

9529

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 28 AM 11:07

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2003

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 8/11/04

L.A. CHAMPAGNE & CO., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
4911 BENNINGTON AVENUE
BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120

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 Funds	15
Notes to basic financial statements	16 - 24
Required supplementary information:	
<u>Exhibits</u>	
1 Budgetary comparison schedule – general fund	26 - 28
2 Budgetary comparison schedule – Victims of Juvenile Crimes Compensation fund	29
Notes to required supplementary information on budgetary accounting and control	30
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>	31 - 32
Schedule of findings and questioned costs	33 - 34
Schedule of corrective action taken on prior year findings	35
Management's corrective action plan	36

L.A. CHAMPAGNE & CO., L.L.P.

WENDEL FOUSHEE, CPA
CHARLES S. COMEAUX, JR., CPA
MICHAEL A. THAM, CPA
ROBERT L. STAMEY, CPA

RAYMOND P. PRINCE, CPA

CERTIFIED PUBLIC ACCOUNTANTS
4911 BENNINGTON AVENUE
BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120
FACSIMILE (225) 927-8124
www.lac@laccpa.com

MEMBERS - SEC AND
PRIVATE COMPANIES PRACTICE
SECTIONS OF THE AMERICAN
INSTITUTE OF CPAs

EID #72-0454386

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, 2003, 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, 2003, 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 April 27, 2004 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 26 – 30, 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.


April 27, 2004

REQUIRED SUPPLEMENTARY INFORMATION



JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

TELEPHONE (225) 354-1250

FAX (225) 357-7876

Kathleen Stewart Richey

Judge, Division A

Pamela Taylor Johnson

Judge, Division B

Donna T. Carter

Judicial Administrator

Darlene Kaufman

Deputy Judicial Administrator

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, 2003. Please read it in conjunction with the Court's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The Court's net assets increased by approximately \$26,000 or 6 percent.
- During the year, the Court revenues generated for governmental operations of \$522,000 exceeded expenses of \$496,000. Last year revenues exceeded expenses by almost \$69,000.
- The total cost of all the Court's operations increased by approximately \$28,000 or 6 percent. The increase was due to an increase in personal services and employee benefits in the Non-Support program.
- The general fund reported excess revenues this year of approximately \$24,000, a decrease of \$71,000 from last year.
- The resources available for appropriation were approximately \$2,000 more than amounts budgeted for the general fund. Expenditures were approximately equal to 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 number of judgeships approved by the State Legislature and 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, court costs and fines 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 fines 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 net assets increased by \$26,000 from \$446,000 to \$472,000. Last year net assets increased by \$69,000.

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, 2003, net assets changed as follows:

Table 1
Net Assets

	2003	2002	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 591,803	\$ 542,199	\$ 49,604	9 %
Capital assets	51,691	54,475	(2,784)	(5) %
Total assets	643,494	596,674	46,820	8 %
Current liabilities	20,948	846	20,102	2376 %
Noncurrent liabilities	150,254	149,611	643	- %
Total liabilities	171,202	150,457	20,745	14 %
Net assets				
Invested in capital assets	51,691	54,475	(2,784)	(5) %
Restricted	52,475	47,416	5,059	11 %
Unrestricted	368,126	344,326	23,800	7 %
Total net assets	\$ 472,292	\$ 446,217	\$ 26,075	6 %

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 \$24,000 to \$368,000 at the end of the year.

This increase was due in part to a 21 percent decrease in expenditures for Court operations. In 2003, expenditures for Court operations decreased by \$21,000 from \$100,000 in 2002 to \$79,000. However, expenditures for the non-support program were more in 2003 because an increased portion of the Court's operation is no longer funded through the City-Parish appropriation. Employee benefits increased for the non-support program by \$14,000 due to a charge from City-Parish for post-employment benefits. Additionally, salaries and other benefits for this program increased by \$32,000 or 12 percent. Another increase in the expenditures for the non-support program was postage. In 2003, postage increased by almost \$6,000 due to a massive mail-out to all active Title IV-D support cases. The mail-out was required by the Department of Social Services to ensure continued collection of the Court's administrative fees.

The Court's total revenues decreased by 3 percent or more than \$14,000. The total cost of all operations and services increased by more than \$28,000 or 6 percent. This increase was mainly due to increased expenditures of the non-support program explained in the preceding paragraph.

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 court costs and fines represent the majority of the revenues reported for the Juvenile Court function.

Table 2
Changes in Net Assets

	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Fees and fines	\$ 4,681	\$ 6,568	\$ (1,887)	(29) %
Intergovernmental	65,436	80,832	(15,396)	(19) %
Charges for services	446,143	441,669	4,474	1 %
Interest	5,733	7,175	(1,442)	(20) %
Other	-	206	(206)	(100) %
Total revenues	<u>521,993</u>	<u>536,450</u>	<u>(14,457)</u>	<u>(3) %</u>
Program expenses				
Juvenile Court				
Court operations	79,388	100,043	(20,655)	(21) %
Non-support program	353,831	300,470	53,361	18 %
FINSAP	62,555	62,174	381	1 %
Reparations to crime victims	144	5,163	(5,019)	(97) %
Total expenses	<u>495,918</u>	<u>467,850</u>	<u>28,068</u>	<u>6 %</u>
Increase in net assets	<u>\$ 26,075</u>	<u>\$ 68,600</u>	<u>\$ (42,525)</u>	<u>(62) %</u>

THE COURT'S FUNDS

As the Court completed the year, its general fund (as presented in the balance sheet on page 11) reported a fund balance of \$518,000, which is \$24,000 more than last year's total of \$494,000.

The following schedule presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2003, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
General Fund Revenues and Expenditures

	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Revenues				
Intergovernmental	\$ 65,436	13 %	\$ 80,832	15 %
Charges for services	446,143	86	441,669	84
Interest and other	5,211	1	6,289	1
Total revenues	<u>516,790</u>	<u>100</u>	<u>528,790</u>	<u>100</u>
Expenditures				
Juvenile Court				
Court operations	55,200	11	64,322	12
Non-support program	353,831	68	300,470	57
FINSAP	62,555	12	62,174	12
	<u>471,586</u>	<u>91</u>	<u>426,966</u>	<u>81</u>
Capital outlay	20,761	4	6,118	1
Total expenditures	<u>492,347</u>	<u>95</u>	<u>433,084</u>	<u>82</u>
Excess of revenues over expenditures	<u>\$ 24,443</u>	<u>5 %</u>	<u>\$ 95,706</u>	<u>18 %</u>

Intergovernmental revenues decreased by more than \$15,000 or 19 percent due to the reduction of grant funds received from LCLE and special funds received from the City-Parish. Charges for services in connection with the non-support program increased by more than \$4,000 or 1 percent, which is based on the number of non-support cases processed by Juvenile Court during the year. Interest declined due to the decrease in interest rates throughout the year.

Juvenile Court expenditures increased by more than \$59,000 or 14 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. This budget amendment increased appropriations because of the increase in the number of non-support cases processed by the Court while other revenue items were decreased to coincide with the reduction in amounts received during the year.

The actual general fund revenues exceeded the final budget by \$2,000. Actual general fund expenditures were approximately equal to the amount budgeted.

Projections for non-support program fees are based on prior year activity, and the budget is amended based on actual activity through the first 10 months of the year. Anticipated grant funds from LCLE

for the Court's mentor program did not materialize due to the absence of a program director for several months. Consequently, the grant period was extended and the LCLE funds were carried over into 2004. As stated above, actual expenditures for postage were over \$6,000 more than originally budgeted for the non-support program due to an extensive mail-out to all active IV-D support cases. Employee benefits for the non-support program exceeded the amount initially budgeted by almost \$3,000 due to increased rates for group health insurance and post-employee benefits charged by the City-Parish. Auditing and accounting services were about \$5,000 higher due to costs associated with training and set up of the Court's payroll system. Funds budgeted for office supplies exceeded the actual amount needed by about \$3,000. Actual expenditures for travel and education and training were \$2,000 less than originally budgeted. Education and training costs, together with the corresponding travel did not materialize.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2003, the Court had \$263,000 invested in capital assets including computer equipment. (See Table 4 below.) This represents a net increase of more than \$20,000 or 8 percent from last year.

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

	<u>2003</u>	<u>2002</u>
Computer equipment, including software	\$ 222,358	\$ 210,454
Other office equipment	26,846	19,147
Furniture and fixtures	13,510	13,510
Totals	<u>\$ 262,714</u>	<u>\$ 243,111</u>

This year's additions included \$7,700 in office equipment and \$13,000 in computer equipment. Outdated computer equipment totaling more than \$1,100 was transferred to surplus.

Debt

At year-end, December 31, 2003, the Court had a total of more than \$150,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by Juvenile Court employees. That is an increase of less than 1 percent as shown in the following table.

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

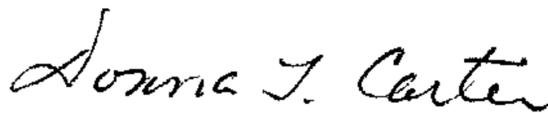
	<u>2003</u>	<u>2002</u>
Accrued compensated absences	<u>\$ 150,254</u>	<u>\$ 149,611</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City and Parish of East Baton Rouge extensively fund the Court's operations. The annual budget from the City of Baton Rouge for 2004 shows an increase of 2.55 percent over the 2003 appropriation. The budget includes an additional \$2,050 in salaries, \$14,320 in retirement contributions and \$3,200 to cover post-employment benefits for Court employees. No increases were appropriated for supplies or contractual services with the exception of an additional \$530 for water and sewer fees. Nothing was budgeted for capital outlay. Consequently, Court revenues will fund any increases in supplies and contractual services. The 2004 Juvenile Court Budget reflects a projected revenue decrease due to a drop off in the collection of administrative fees in the non-support program. The Department of Social Services will no longer collect the Court's fee without a signed written authorization by the payer. The Court is in the process of obtaining a written authorization for the collection of the administrative fee on all active Title IV-D support cases. Estimated expenditures for 2004 will also decrease based upon the projected decline in revenues.

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, 2003

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 532,901
Accounts receivable	139
Receivable from other governments	<u>58,763</u>
Total current assets	591,803
Noncurrent assets:	
Capital assets, net of depreciation	<u>51,691</u>
Total assets	<u>643,494</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>20,948</u>
Total current liabilities	20,948
Noncurrent liabilities:	
Accrued compensated absences	<u>150,254</u>
Total liabilities	<u>171,202</u>
NET ASSETS	
Invested in capital assets	51,691
Restricted for:	
Reparations to crime victims	52,475
Unrestricted	<u>368,126</u>
Total net assets	<u>\$ 472,292</u>

See accompanying notes to the basic financial statements.

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

Year ended December 31, 2003

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions/Programs					
Governmental activities:					
Juvenile Court:					
Court operations	\$ 79,388	-	\$ 2,881	-	\$ (76,507)
Non-support program	353,831	446,143	-	-	92,312
FINSAP program	62,555	-	62,555	-	-
Reparations to crime victims	144	4,681	-	-	4,537
Total governmental activities	<u>\$ 495,918</u>	<u>\$ 450,824</u>	<u>\$ 65,436</u>	<u>\$ -</u>	<u>\$ 20,342</u>
General revenues:					
Interest					<u>5,733</u>
Total general revenues					<u>5,733</u>
Change in net assets					26,075
Net assets - beginning of year					<u>446,217</u>
Net assets - end of year					<u>\$ 472,292</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2003

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
ASSETS			
Cash	\$ 480,176	\$ 52,725	\$ 532,901
Accounts receivable	139	-	139
Due from other governments	58,763	-	58,763
Due from other funds	50	-	50
Total assets and other debits	\$ 539,128	\$ 52,725	\$ 591,853
LIABILITIES			
Accounts payable	\$ 20,662	\$ 200	\$ 20,862
Due to other governments	86	-	86
Due to other funds	-	50	50
Total liabilities	20,748	250	20,998
FUND BALANCES			
Reserved for:			
Reparations to crime victims	-	52,475	52,475
Unreserved, reported in			
General fund	518,380	-	518,380
Total fund balances	518,380	52,475	570,855
Total liabilities and fund balances	\$ 539,128	\$ 52,725	\$ 591,853

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	\$ 570,855
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.	51,691
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(150,254)</u>
Net assets of governmental activities	<u>\$ 472,292</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, 2003

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
REVENUES			
Fees and fines	\$ -	\$ 4,681	\$ 4,681
Charges for services	446,143	-	446,143
Intergovernmental	65,436	-	65,436
Interest	5,211	522	5,733
Total revenues	<u>516,790</u>	<u>5,203</u>	<u>521,993</u>
EXPENDITURES			
Current operations:			
Juvenile Court			
Court operations	55,200	-	55,200
Non-support program	353,831	-	353,831
FINSAP program	62,555	-	62,555
Reparations to crime victims	-	144	144
Capital expenditures	20,761	-	20,761
Total expenditures	<u>492,347</u>	<u>144</u>	<u>492,491</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	24,443	5,059	29,502
Fund balances - beginning of year	<u>493,937</u>	<u>47,416</u>	<u>541,353</u>
Fund balances - end of year	<u>\$ 518,380</u>	<u>\$ 52,475</u>	<u>\$ 570,855</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	\$ 29,502
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,783)
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>(644)</u>
Change in net assets of governmental activities	<u>\$ 26,075</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2003

ASSETS

Cash	\$ 36,399
Due from other governments	515
	<hr/>
Total assets and other debits	<u>\$ 36,914</u>

LIABILITIES

Accounts payable	\$ 1,622
Bail bond deposits	33,589
Due to other governments	1,703
	<hr/>
Total liabilities	<u>\$ 36,914</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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. Effective January 1, 2001, the Court adopted the new financial reporting requirements of GASB Statement Nos. 33 and 34.

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, including time deposits – “Cash, including time deposits” includes all demand deposits 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, 2003 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 2003 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.

At December 31, 2003, the Court had interest-bearing demand deposits (book balances) as follows:

Interest bearing demand deposits	\$ 534,023
Other demand deposits	34,977
Cash on hand	300
	<u>\$ 569,300</u>

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, 2003, Juvenile Court has \$589,005 in deposits (collected bank balances). These deposits

B: CASH AND INVESTMENTS (Continued)

are secured from risk by \$100,000 of federal deposit insurance and \$820,142 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

C: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due to the general fund at December 31, 2003 are as follows:

City-Parish	\$ 22,201
Louisiana Commission on Law Enforcement	2,881
Louisiana Department of Social Services	33,681
	<u>\$ 58,763</u>

D: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 is as follows:

	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Computer equipment, including software	\$ 210,454	\$ 13,062	\$ 1,157	\$ 222,359
Other office equipment	19,147	7,699	-	26,846
Furniture and fixtures	13,510	-	-	13,510
Totals at historical cost	<u>243,111</u>	<u>20,761</u>	<u>1,157</u>	<u>262,715</u>
Less accumulated depreciation				
Computer equipment, including software	167,746	20,451	1,157	187,040
Other office equipment	14,617	2,165	-	16,782
Furniture and fixtures	6,273	929	-	7,202
Totals at historical cost	<u>188,636</u>	<u>23,545</u>	<u>1,157</u>	<u>211,024</u>
Capital assets, net	<u>\$ 54,475</u>	<u>\$ (2,784)</u>	<u>\$ -</u>	<u>\$ 51,691</u>

Depreciation expense of \$23,545 was charged to governmental activities for Juvenile Court – Court operations.

E: LONG-TERM DEBT

As of December 31, 2003, the governmental long-term debt consisted of the following:

Accrued compensated absences – noncurrent portion \$ 150,254

The following is a summary of changes in long-term debt for the year ended December 31, 2003:

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003	Amounts Due within One Year
Accrued Compensated Absences	\$ 149,611	\$ 643	\$ -	\$ 150,254	\$ -

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.

G: PENSION PLANS (Continued)

Funding Policy

Plan members are required to contribute 8% of their annual covered salary and the Juvenile Court is required to contribute at an actuarially determined rate. The rate at December 31, 2003, was 7.70% 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, 2003, 2002, and 2001 were \$34,838, \$27,954, and, \$23,303 respectively, equal to the required contributions for each year.

H: OTHER POST-EMPLOYMENT BENEFITS

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

Health and dental benefits

Employees may at their option participate in the group health and dental insurance program. Employees are offered their choice of two health maintenance organizations or an indemnity plan for health benefits. Employees may also participate in the indemnity plan for dental benefits. Upon retirement the employee may continue coverage with the same benefits available to active employees. The minimum premium plan is funded with employees and retirees contributing 38% of the premium and the Parish of East Baton Rouge contributing 62% of the premium. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972. The portion paid by the Parish of East Baton Rouge of the post-retirement benefit for health and dental coverage is funded on a pay-as-you-go basis from the City – Parish General Fund – Risk Management budget.

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 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, 2003:

	<u>Due From</u>	<u>Due To</u>
General fund		
Victims of Juvenile Crime Compensation fund	\$ 50	\$ -
Victims of Juvenile Crime Compensation fund		
General fund	-	50
	<u>\$ 50</u>	<u>\$ 50</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, 2003 are summarized as follows:

	<u>City-Parish</u>	<u>Judicial Expense Fund</u>
Personal services	\$ 501,541	\$ 16,047
Group benefits	152,774	1,282
Supplies	47,190	5,401
Contractual services	40,690	21,643
Capital outlay	-	1,109
	<u>\$ 742,195</u>	<u>\$ 45,482</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Year ended December 31, 2003

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2002	\$ 478,530	\$ 493,937	\$ 493,937	\$ -
Resources (inflows):				
Intergovernmental:				
Louisiana Commission on Law				
Enforcement	6,804	3,000	2,881	(119)
Families in Need of Services Assistance				
Program	59,020	62,555	62,555	-
Non-support fees	437,000	444,000	446,143	2,143
Interest	6,350	5,250	5,211	(39)
Other	-	-	-	-
Amounts available for appropriation	<u>509,174</u>	<u>514,805</u>	<u>516,790</u>	<u>1,985</u>
Charges to appropriations (outflows):				
Current:				
Juvenile Court:				
Court operations:				
Personal services:				
Salaries - Mentor Program	5,000	2,685	2,492	193
Group benefits:				
Payroll taxes	-	-	13	(13)
Payroll taxes - Mentor Program	375	90	89	1
Retirement	-	255	270	(15)
Post-employment - Mentor Program	-	95	95	-
Group insurance	-	250	-	250
Supplies:				
Office supplies	7,500	4,500	4,538	(38)
Office supplies - Mentor Program	935	-	-	-
General supplies	5,000	3,500	3,154	346
Computer supplies	1,500	2,350	2,333	17
Subscriptions and publications	2,500	3,110	3,109	1
Small equipment and office furniture	2,000	1,830	1,829	1
Small equipment and office furniture - Mentor program	183	-	-	-

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Contractual services:				
Advertising	\$ -	\$ 370	\$ 367	\$ 3
Auditing and accounting services	5,000	4,300	5,438	(1,138)
Bank service charges	250	1,065	1,010	55
Dues and memberships	200	405	411	(6)
Printing and copying	1,500	860	911	(51)
Professional services	600	700	1,220	(520)
Education and training	1,000	230	230	-
Travel	2,000	1,010	1,095	(85)
Travel - Mentor Program	312	-	-	-
Meals	-	585	583	2
Parking	480	480	480	-
Postage	850	570	566	4
Repair and maintenance - equipment	1,500	2,500	2,447	53
Computer maintenance and support	25,000	26,700	22,229	4,471
Miscellaneous	-	-	291	(291)
Non-support program:				
Personal services:				
Salaries	227,530	232,115	230,635	1,480
Group benefits:				
Payroll taxes	4,550	4,550	4,569	(19)
Retirement	34,540	34,540	34,568	(28)
Group insurance	18,400	18,545	21,641	(3,096)
Post-employment benefits	12,000	11,635	13,651	(2,016)
Workers' compensation	2,040	1,580	-	1,580
Fidelity bonds	182	-	-	-
Supplies:				
Office supplies	3,000	2,500	2,710	(210)
General supplies	-	55	55	-
Computer supplies	1,000	1,280	1,268	12
Small equipment and office furniture	1,500	3,655	3,653	2
Contractual services:				
Advertising	100	25	25	-
Auditing and accounting services	5,000	10,000	10,000	-
Bank service charges	-	-	52	(52)
Printing and copying	1,000	400	351	49

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Professional services	\$ 8,000	\$ 9,500	\$ 9,420	\$ 80
Dues and memberships	100	195	195	-
Travel and training	5,000	2,850	2,820	30
Meals and meetings	-	45	45	-
Mileage reimbursement	1,200	1,825	1,652	173
Telephone	4,200	3,900	3,898	2
Postage	200	6,200	6,096	104
Storage	2,175	2,185	2,182	3
Equipment repair and maintenance	5,500	3,000	4,345	(1,345)
FINSAP program				
Contractual services:				
Programmatic services	<u>59,020</u>	<u>62,555</u>	<u>62,555</u>	<u>-</u>
Total current	<u>459,922</u>	<u>471,575</u>	<u>471,586</u>	<u>(11)</u>
Capital outlay:				
Computer equipment	14,500	11,215	11,212	3
Furniture and fixtures	<u>1,000</u>	<u>9,550</u>	<u>9,549</u>	<u>1</u>
Total capital outlay	<u>15,500</u>	<u>20,765</u>	<u>20,761</u>	<u>4</u>
Total charges to appropriations	<u>475,422</u>	<u>492,340</u>	<u>492,347</u>	<u>(7)</u>
Budgetary fund balance - December 31, 2003	<u>\$ 512,282</u>	<u>\$ 516,402</u>	<u>\$ 518,380</u>	<u>\$ 1,978</u>

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, 2003

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2002	\$ 47,319	\$ 47,416	\$ 47,416	\$ -
Resources (inflows):				
Juvenile traffic/crime fines	7,500	4,600	4,681	81
Interest	725	600	522	(78)
Amounts available for appropriation	8,225	5,200	5,203	3
Charges to appropriations (outflows):				
Reparations to crime victims	6,000	235	144	91
Total charges to appropriations	6,000	235	144	91
Budgetary fund balance - December 31, 2003	\$ 49,544	\$ 52,381	\$ 52,475	\$ 94

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, 2003

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.

L.A. CHAMPAGNE & CO., L.L.P.

WENDEL FOUSHEE, CPA
CHARLES S. COMEAUX, JR., CPA
MICHAEL A. THAM, CPA
ROBERT L. STAMEY, CPA

RAYMOND P. PRINCE, CPA

CERTIFIED PUBLIC ACCOUNTANTS
4911 BENNINGTON AVENUE
BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120
FACSIMILE (225) 927-8124
www.lac@laccpa.com

MEMBERS - SEC AND
PRIVATE COMPANIES PRACTICE
SECTIONS OF THE AMERICAN
INSTITUTE OF CPAs

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 financial statements 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, 2003, and have issued our report thereon dated April 27, 2004. 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.

Compliance

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*

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 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 judgment, could adversely affect the East Baton Rouge Parish Juvenile Court'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 and questioned costs as item 2003-01.

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 over financial reporting that might be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended 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.

L.A. Champagne CPA
April 27, 2004

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
Year Ended December 31, 2003

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. One 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. No instances of noncompliance material to the financial statements of the East Baton Rouge Parish Juvenile Court were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.

B: FINDINGS – FINANCIAL STATEMENT AUDIT

2003-01. Control of Cash Receipts

Criteria – All cash funds received should be properly safeguarded and promptly deposited into a Court bank account.

Condition – On October 16, 2003, a \$205 cash deposit collected for a child support payment was lost.

Effect – The Court lost the use of the money for its operations.

Cause – This deposit was misplaced and has not been located.

Recommendation – Collections should be kept in a secure location until deposited. Collections should be reconciled with deposit receipts.

Management response – An amendment to the existing accounting procedures has been implemented. The Administrative Assistant now maintains a daily deposit log. Upon receipt of the daily deposits, the Administrative Assistant requires each employee who has posted money to initial the log to verify the amount of the deposit. After each bank deposit is made, the Administrative Assistant compares the amount on each deposit receipt with the amounts entered on the deposit log.

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2003

2002-1. Compliance with Municipal Budget Act

Condition – Actual revenue for the Victims of Juvenile Crimes Compensation Fund in 2002 was less than budgeted revenue by more than 5%.

Action taken – Revenue for the Victims of Juvenile Crimes Compensation Fund was monitored more closely and changes in projected revenue were incorporated in the budget amendment.



JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

TELEPHONE (225) 354-1250

FAX (225) 357-7876

Kathleen Stewart Richey

Judge, Division A

Pamela Taylor Johnson

Judge, Division B

Donna T. Carter

Judicial Administrator

Darlene Kaufman

Deputy Judicial Administrator

April 27, 2004

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2003.

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, 2003

The finding from the 2003 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned to the schedule.

2003-01. Control of Cash Receipts

Condition: On October 16, 2003, a \$205 cash deposit collected for a child support payment was lost.

Action Taken: The existing accounting procedures were amended to include a daily deposit log that is maintained by the Administrative Assistant. Upon receipt of the daily deposits, the Administrative Assistant requires each employee who has posted money to initial the log to verify the amount of the deposit. After each bank deposit, the Administrative Assistant compares the amount on each deposit receipt with the amounts entered on the deposit log.

If there are any questions regarding this plan, please call me at 225-354-1250.

Sincerely yours,

Donna T. Carter

Judicial Administrator