

ORLEANS PARISH JUVENILE COURT
NEW ORLEANS, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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

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INDEPENDENT AUDITORS' REPORT

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

We have audited the accompanying general purpose financial statements of the Orleans Parish Juvenile Court, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Orleans Parish Juvenile Court'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 auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* 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 above present fairly, in all material respects, the financial position of the Orleans Parish Juvenile Court, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2004, on our consideration of the Orleans Parish Juvenile Court's internal control over financial reporting and on 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Orleans Parish Juvenile Court. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the Orleans Parish Juvenile Court. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

May 28, 2004


Certified Public Accountants

ORLEANS PARISH JUVENILE COURT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Total (Memorandum Only)
	General Fund	Special Revenue Funds	Agency Funds	General Fixed Assets	
ASSETS					
Cash	\$ 1,054,235	\$ -	\$ -	\$ -	\$ 1,054,235
Receivables:					
Grants	114,601	-	-	-	114,601
NSF checks	-	-	12,023	-	12,023
Other receivables	76,565	-	-	-	76,565
Interfund receivables	61,136	197,458	443,405	-	701,999
Fixed assets	-	-	-	1,081,066	1,081,066
Total assets	\$ 1,306,537	\$ 197,458	\$ 455,428	\$ 1,081,066	\$ 3,040,489
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable	\$ 89,816	\$ -	\$ -	\$ -	\$ 89,816
Payroll taxes payable	733	-	-	-	733
Fine collections payable	-	-	16,152	-	16,152
Interfund payables	640,810	193	60,996	-	701,999
Bonds outstanding	-	-	244,572	-	244,572
Deposits payable	-	-	200	-	200
Unprocessed payments	-	-	120,494	-	120,494
Due to others	-	-	13,014	-	13,014
Total liabilities	731,359	193	455,428	-	1,186,980
FUND EQUITY:					
Fund balance, unreserved	575,178	197,265	-	-	772,443
Investment in general fixed assets	-	-	-	1,081,066	1,081,066
Total fund equity	575,178	197,265	-	1,081,066	1,853,509
Total liabilities and fund equity	\$ 1,306,537	\$ 197,458	\$ 455,428	\$ 1,081,066	\$ 3,040,489

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

ORLEANS PARISH JUVENILE COURT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Special Revenue Fund	Total (Memorandum Only)
REVENUES:			
On behalf payments	\$ 1,816,098	\$ -	\$ 1,816,098
Fines and fees	142,735	127,644	270,379
Court costs	227,597	-	227,597
Contractual services	312,286	-	312,286
Grants	1,011,383	-	1,011,383
Interest income	4,085	-	4,085
Other	35,153	-	35,153
Total revenues	3,549,337	127,644	3,676,981
EXPENDITURES:			
Personnel costs through on behalf payments	1,816,098	-	1,816,098
Personal services	1,132,806	-	1,132,806
Contractual services	476,374	-	476,374
Supplies	94,641	-	94,641
Administrative costs	6,941	-	6,941
Machinery and equipment	19,178	-	19,178
Other	46,286	-	46,286
Total expenditures	3,592,324	-	3,592,324
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,987)	127,644	84,657
OTHER FINANCING SOURCES (USES):			
Operating transfers in	107,873	-	107,873
Operating transfers out	-	(107,873)	(107,873)
Total other financing sources (uses)	107,873	(107,873)	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	64,886	19,771	84,657
FUND BALANCE, JANUARY 1	510,292	177,494	687,786
FUND BALANCE, DECEMBER 31	\$ 575,178	\$ 197,265	\$ 772,443

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**ORLEANS PARISH JUVENILE COURT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ACTUAL AND BUDGET - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General Fund			Special Revenue Funds		
	Actual	Budget	Variance- Favorable (Unfavorable)	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES:						
On behalf payments	\$ 1,816,098	\$ -	\$ 1,816,098	\$ -	\$ -	\$ -
Fines and fees	142,735	127,000	15,735	127,644	117,800	9,844
Court costs	227,597	190,000	37,597	-	-	-
Contractual services	312,286	313,560	(1,274)	-	-	-
Grants	1,011,383	918,771	92,612	-	-	-
Interest income	4,085	2,500	1,585	-	-	-
Other	35,153	37,500	(2,347)	-	-	-
Total revenues	3,549,337	1,589,331	1,960,006	127,644	117,800	9,844
EXPENDITURES:						
Personnel costs through on behalf payments	1,816,098	-	(1,816,098)	-	-	-
Personnel services	1,132,806	956,460	(176,346)	-	-	-
Contractual services	476,374	600,854	124,480	-	-	-
Supplies	94,641	93,724	(917)	-	-	-
Administrative costs	6,941	-	(6,941)	-	-	-
Machinery and equipment	19,178	15,793	(3,385)	-	-	-
Other	46,286	40,300	(5,986)	-	-	-
Total expenditures	3,592,324	1,707,131	(1,885,193)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,987)	(117,800)	74,813	127,644	117,800	9,844
OTHER FINANCING SOURCES (USES):						
Operating transfers in	107,873	117,800	(9,927)	-	-	-
Operating transfers out	-	-	-	(107,873)	(117,800)	9,927
Total other financing sources (uses)	107,873	117,800	(9,927)	(107,873)	(117,800)	9,927
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	64,886	-	64,886	19,771	-	19,771
FUND BALANCE, JANUARY 1	510,292			177,494		
FUND BALANCE, DECEMBER 31	\$ 575,178			\$ 197,265		

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

ORLEANS PARISH JUVENILE COURT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Constitution of 1921 provided the foundation for the Orleans Parish Juvenile Court (the Court) as it exists today. The Court has exclusive juvenile jurisdiction in Orleans Parish including, but not limited to all juvenile violations, abuse and neglect, delinquency, traffic, non-support issues, and all other administrative and judicial matters involving juveniles in Orleans Parish, Louisiana.

The accounting and reporting policies of the Court conform to generally accepted accounting principles as applicable to governmental units.

Fund Accounting

The accounts of the Court are organized on the basis of funds and an account group, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures. The following funds and account group are used by the Court:

General Fund

The General Fund is the general operating fund of the Court, and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Types

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Court in a trustee capacity or as an agent for individuals, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

ORLEANS PARISH JUVENILE COURT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

The modified accrual basis of accounting is used by all governmental fund types and agency funds. 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.

Budgetary Data

For the year ended December 31, 2003, the Court adopted an annual budget for the General Fund and Special Revenue Funds.

Budgetary practices followed by the court include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgetary integration is used as a management control device.

As further described in Note 6, salary and fringe benefit payments made by the City of New Orleans on behalf of the Court are included, as revenues and personnel costs, in the accompanying financial statements for the General Fund. These on behalf payments are budgeted for, and controlled by the City of New Orleans. Therefore, the Court does not budget these amounts and any budget variances resulting from on behalf payments do not constitute violations of Louisiana statutes.

Cash

The Court is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

At December 31, 2003, the carrying amount of the Court's deposits was \$1,054,235 and the bank balance was \$1,093,226. Of the bank balances, \$200,000 was covered by federal depository insurance, and \$893,226 was covered by collateral held by the pledging institutions' agent in the Court's name.

Total Columns on Combined Statements - Overview

Total columns on the combined 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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ORLEANS PARISH JUVENILE COURT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB 34 Implementation

The Governmental Accounting Standards Board (GASB) issued Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, in June 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Court is required to implement the provisions of the pronouncement for financial statements for the period beginning after June 15, 2003, because total annual revenues were less than \$10 million in the year ending December 31, 1999.

GASB Statement Number 34 establishes a new governmental financial reporting model that will feature, among other significant changes, management discussion and analysis, a unique combination of fund-based and government wide financial statements and required supplementary information. The effects on the Court's financial statement are not known at this time; however, the pronouncement will be implemented for the year ending December 31, 2004.

(2) **INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at December 31, 2003 are as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ 61,136	\$ 640,810
Case processing	92,170	3
Bond escrow	38,285	-
Special probation	67,003	190
Non-Support	121,485	-
Restitution	9,660	-
OIDP	5,856	927
Bond	244,772	-
Traffic	61,632	60,069
	\$ 701,999	\$ 701,999

(3) **CHANGES IN GENERAL FIXED ASSETS**

Fixed assets are accounted for in the General Fixed Asset Account Group, rather than in the governmental fund. No depreciation has been provided on fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. The balance at December 31, 2003 consists of \$960,104 of historical costs, and \$120,962 of estimated costs. The General Fixed Asset Account Group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. A summary of changes in general fixed assets follows:

	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Furniture and fixtures	\$ 160,649	\$ 2,256	\$ 2,954	\$ 159,951
Equipment	121,885	6,038	-	127,923
Computer equipment	778,103	5,245	2,810	780,538
Autos and vans	12,654	-	-	12,654
Total	\$ 1,073,291	\$ 13,539	\$ 5,764	\$ 1,081,066

ORLEANS PARISH JUVENILE COURT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

(4) OPERATING LEASES

The Court has cancelable and noncancelable operating leases for the rental of copy machines and the rental of office space. The total amount charged to contractual services as a result of all operating leases was \$35,869 for the year ended December 31, 2003.

Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2003, are as follows:

2004	\$	20,869
2005		20,869
2006		20,869
2007		10,434

(5) BONDS OUTSTANDING

Bonds outstanding represent monies paid by defendants for their release from court custody. The amount of each bond will be reimbursed to the defendant upon his/her appearance for trial and/or will be forfeited towards arrearages due for fines, fees, or non-support.

(6) EXPENSES OF THE COURT PAID BY OTHERS

The accompanying financial statements do not include certain portions of the Court's expenses paid directly by other governmental entities. Expenses for the Court paid by the City of New Orleans include court room space, office space, utilities, insurance, and certain capital improvements.

Major portions of the salaries and related benefits of the Court's administrative and support staff are also paid by the City. Salary and fringe benefit payments, in the amount of \$1,816,098, made by the City of New Orleans on behalf of the Court are included in the accompanying financial statements for the General Fund as revenues and personnel costs. The fringe benefit payments, noted above, made by the City of New Orleans on behalf of the Court include contributions of \$93,357 to the Employees' Retirement System of the City of New Orleans.

(7) ECONOMIC DEPENDENCY

The Court is economically dependent on the City of New Orleans for the payment of the expenses described in Note 6. Should the City of New Orleans be unable to pay the expenses in 2004, the operations of the Court would be adversely effected.

(8) RISK MANAGEMENT

The Court is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City of New Orleans provides commercial insurance for the court in amounts sufficient to insure the Court against claims resulting from any of those risks.

ORLEANS PARISH JUVENILE COURT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	<u>Case Processing Fund</u>	<u>Bond Escrow Fund</u>	<u>Special Probation Fund</u>	<u>Total (Memorandum Only)</u>
ASSETS				
Interfund receivables	\$ 92,170	\$ 38,285	\$ 67,003	\$ 197,458
Total assets	<u>\$ 92,170</u>	<u>\$ 38,285</u>	<u>\$ 67,003</u>	<u>\$ 197,458</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Interfund payables	\$ 3	\$ -	\$ 190	\$ 193
Total liabilities	<u>3</u>	<u>-</u>	<u>190</u>	<u>193</u>
FUND BALANCE	<u>92,167</u>	<u>38,285</u>	<u>66,813</u>	<u>197,265</u>
Total liabilities and fund balance	<u>\$ 92,170</u>	<u>\$ 38,285</u>	<u>\$ 67,003</u>	<u>\$ 197,458</u>

See Auditors' Report

ORLEANS PARISH JUVENILE COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Case Processing Fund	Bond Escrow Fund	Special Probation Fund	Total (Memorandum Only)
REVENUES:				
Fines and fees	\$ 41,608	\$ 2,075	\$ 83,961	\$ 127,644
Total revenues	41,608	2,075	83,961	127,644
EXPENDITURES:				
Administrative costs	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	41,608	2,075	83,961	127,644
OTHER FINANCING (USES):				
Operating transfers out	(36,430)	-	(71,443)	(107,873)
Total other financing (uses)	(36,430)	-	(71,443)	(107,873)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES)	5,178	2,075	12,518	19,771
FUND BALANCE, JANUARY 1	86,989	36,210	54,295	177,494
FUND BALANCE, DECEMBER 31	\$ 92,167	\$ 38,285	\$ 66,813	\$ 197,265

See Auditors' Report

**ORLEANS PARISH JUVENILE COURT
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPE - AGENCY FUNDS
DECEMBER 31, 2003**

	<u>Non-Support Fund</u>	<u>Restitution Fund</u>	<u>Orleans Indigent Defender Program Fund</u>	<u>Bond Fund</u>	<u>Traffic Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>						
RECEIVABLES:						
NSF checks	\$ 12,023	\$ -	\$ -	\$ -	\$ -	\$ 12,023
Interfund receivables	<u>121,485</u>	<u>9,660</u>	<u>5,856</u>	<u>244,772</u>	<u>61,632</u>	<u>443,405</u>
Total assets	<u>\$ 133,508</u>	<u>\$ 9,660</u>	<u>\$ 5,856</u>	<u>\$ 244,772</u>	<u>\$ 61,632</u>	<u>\$ 455,428</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES:						
Fine collections payable	\$ -	\$ 9,660	\$ 4,929	\$ -	\$ 1,563	\$ 16,152
Interfund payables	-	-	927	-	60,069	60,996
Bonds outstanding	-	-	-	244,572	-	244,572
Deposits payable	-	-	-	200	-	200
Unprocessed payments	120,494	-	-	-	-	120,494
Due to others	<u>13,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,014</u>
Total liabilities	<u>133,508</u>	<u>9,660</u>	<u>5,856</u>	<u>244,772</u>	<u>61,632</u>	<u>455,428</u>
FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 133,508</u>	<u>\$ 9,660</u>	<u>\$ 5,856</u>	<u>\$ 244,772</u>	<u>\$ 61,632</u>	<u>\$ 455,428</u>

See Auditors' Report

**ORLEANS PARISH JUVENILE COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through program from:			
Supreme Court of Louisiana			
Temporary Assistance to Needy Families			
Drug Court Treatment	93.558		\$ 175,225 *
New Orleans Truancy Assessment and Service Center	93.558		241,505 *
Louisiana State University			
Temporary Assistance to Needy Families			
New Orleans Truancy Assessment and Service Center	93.558	C162562	188,446 *
Louisiana Department of Social Services			
Child Support Enforcement			
Hearing Officers	93.563		<u>40,309</u>
Total U.S. Department of Health and Human Services			<u>645,485</u>
<u>U.S. Department of Justice</u>			
Pass-through program from:			
City of New Orleans			
Local Law Enforcement Block Grant Program			
Enhancing Adjudication	16.592	2001-LB-BX-1598/ 2002-LB-BX-2580	224,624
Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Juvenile Justice and Delinquency Prevention - Allocation to States			
Report/Resource Center	16.540	J00-9-001	<u>61,650</u>
Total U.S. Department of Justice			<u>286,274</u>
Total			<u>\$ 931,759</u>

* Major Program

Note: The schedule of expenditures of federal awards is a summary of the activity of Orleans Parish Juvenile Court's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

We have audited the general purpose financial statements of the Orleans Parish Juvenile Court, as of and for the year ended December 31, 2003 and have issued our report thereon dated May 28, 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 Orleans Parish Juvenile Court'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 the 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 engagement, we considered the Orleans 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. 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. 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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Orleans Parish Juvenile Court in a separate letter dated May 28, 2004.

ERICKSEN KRENTEL & LAPORTELLA
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Orleans Parish Juvenile Court
May 28, 2004
Page 2

This report is intended solely for the information and use of management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 28, 2004


Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

Compliance

We have audited the compliance of the Orleans Parish Juvenile Court, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2003. Orleans Parish Juvenile Court's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Orleans Parish Juvenile Court's management. Our responsibility is to express an opinion on the Orleans Parish Juvenile Court's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Orleans Parish Juvenile Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Orleans Parish Juvenile Court's compliance with those requirements.

In our opinion, the Orleans Parish Juvenile Court complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the Orleans Parish Juvenile Court is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Orleans Parish Juvenile Court's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

ERICKSEN KRENTEL & LA PORTELLE

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Orleans Parish Juvenile Court

May 28, 2004

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 28, 2004


Certified Public Accountants

**ORLEANS PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the Orleans Parish Juvenile Court.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the "Independent Auditors' 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 general purpose financial statements of the Orleans Parish Juvenile Court were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award program for Orleans Parish Juvenile Court expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program was the Temporary Assistance to Needy Families Program (CFDA number 93.558).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Orleans Parish Juvenile Court was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

**ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003**

FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION

2002-1. Accuracy and Timeliness of Grant Financial Reports

Condition: During testing of major programs and revenues, it was noted that certain monthly reports were incomplete, contained mathematical errors and were not timely filed.

Recommendation: The Judicial Administrator should review the reports prepared by the grant manager for completeness and correctness prior to the report being submitted for final approval of the reports. The Judicial Administrator should maintain a due date list and monitor when the reports are required to be filed.

Current Status: The Judicial Administrator reviews grant reports and monitors reporting due dates. Grant financial reports are being filed timely and accurately.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF JUSTICE

- 2002-2. Local Law Enforcement Block Grant Program**
CFDA Number 16.585
Grant Numbers: 2000-LB-VX-2306 and 2001-LB-VX-1598
and
Byrne Formula Grant
CFDA Number 16.579
Grant Numbers: B01-9-007 and B00-9-001

Reportable Condition: As discussed at 2002-1, grant financial reports contained mathematical errors. The failure to accurately meet grant reporting requirements on an accurate and timely basis could lead to disallowed expenditures, over expenditure and/or under expenditure.

Current Status: The Judicial Administrator reviews grant reports and monitors reporting due dates. Grant financial reports are being filed timely and accurately.

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MANAGEMENT LETTER

May 28, 2004

To the Judges of the
Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

In planning and performing our audit of the financial statements of the Orleans Parish Juvenile Court for the year ended December 31, 2003, we considered its internal control structure 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 structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments regarding those matters. This letter does not affect our report dated May 28, 2004, on the general purpose financial statements of the Orleans Parish Juvenile Court.

The following are items we noted:

2003-1 Unclaimed Bonds

Louisiana Revised Statutes allow the Court to appropriate and use, for necessary expenses and operations, all sums of money represented by cash bonds held by the Court that have been unclaimed for more than five years. Before any such unclaimed bonds are appropriated, the Court must publish a notice in the official journal of Orleans Parish seeking information concerning the party at interest. To date the Court has not completed, but has begun the process to appropriate the unclaimed bonds. We suggest that the Court continue its efforts to compile, and regularly update, a listing of unclaimed bonds and use this listing to conduct the procedures necessary to appropriate the outstanding bonds.

The above item is a repeat recommendation from 1998, 1999, 2000, 2001 and 2002. During 2003, the court began efforts to resolve this matter, however, the unclaimed bonds remain unappropriated.

2003-2 Implementation of GASB 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASBS No. 34). This statement redefines generally accepted accounting principles (GAAP) for governments and makes dramatic changes to the way the Court will report its' finances to the public. Below is a brief summary of significant changes:

- * "Basic Financial Statements" replace the current "General Purpose Financial Statements" (GPFS). Basic Financial Statements will include both a government-wide perspective and a fund perspective. GPFS currently report only on a fund perspective.
- * A new section of the reporting package, Management's Discussion and Analysis (MD&A) will be required. This section will be a brief, objective and easily readable analysis of the Court's financial performance for the year.
- * The government-wide perspective will require elimination of interfund balances and transactions.

ERICKSEN KRENTEL & LAPORTE L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Judges of the
Orleans Parish Juvenile Court
May 28, 2004
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- * The accounting basis for government-wide statements will be full accrual as opposed to the modified accrual method currently used.
- * GASBS No. 34 will require the Office to record and depreciate all capital assets.
- * The General Fixed Asset Account Group and the General Long Term Debt Account Group will no longer be used.

Although the required effective date for GASB No. 34 is not until the year ending December 31, 2004, such a comprehensive change requires adequate planning and preparation to ensure that all of the proper information has been compiled and that any necessary system modifications have been accomplished.

The Court should develop a plan for implementing GASB Statement No. 34. Specifically, the Court should:

1. Develop a plan for the new Basic Financial statement reporting format.
2. Begin developing the format for the MD&A report including charts, tables, and graphs.
3. Evaluate and purchase a fixed asset accounting package capable of calculating annual depreciation expense.

The above item is a repeat recommendation from 2001 and 2002.

2003-3 Interim Financial Reporting

The Court has shown improvement in the accuracy of interim financial reporting in the judiciary expense fund. The Court should continue this improvement by recording the activity for all funds on a monthly basis. The governmental, special revenue and fiduciary funds maintained by the Finance Department should be recorded monthly into a general ledger system by the accounting department and reported monthly to management.

The above item is a repeat recommendation from 2002.

2003-4 Disallowed Grant Expenditures

During 2003, the court incurred certain grant expenditures which were disallowed by the flow through granting agency. The burden of funding disallowed expenditures is then placed on the Court's general fund budget. The court should closely monitor grant expenditures to avoid any disallowed costs being expended. Any questionable disbursements should be discussed and approved by the granting agency prior to incurring the expense to minimize disallowed expenditures.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with various Court personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.


Certified Public Accountants



Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

CHIEF JUDGE

C. HEARN TAYLOR

TELEPHONE (504) 565-7300

FAX (504) 565-7391

JUDGES

ANITA H. GANUCHEAU
ERNESTINE S. GRAY
LAWRENCE L. LAGARDE, JR.
MARK DOHERTY
YVONNE L. HUGHES

**CORRECTIVE ACTION PLAN RELATIVE TO
MANAGEMENT LETTER ITEMS**

May 28, 2004

Louisiana Legislative Auditor

Orleans 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:

Ericksen, Krentel & LaPorte, L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period: 01/01/03 to 12/31/03

The findings from the December 31, 2003 management letter are discussed below. The findings are numbered consistently with the number assigned in the management letter.

2003-1 Unclaimed Bonds

Recommendation: Orleans Parish Juvenile Court should continue its efforts to compile, and regularly update, a listing of unclaimed bonds and use this listing to conduct the procedures necessary to appropriate outstanding bonds as allowed by Louisiana revised statutes.

Response: We concur with this recommendation. Compilation of the outstanding list is in progress and will continue until complete and we will use the listing to conduct the procedures necessary to appropriate outstanding funds as allowed by law.

2003-2 Implementation of GASB 34

Recommendation: The Court should develop a plan for implementing GASB Statement No. 34.

Management Response: We are aware of future implications of GASB No. 34 on our financial reporting and the magnitude of the required changes. We have begun developing a plan for implementation.

2003-3 Interim Financial Reporting

Recommendation: The governmental, special revenue and fiduciary funds maintained by the Finance Department should be recorded monthly into the general ledger system by the accounting department.

Louisiana Legislative Auditor
May 28, 2004
Page 2

Response: We concur with this recommendation. The Court will begin recording all funds on an interim basis.

2003-4 Disallowed Grant Expenditures

Recommendation: The Court should closely monitor grant expenditures to avoid any disallowed costs being expended. In order to minimize disallowed expenditures, any questionable disbursements should be discussed and approved by the granting agency prior to incurring the expense.

Response: We concur with this recommendation. At the end of 2003, continuing in 2004, the accounts payable clerk and the assistant judicial administrator have become more involved with grant monitoring. They discuss any questionable items with the granting agency prior to incurring the expense and submitting the request for reimbursement. These extra efforts have been successful and have resulted in no disallowed costs being expended thus far in 2004.

If there are any questions regarding this plan, please call Monica Washington at (504) 565-7375.

Sincerely,

C. D. - 236
Signature
Chief Judge
Title