juvenile court and the City-Parish is such that exclusion from the City-Parish's financial statements would render the financial statements incomplete or misleading. Because of these factors, 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 East Baton Rouge Parish Juvenile Court and do not present any other information on the Juvenile Court, or the City-Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of presentation

The general purpose financial statements of the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting principles are described below.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Judicial Expense Fund, the accounts are maintained in accordance with the principles of fund accounting.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

Governmental funds are used to account for general activities, including the collection and disbursement of earmarked monies (special revenue funds). The general fund is used to account for all activities of the Judicial Expense Fund not accounted for in some other fund.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement of these funds presents increases and decreases in net current assets.

The modified accrual basis of accounting is used by the Judicial Expense Fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are filing fees and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month.

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses).

Budgets and budgetary accounting

The Judicial Expense Fund follows these procedures in establishing the budgetary data reflected in the financial statements with regard to the general fund:

1. In accordance with the Municipal Budget Act of the state of Louisiana, 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 budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The budget may be revised during the year as estimates regarding revenues and expenditures change.
6. Appropriations lapse at the end of each fiscal year.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for expenditures of resources are recorded to reserve that portion of the applicable appropriation) is not utilized by the judicial expense fund. Encumbrances at year end, even if utilized, would not be considered expenditures in the financial statements presented on the GAAP basis.

Fixed assets

General fixed assets are not capitalized in the funds used to acquire them. Instead, capital acquisitions are reflected as expenditures in the governmental funds, and the related assets are reported in the general fixed asset account group. All fixed assets are valued at historical cost and no depreciation is charged against them. Fixed 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.

Memorandum only - total columns

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Judicial Expense Fund's financial position and operations.

B: CASH

The Judicial Expense Fund's cash book balances at December 31, 1999 of \$67,682 were held in a depository account in a local financial institution.

As required under GASB 3, the Fund's cash deposits are categorized to give an indication of the level of risk assumed by the Fund at year end. Category 1 includes deposits that are insured or registered, or otherwise secured by securities held by the Fund or its agent in the Fund's name. Category 2 includes uninsured and unregistered deposits secured with securities held by the financial institution, its trust department or agent in the Fund's name. Category 3 includes uninsured and unregistered deposits secured with securities held by the financial institution, its trust department or agent, but not in the Fund's name.

B: CASH (Continued)

At December 31, 1999, the bank balance of cash deposits are categorized as follows:

	Category			Bank Balance
	1	2	3	
Cash in bank	\$ 67,736	\$ -	\$ -	\$ 67,736

Even though 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: FIXED ASSETS

A summary of changes to fixed assets for the year ended December 31, 1999 is as follows:

	Computer Equipment	Office Equipment	Furniture and Fixtures	Total
Balance, beginning of year	\$ 43,001	\$ 8,432	\$ 8,873	\$ 60,306
Additions	-	800	-	800
Deletions	-	-	-	-
Balance, end of year	\$ 43,001	\$ 9,232	\$ 8,873	\$ 61,106

D: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies.

E: EXPENDITURES OF THE JUDICIAL EXPENSE FUND PAID BY THE CITY-PARISH

Certain operating expenditures of the juvenile court and the judicial expense fund are paid by the City-Parish and are not included in the accompanying financial statements. The City-Parish has a calendar year end, and its expenditures for the operation of the Judicial Expense Fund for the year ended December 31, 1999 amounted to \$4,164 for contractual services.

The East Baton Rouge Parish Juvenile Court General Fund administers the payroll for the juvenile court. One employee of the juvenile court receives a supplemental salary from the Judicial Expense Fund. The Judicial Expense Fund reimburses the Court's general fund for a

**E: EXPENDITURES OF THE JUDICIAL EXPENSE FUND PAID BY THE CITY –
PARISH (Continued)**

portion of the salary and related expenses, which include employers' portion of retirement and FICA taxes on the supplemental salary. The amounts shown in the accompanying financial statements are the actual salary and related expenditures of the Judicial Expense Fund.

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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 GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the general purpose financial statements of the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund; a component unit of the City of Baton Rouge, Parish of East Baton Rouge; as of and for the year ended December 31, 1999, and have issued our report thereon dated March 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund's general purpose 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund'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 the 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 judgement, could adversely affect the East Baton Rouge Parish Juvenile Court – Judicial

Continued

Expense Fund's ability to record, process, summarize 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 as item 97-1.

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 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 the 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 do not believe that this reportable condition is a material weakness.

This report is intended solely for the information and use of the management and governing body of the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund; the 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 the specified parties.


March 27, 2000

EAST BATON ROUGE PARISH JUVENILE COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS
Year Ended December 31, 1999

97-1. Lack of Segregation of Duties

Criteria - In order to maintain effective internal controls, no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

Condition – With respect to segregation of duties, there have been improvements in various areas of the Court operations. However, the Judicial Administrator continues to handle all aspects of the accounting function for the Judicial Expense Fund.

Effect - This concentration of duties increases the risk that intentional or unintentional errors could be made and not detected within the scope of normal operations.

Cause - There is a limited number of available personnel in certain administrative areas of the Fund's operations.

Management response - Although the Judicial Administrator drafts the disbursement checks and has signatory power on the account, all checks must be co-signed by either one of the Judges or the deputy judicial administrator. The Judges also review the financial statements quarterly and compare to the budget for reasonableness.

99-1. Compliance with Municipal Budget Act

Criteria – R. S. 39:1310 requires the duly adopted budget to be amended whenever total revenue and other sources plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues and other sources by five percent or more.

Condition – Total revenue for 1999 was less than budgeted revenue by more than 5%.

Effect – The adopted budget and any duly authorized amendments constitute the authority for the administrative officers of the political subdivision to incur liabilities and authorize expenditures. Whenever budget revenues are overstated, the possibility exists for actual expenditures to exceed actual revenues.

Cause – Projected intergovernmental revenues for 1999 included certain amounts that were properly reported as revenue in 1998. When the year end adjustments for 1999 were recorded in early 2000,

this difference was discovered. However, the budget period had already expired and the budget could not be amended.

Management response – For 2000 and all future years, the budgeted revenues will be compared to actual before the budget amendment period ends. If the variance exceeds five percent, the proper budget amendments will be made.



JUVENILE COURT

PARISH OF EAST BATON ROUGE

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Judge, Division A

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Donna T. Carter
Judicial Administrator

Pamela Taylor Johnson
Judge, Division B

Darlene Kaufman
Deputy Judicial Administrator

June 19, 2000

The East Baton Rouge Parish Juvenile Court – Judicial Expense Fund respectfully submits the following corrective action plan for the year ended December 31, 1999.

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, 1999

The findings from the 1999 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned to the schedule.

97-1. Segregation of duties

Condition: The Judicial Administrator handles all aspects of the accounting functions.

Action Taken: None. Due to the limited number of administrative personnel employed by the Court, no further segregation of duties is possible. Although the Judicial Administrator drafts the disbursement checks and has signatory power on the account, all checks must be co-signed by one of the Judges or the Deputy Judicial Administrator. Checks specific to a particular Division of Court are co-signed by the Judge in charge of that Division. The Judges also review the financial statements quarterly and compare actual revenues and expenditures to the budget for reasonableness.

99-1. Compliance with Municipal Budget Act

Condition: Total revenue for 1999 was less than budgeted revenue by more than 5%.

Action Taken: For 2000 and all future years, the budgeted revenues will be compared to actual before the budget amendment period ends. If the variance exceeds five percent, the proper budget amendments will be made.

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

Sincerely yours,

Donna T. Carter,
Judicial Administrator