

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2018

L.A. CHAMPAGNE 
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund 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, 2018, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 1-8, the budgetary comparison information on pages 37 - 41, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 42, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, on pages 43 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Baton Rouge Parish Juvenile Court's basic financial statements. The supplementary schedule of compensation, benefits, and other payments to agency heads is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary schedule of compensation, benefits, and other payments to agency heads on page 46 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of compensation, benefits, and other payments to agency heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Parish Juvenile Court's internal control over financial reporting and compliance.

L. A. Champagne & Co., LLP

June 28, 2019

Baton Rouge, Louisiana

REQUIRED SUPPLEMENTARY INFORMATION



Adam J. Haney
Judge, Division A

Pamela Taylor Johnson
Judge, Division B

JUVENILE COURT

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Judicial Administrator

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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, 2018. Please read it in conjunction with the Court's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The Court's total net position deficit increased by approximately \$304,000 or 5 percent.
- During the year, Court expenses exceeded Court revenues of \$1,481,173 generated for governmental operations by approximately \$304,000. Last year Court expenses exceeded Court revenues by approximately \$289,000.
- The total cost of overall Court operations decreased by approximately \$17,000 or 1 percent.
- The general fund reported expenses exceeding revenues this year by approximately \$23,000. Last year expenses exceeded revenues by approximately \$3,000.
- The resources available for appropriation were approximately \$34,000 more than amounts originally budgeted for the general fund. Expenditures were more than original budgetary limits by approximately \$32,000.

During the year, the Court adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, issued by the Governmental Accounting Standards Board. This Statement addresses accounting and financial reporting of OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The adoption of Statement 75 has no impact on the Court’s governmental fund financial statements, which continue to report OPEB on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the Court’s government-wide financial statements to reflect the reporting of total OPEB liabilities at December 31, 2017 in accordance with provision of Statement 75. Net position deficit as of January 1, 2018 was increased by \$1,566,411 reflecting the cumulative retrospective effect of adoption.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 – 15) 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 Position 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 position and changes in them. You can think of the Court’s net position—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 position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by Juvenile Court as well as the State’s economic condition to assess the overall health of the Court.

Currently, the Court has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of Juvenile Court.

REPORTING THE COURT'S FUNDS

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

THE COURT AS A WHOLE

The Court's total net position deficit increased by approximately \$304,000 from \$5,623,069, as restated, in 2017 to \$5,926,845 in 2018 due principally to an increase in the Court's net *Other Post Employee Benefits (OPEB)* obligation and net pension liability.

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

For the year ended December 31, 2018, net position changed as follows:

Table 1
Net Position

	2018	2017	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 399,591	\$ 436,388	\$ (36,797)	(8) %
Capital assets	98,190	99,469	(1,279)	(1) %
Deferred outflows of resources	342,217	619,404	(277,187)	(45) %
Total assets and deferred outflows	839,998	1,155,261	(315,263)	(27) %
Current liabilities	20,870	15,731	5,139	33 %
Noncurrent liabilities	6,489,343	6,528,278	(38,935)	(1) %
Deferred inflows of resources	256,630	234,321	22,309	10 %
Total liabilities and deferred inflows	6,766,843	6,778,330	(11,487)	(0) %
Net position				
Invested in capital assets	98,190	99,469	(1,279)	(1) %
Restricted	63,673	68,162	(4,489)	(7) %
Unrestricted deficit	(6,088,708)	(5,790,700)	(298,008)	5 %
Total net position deficit	\$ (5,926,845)	\$ (5,623,069)	\$ (303,776)	5 %

Unrestricted net position deficit – from which day-to-day operations are funded without constraints established by other legal restrictions – increased by approximately \$298,000 from approximately \$5,791,000 in 2017 to approximately \$6,089,000 at the end of 2018.

The Court's expenses in 2018 were approximately \$17,000 or 1 percent more than 2017 primarily due to an increase in the Court's *Other Post Employment Benefits (OPEB)* obligation, net pension liability, and increases in personal services and employee benefits.

Approximately 90 percent of the Court's revenues are from City-Parish funds appropriated for Court operations. The other 10 percent of the Court's revenues are from the *Supreme Court of Louisiana* for programmatic services for the *Families in Need of Services Assistance Program (FINSAP)*; delinquency court costs (fines and fees) payable to the *Victim of Juvenile Crime Compensation Fund*; and interest income.

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.

Table 2
Changes in Net Position

	2018	2017	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 32,330	\$ 37,247	\$ (4,917)	(13) %
Intergovernmental	1,444,954	1,469,665	(24,711)	(2) %
Charges for services	1,837	876	961	110 %
Investment earnings	204	347	(143)	(41) %
Other	1,848	5,407	(3,559)	(66) %
Total revenues	<u>1,481,173</u>	<u>1,513,542</u>	<u>(32,369)</u>	<u>(2) %</u>
Program expenses				
Juvenile Court				
Court operations	1,683,761	1,707,759	(23,998)	(1) %
FINSAP	63,468	63,468	-	- %
LCLE truancy	-	18,309	(18,309)	(100) %
SCDCO - FPC program	31,702	8,072	23,630	293 %
Reparations to crime victims	6,018	4,539	1,479	33 %
Total expenses	<u>1,784,949</u>	<u>1,802,147</u>	<u>(17,198)</u>	<u>(1) %</u>
Change in net position	<u>\$ (303,776)</u>	<u>\$ (288,605)</u>	<u>\$ (15,171)</u>	<u>5 %</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 approximately \$152,000 which is approximately \$23,000 less than last year's total of approximately \$175,000.

The following schedule (Table 3) presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2018, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
General Fund Revenues and Expenditures**

	2018		2017	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
Intergovernmental	\$ 1,438,892	100 %	\$ 1,457,286	100 %
Investment earnings	88	-	140	-
Other	557	-	3,587	-
Total revenues	<u>1,439,537</u>	<u>100</u>	<u>1,461,013</u>	<u>100</u>
Expenditures				
Juvenile Court				
Court operations	1,339,271	93	1,374,387	94
LCLE	-	-	18,309	-
FINSAP	63,468	4	63,468	4
SCDCO/FPC program	31,702	2	8,072	1
	<u>1,434,441</u>	<u>100</u>	<u>1,464,236</u>	<u>102</u>
Capital outlay	28,300	-	-	-
Total expenditures	<u>1,462,741</u>	<u>104</u>	<u>1,464,236</u>	<u>102</u>
Deficiency of revenues over expenditures	<u>\$ (23,204)</u>	<u>(2) %</u>	<u>\$ (3,223)</u>	<u>(0) %</u>

Juvenile Court general fund expenditures decreased by approximately \$1,500 or less than 1 percent primarily due to decreases in court operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. When comparing original budgeted revenues to the amended budget and to actual revenues at year end, there was no significant change in original budgeted revenues and amended budgeted revenues for 2018. However, actual Juvenile Court General Fund revenues at year-end were \$33,800 more than projected. The additional revenues can be attributed to 2017 City-Parish surplus funds in the sum of \$14,400 carried forward into 2018.

General Fund expense projections were originally budgeted in the sum of \$1,431,100. Actual overall expenses in 2018 totaled \$1,462,700 or \$31,600 more than originally budgeted. The additional expense is accounted for in an unanticipated capital outlay purchase of a new *IBM Power I Model 914 Operating System* at Louisiana State Contract pricing in the sum of \$38,500 to replace the current *IBM Power I Model 720 Operating System* no longer supported by IBM for hardware maintenance effective September 30, 2019.

Juvenile Court operating expenses are primarily paid by City-Parish from the *Juvenile Court's Annual City-Parish Operating Budget*. At year-end, any Juvenile Court operating expenses in

excess of the Court’s annual City-Parish appropriation must be refunded to City-Parish from the Juvenile Court General Fund. However, as of December 5, 2018, the Court’s City-Parish Operating Budget projected an estimated year-end surplus of approximately \$28,300. Accordingly, City-Parish reimbursed the Juvenile Court General Fund the \$28,300 paid to IBM for the new operating system.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2018, the Court had \$386,220 invested in capital assets including computer equipment. (See Table 4 below.)

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

	<u>2018</u>	<u>2017</u>
Computer equipment, including software	\$ 261,978	\$ 233,678
Other office equipment	102,844	102,844
Furniture and fixtures	21,398	21,398
Totals	<u>\$ 386,220</u>	<u>\$ 357,920</u>

Long Term Liabilities

At year-end, December 31, 2018, the Court had a total of \$124,183 estimated for accrued compensated absences that represent the future liability for vacation earned but not used by Juvenile Court employees. That is less than a 1 percent decrease from 2017 as shown in the following table:

**Table 5
Outstanding Long Term Liabilities at Year-end**

	<u>2018</u>	<u>2017</u>
Accrued compensated absences	\$ 124,183	\$ 125,077

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

In January 2019, all Juvenile Court full time regular employees received 3 percent pay increases with the exception of those employees who had previously attained the maximum pay rate within the salary range established for their class within the Court’s pay plan. The Court is dependent on its *City-Parish Annual Operating Budget* for approximately 97 percent of all Court operating expenses. The other 3 percent of revenues are from grant funding from the *Louisiana Supreme Court Drug Court Office* for the *Families in Need of Services Assistance Program (FINSAP)* and the *Family Preservation Court Program (FPC)* and from the Court’s *Judicial Expense Fund* revenues generated from *Clerk of Court* filing fees; traffic fines; delinquency court costs; vending and bail bond revenues. *Judicial Expense Fund* revenues are used to supplement the Court’s *City-Parish Operating Budget* for *law clerk’s salaries, supplies, contractual services and capital outlay* expenses. *Judicial*

Expense Fund revenues in 2018 totaled \$40,000 as opposed to \$50,500 in 2017, a 20 percent decrease primarily due to a decline in juvenile delinquency and traffic filings in 2018, resulting in less fines, fees and court costs assessments.

The Court's 2019 *City-Parish Annual Operating Budget* appropriation increased by 5.65 percent or \$74,000 more than the City-Parish's 2018 appropriation. The 2019 appropriation provided for a 4.15 percent increase in salaries totaling \$31,600. Appropriations for employee benefits increased by 10 percent or \$40,600; supplies remained the same as 2018; and 2019 appropriations for contractual services increased by 1.83 percent or \$1,770.

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 POSITION
December 31, 2018

Statement 1

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 321,193
Accounts receivable	1,520
Receivable from other governments	72,362
Due from agency fund	1,516
Prepaid expense	<u>3,000</u>
Total current assets	399,591
Noncurrent assets:	
Capital assets, net of depreciation	<u>98,190</u>
Total assets	<u>\$ 497,781</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow for pensions	\$ 324,417
Deferred outflow for OPEB	<u>17,800</u>
Total deferred outflows of resources	<u>\$ 342,217</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 179
Due to other governments	839
Accrued salaries	<u>19,852</u>
Total current liabilities	20,870
Noncurrent liabilities:	
Accrued compensated absences	124,183
Net OPEB liability	4,200,276
Net pension liability	<u>2,164,884</u>
Total liabilities	<u>\$ 6,510,213</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for pensions	<u>\$ 256,630</u>
NET POSITION	
Net investment in capital assets	98,190
Restricted for:	
Reparations to crime victims	63,673
Unrestricted deficit	<u>(6,088,708)</u>
Total net position deficit	<u>\$ (5,926,845)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	<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	\$ 1,683,761	\$ 30,026	\$ -	\$ -	\$ (1,653,735)
FINSAP program	63,468	-	63,468	-	-
SCDCO - FPC program	31,702	-	31,702	-	-
Reparations to crime victims	6,018	4,140	-	-	(1,878)
Total governmental activities	<u>\$ 1,784,949</u>	<u>\$ 34,166</u>	<u>\$ 95,170</u>	<u>\$ -</u>	<u>\$ (1,655,613)</u>
General revenues:					
Intergovernmental					1,349,785
Interest					204
Other					1,848
Total general revenues					<u>1,351,837</u>
Change in net position					(303,776)
Net position deficit - beginning of year as restated					<u>(5,623,069)</u>
Net position deficit - end of the year					<u>\$ (5,926,845)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	Judicial Expense Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 103,034	\$ 154,486	\$ 63,673	\$ 321,193
Accounts receivable	-	1,520	-	1,520
Due from other governments	71,964	398	-	72,362
Due from other funds	-	4,052	110	4,162
Total assets and other debits	<u>\$ 174,998</u>	<u>\$ 160,456</u>	<u>\$ 63,783</u>	<u>\$ 399,237</u>
LIABILITIES				
Accounts payable	\$ -	\$ 179	\$ -	\$ 179
Due to other governments	839	-	-	839
Due to other funds	2,645	-	-	2,645
Accrued salaries and taxes	19,852	-	-	19,852
Total liabilities	<u>23,336</u>	<u>179</u>	<u>-</u>	<u>23,515</u>
FUND BALANCES				
Restricted for:				
Reparations to crime victims	-	-	63,783	63,783
Unassigned	151,662	160,277	-	311,939
Total fund balances	<u>151,662</u>	<u>160,277</u>	<u>63,783</u>	<u>375,722</u>
Total liabilities and fund balances	<u>\$ 174,998</u>	<u>\$ 160,456</u>	<u>\$ 63,783</u>	<u>\$ 399,237</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

Total governmental fund balances		\$ 375,722
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.		98,190
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		3,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences		(124,183)
Net pension obligation balances in accordance with GASB 68:		
Deferred outflow of resources - deferred pension contributions	\$ 324,416	
Net pension liability	(2,164,884)	
Deferred inflow of resources - related to net pension liability	<u>(256,630)</u>	<u>(2,097,098)</u>
Net OPEB balances in accordance with GASB 75:		
Deferred outflow of resources - related to net OPEB liability	\$ 17,800	
Net OPEB liability	<u>(4,200,276)</u>	<u>(4,182,476)</u>
Net position of governmental activities		<u>\$ (5,926,845)</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, 2018

	General Fund	Judicial Expense Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
REVENUES				
Fees and fines	\$ -	\$ 30,725	\$ 1,605	\$ 32,330
Intergovernmental	1,438,892	6,062	-	1,444,954
Charges for service	-	1,837	-	1,837
Interest	88	82	34	204
Other	557	1,291	-	1,848
Total revenues	<u>1,439,537</u>	<u>39,997</u>	<u>1,639</u>	<u>1,481,173</u>
EXPENDITURES				
Current operations:				
Juvenile Court				
Court operations	1,339,271	53,974	-	1,393,245
FINSAP program	63,468	-	-	63,468
SCDCO/FPC program	31,702	-	-	31,702
Reparations to crime victims	-	-	6,018	6,018
Capital expenditures	<u>28,300</u>	<u>-</u>	<u>-</u>	<u>28,300</u>
Total expenditures	<u>1,462,741</u>	<u>53,974</u>	<u>6,018</u>	<u>1,522,733</u>
OTHER FINANCING SOURCES				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(23,204)	(13,977)	(4,379)	(41,560)
Fund balances - beginning of year	<u>174,866</u>	<u>174,254</u>	<u>68,162</u>	<u>417,282</u>
Fund balances - end of year	<u>\$ 151,662</u>	<u>\$ 160,277</u>	<u>\$ 63,783</u>	<u>\$ 375,722</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	\$ (41,560)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,278)
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.	3,000
Some expenditures reported in the funds in a prior period are reported in governmental activities in the current period.	(3,375)
Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	894
Change in net position liability and deferred inflows and outflows in accordance with GASB 68	(148,577)
Change in net OPEB liability and deferred outflows in accordance with GASB 75	<u>(112,880)</u>
Change in net assets of governmental activities	<u>\$ (303,776)</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND**

December 31, 2018

	Agency Fund
ASSETS	
Cash	\$ 143,762
Total assets and other debits	\$ 143,762
LIABILITIES	
Accounts payable	\$ 1,153
Bail bond deposits	141,093
Due to JEF	1,516
Total liabilities	\$ 143,762

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Court also carries on certain ancillary activities including those related to 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 the facilities for court operations and appropriates funds for personal services, and other supplies and services in its annual budget. 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.

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles general accepted in the United States of America as prescribed by the Government

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Board (GASB). These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

The East Baton Rouge Parish Juvenile Court's (Court) basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The East Baton Rouge Parish Juvenile Court adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement changed the government-wide statement of net assets from three elements to five, adding deferred outflows and deferred inflows and renamed it the statement of net position.

Government-wide financial statements – The statement of net position 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 based 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 funds – Special Revenue funds are 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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting

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

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when “measurable and available.” Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Financial statement amounts

Cash and cash equivalents – “Cash and cash equivalents” includes all demand deposits, money market accounts, and certificates of deposit held by 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 between governmental funds 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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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	3 – 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 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, 2018 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 2018 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.

Other Post Employment Benefits (OPEBs)

Government accounting principles establish standards for the measurement, recognition, and display of OPEB costs and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes post employment healthcare, as well as other forms of post employment benefits (e.g., life insurance) when provided separately from a pension plan.

Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable – represent permanently nonspendable balances that are not expected to be converted to cash.

Restricted – represent balances where constraints have been established by parties outside of the Court or by enabling legislation.

Committed – represent balances where constraints have been established by formal action of the Court.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – represent balances where informal constraints have been established by the Court, but are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the Court reduces restricted amounts first, followed by unrestricted amounts.

Pension Plans

The Court is a participating employer in a defined benefit pension plan (plan) as described in Note H. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Adoption of New Accounting Principles

The Court adopted Government Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (“GASB 75”) to replace Statement No. 45 which resulted in a restatement of Net Position. The net effect of the restatement to the Government-Wide Statement of Net Position of the Court decreased net position by (\$1,566,411).

B: CASH AND INVESTMENTS

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

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

At December 31, 2018, the Court had demand deposits (book balances) as follows:

Interest bearing demand deposits	\$ 321,193
Other demand deposits	<u>143,762</u>
	<u>\$ 464,955</u>

B: CASH AND INVESTMENTS (Continued)

These deposits are stated at cost, which approximates market.

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, 2018, Juvenile Court has \$483,032 in deposits (collected bank balances).

These deposits are secured from risk by \$250,000 of federal deposit insurance and \$233,032 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 at December 31, 2018, are as follows:

	General Fund	Judicial Expense Fund	Total
City of Baton Rouge-Parish of East Baton Rouge	\$ 65,152	\$ 188	\$ 65,340
Other	6,812	210	7,022
	<u>\$ 71,964</u>	<u>\$ 398</u>	<u>\$ 72,362</u>

E: LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Amounts Due within One Year
Accrued Compensated Absences	\$ 125,077	\$ -	\$ 894	\$ 124,183	\$ -

F: SALARY EXPENDITURES

The Court administers the payroll for all Juvenile Court employees excluding the judges. The City-Parish reimburses the Court for those salaries appropriated in its budget.

G: PENSION PLANS

The Court is a participating employer in a cost-sharing defined benefit pension plan. This plan is administered by a public employee retirement system, the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS). The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge maintains the authority to establish and amend plan benefits for the CPERS plan. The CPERS plan is a component unit of the City-Parish and is administered by a separate board of trustees.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

CPERS:
209 Saint Ferdinand St.
Baton Rouge, Louisiana 70802
(225) 389-3272
www.brgov.com/dept/ers

Effective January 1, 2015, the Court implemented the provisions of Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Court to record its proportional share of the pension plan's Net Pension Liability and report the following disclosures:

Plan Description

CPERS is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish Comprehensive Annual Financial Report and Annual Operating Budget.

G: PENSION PLANS (Continued)

The Retirement System was created by The Plan of Government and is governed by a seven-member Board of Trustees (the Board). The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. Four of the trustees are elected members of the Retirement System. Two are elected by non-police and non-fire department employees, and one trustee each is elected by the police and fire department employees. The remaining membership of the Board consists of one member appointed by the Mayor-President, and two members appointed by the Metropolitan Council. The Metropolitan Council maintains the authority to establish and amend plan benefits.

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes a regular full-time employee of one of the member employers becomes a member of the Retirement System as a condition of employment, except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide retirement system, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts.

Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the Retirement System. The Retirement System actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The Retirement System exists for the sole benefit of current and former employees of the member employers.

Benefits

Normal Retirement

An employee's benefit rights vest after the employee has been a member of the Retirement System for 10 years. Benefit payments are classified into two distinct categories: 1) full retirement benefits and 2) minimum eligibility benefits. The service requirements and benefits granted for each category are:

G: PENSION PLANS (Continued)

	Members hired before 9/1/2015	Members hired on or after 9/1/2015
Full retirement benefits	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of avg. comp. times number of years of service	3% of avg. comp. times number of years of service
Minimum eligibility benefits	20 years' service, any age, or 10 years at age 55	20 years' service, any age, or 10 years at age 60 NPS, or age 55 PS
Formula	2.5% of avg. comp. times number of years of service	2.5 of avg. comp. times number of years of service
Average compensation	Highest successive 36 months	Highest successive 60 months
Early retirement	20 years' service, 3% penalty for each year below age 55	20 years' service, actuarially reduced benefit below age 55 NPS, or age 50 PS
Disability retirement:		
Service connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater
Survivor benefits:		
Service allowance	Automatic 50% J&S benefit, or member can purchase additional survivor benefits by actuarial benefit reduction	All survivor benefits must be purchased by actuarial benefit reduction
Service-connected disability	Automatic 50% J&S benefit	All survivor benefits must be purchased by actuarial benefit reduction
Ordinary disability	No survivor benefits provided	No survivor benefits provided
Member with 20 or more years of service	100% J&S benefit, based on member's benefit	100% J&S benefit, based on member's benefit
Member with less than 20 years of service, not retirement eligible	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)
Service-connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

Deferred Retirement Option Program (DROP)

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP) are employees who are eligible for retirement, but have chosen to continue employment for a maximum of five years if the member has 25 years of creditable service, or three years if the member has at least 10 but less than 25 years and is age 55 or older. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These

G: PENSION PLANS (Continued)

accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan. Five year participation in the DROP after 25 years of service is also a guaranteed benefit available to members who transferred membership to the Municipal Police Employees' Retirement System (MPERS). Because MPERS provides for only a three-year DROP, CPERS guarantees the balance of DROP participation, not to exceed the five-year maximum. Penalty provisions remain in place for these members as well.

Funding Policy

CPERS plan members contribute a percentage of their annual covered salary, which is stipulated in Part IV, Subpart 2, Sec. 1:264(A) 1 (b) of the City-Parish Code of Ordinances. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the CPERS's actuary. The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge has the authority to determine employee contributions to CPERS.

Contributions to the plan are required and determined by City/Parish Ordinance (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2018, for the Court and covered employees were as follows:

	<u>Court</u>	<u>Employees</u>
Contribution Rates	30.40%	9.50%
	Blended Rate	

The contributions made to the System for the past three years ending on December 31, which equaled the required contributions for each of these years, are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer contributions	\$ 156,233	\$ 155,067	\$ 147,447

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Court's proportionate share of the Net Pension Liability allocated by the pension plan as of the respective measurement dates. The Court uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement dates along with the change compared to

G: PENSION PLANS (Continued)

the immediately prior measurement date. The Court's proportion of the Net Pension Liability was based on a projection of the Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at <u>December 31, 2017</u>	Rate at December 31, <u>2017</u>	Decrease on December 31, <u>2016 Rate</u>
Proportionate share data	\$ 2,164,884	0.40432%	0.011623%

The Court's proportionate share of the pension plan's recognized pension expense was \$148,577 for the year ended December 31, 2018.

At December 31, 2018, the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 105,115	\$ -
Changes of assumptions	48,055	-
Net difference between projected and actual earnings on pension plan investments	-	(136,914)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	15,014	(119,716)
Employer contributions subsequent to the measurement date	<u>156,233</u>	<u>-</u>
Total	<u>\$ 324,417</u>	<u>\$ (256,630)</u>

The Court reported a total of \$156,233 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2017 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>YEAR</u>	
2019	\$ 52,522
2020	(26,594)
2021	(43,666)
2022	<u>(70,708)</u>
	<u>\$ (88,446)</u>

G: PENSION PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2018 are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate	
of Return	7.25% net of investment expenses.
Inflation Rate	2.75% per annum
Mortality	RP-2000 Combined Health Mortality, projected to 2019
Salary Increases	Aged based
Cost of Living	
adjustments	None

The following methods were used by CPERS in determining the long-term rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are included in the following table.

G: PENSION PLANS (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in the Retirement System target asset allocations as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core fixed income	15.00%	1.75%
Core plus fixed income	15.00%	2.25%
Large cap domestic equity	19.50%	4.75%
Non-large cap domestic equity	3.00%	5.50%
International large cap equity	15.00%	5.50%
International small cap equity	2.50%	5.25%
Emerging market equity	5.00%	6.75%
Core real estate	5.00%	4.25%
Master limited partnerships	5.00%	6.75%
Private equity	5.00%	8.50%
Risk parity	5.00%	6.75%
Hedge funds	5.00%	4.30%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS was 7.25% for the measurement period ending December 31, 2017.

G: PENSION PLANS (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Court's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
CPERS			
Rates	6.25%	7.25%	8.25%
Net Pension Liability			
Calculation	\$ 2,795,807	\$ 2,164,884	\$ 1,633,371

H: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Court is a component unit of the City-Parish and its employees participate in the City-Parish health benefits program. The City-Parish's other post-employment benefits plan (OPEB) is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members.

Benefits provided

The plan provides postemployment healthcare, vision and dental benefits to the qualified retirees of the Court with 20 years or more years of service who have attained age 50 or employees who have 12 years of service who have attained age 55 or 25 years of service at any age.

Retirees may continue their coverage under the City-Parish's health plans in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. If the participant meets the criteria for retirement, the government pays the following percentages of scheduled premiums:

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

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees covered by benefit terms:

Active employees	14
Retirees	<u>18</u>
	<u><u>32</u></u>

Funding policy

The Court does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets.

The contribution requirements of the employees/retirees and the City-Parish and participating City-Parish employers are established in the annual City-Parish operating budget and may be amended in subsequent years. During 2018, the health/dental plan was funded with employees and retirees contributing from 8% to 38% of the health and dental premium and the City-Parish contributing from 60% to 92% of the health and dental premiums, dependent upon the number of family members covered. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

Total OPEB liability

The Court's total OPEB liability of \$4,200,276 was measured as of December 31, 2017, and was determined by an actuarial valuation date as of January 1, 2017.

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Measurement date	December 31, 2017
Valuation date	January 1, 2017
Inflation	2.30%
Salary increases	3.00%
Discount rate	3.44%
Healthcare cost trend rates	
Medical	7.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2090 and beyond.
Dental	3.92% for 2017 and beyond.
Actuarial cost method	Entry age normal
Mortality	Adjusted RPH-2014 generational with MP-2017 projection

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in the total OPEB liability were as follows:

	<u>OPEB liability</u>
Balance as of December 31, 2017, restated	<u>\$ 4,069,596</u>
Changes for the year:	
Service cost	81,920
Interest on total OPEB liability	146,144
Effect of plan changes	(24,607)
Effect of economic/demographic gains or losses	5,550
Effect of assumptions changes or inputs	16,212
Benefit payments	<u>(94,540)</u>
Balance as of December 31, 2018	<u><u>\$ 4,200,276</u></u>

The following presents the total OPEB liability of the Court, calculated using the discount rate of 3.44%, as well as what the Court's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.44%	3.44%	4.44%
Total OPEB liability	5,091,751	4,200,276	3,523,637

The following presents the total OPEB liability of the Court, calculated using the current healthcare cost trend rates as well as what the Court's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		Trend Rate	
Total OPEB liability	3,486,378	4,200,276	5,142,056

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The following table shows the components of the Court’s annual OPEB expense:

	January 1, 2018 to December 31, 2018	
Service cost	\$	81,920
Interest on total OPEB liability		146,144
Effect of plan changes		(24,607)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or loss		1,011
Recognition of assumption changes or inputs		2,952
OPEB expense	\$	207,420

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experienc	\$ -	\$ 4,540
Changes of assumptions	-	13,260
Total	\$ -	\$ 17,800

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follow:

Year ended December 31:	
2019	\$ 3,962
2020	3,962
2121	3,962
2022	3,962
2023	1,952
Total	\$ 17,800

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 \$5,000 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.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Court does not recognize expenditures for these life insurance benefits 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, 2018:

	<u>Due From</u>	<u>Due To</u>
General fund		
Judicial Expense fund	\$ -	\$ 2,536
Victims of Juvenile Crime Compensation fund	-	110
Judicial Expense fund		
Fiduciary fund	1,516	-
General fund	2,536	-
Victims of Juvenile Crime Compensation fund		
General fund	110	-
Fiduciary fund		
Judicial Expense fund	-	1,516
	<u>\$ 4,162</u>	<u>\$ 4,162</u>

J: CONCENTRATIONS OF CREDIT RISK

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

K: OTHER EXPENDITURES OF THE JUVENILE COURT

Certain operating expenditures of the juvenile court are paid directly or reimbursed by the City-Parish. The City-Parish expenditures for the operation of the Juvenile Court for the year ended December 31, 2018, are summarized below:

	<u>City-Parish</u>
Personal services	\$ 776,152
Group benefits	386,933
Supplies	73,504
Contractual services	107,134
	<u>\$ 1,343,723</u>

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 28, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2017	\$ 174,866	\$ 174,866	\$ 174,866	\$ 13,763
Resources (inflows):				
Intergovernmental:				
Court operations	1,309,560	1,309,560	1,343,722	34,162
Families in Need of Services Assistance Program	63,468	63,468	63,468	-
SCDCO/FPC program	30,000	30,500	31,702	1,202
Miscellaneous revenue	2,500	2,090	557	(1,533)
Interest	200	88	88	-
Amounts available for appropriation	1,405,728	1,405,706	1,439,537	33,831
Charges to appropriations (outflows):				
Current:				
Juvenile Court:				
Personal services:				
Salaries	776,654	787,305	781,470	5,835
Group benefits:				
Payroll taxes			22,467	
Retirement			156,234	
Post-Employment benefit Insurance			88,745	
Group benefits	403,840	387,900	123,166	(2,712)
Supplies:				
Office supplies	46,300	42,615	60,476	(17,861)
Contract services:				
Auditing & accounting	2,000	3,240	3,240	
Bank service charges	360	360	-	
Water and sewer fees	3,630	2,760	-	
Janitorial and extermination services	520	192	-	
Dues & memberships	500	250	250	
Printing & copying	500	682	682	
Education & training	1,700	480	59	
Insurance	3,460	5,232	5,232	
Mileage reimbursement	1,000	1,000	726	
Telephone & communications	15,000	9,500	8,866	
Postage	1,000	990	990	
Repairs & maintenance	5,950	3,266	3,266	
Waste collection	2,220	2,335	5,018	

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Rental	15,230	14,025	14,024	
Other professional fees	29,261	25,261	41,933	
Other	28,500	25,500	22,427	
Contract services	110,831	95,073	106,713	(11,640)
FINSAP program				
Contractual services:				
Programmatic services	63,468	63,468	63,468	-
Louisiana Commission on Law Enforcement				
Truancy court:				
Programmatic services	-	-	-	-
SCDCO - Family Preservation Court				
Contract services	30,000	30,500	31,702	
	30,000	30,500	31,702	(1,202)
Total current	1,431,093	1,406,861	1,434,441	(27,580)
Capital outlay:				
Capital outlay	-	-	28,300	(28,300)
Total charges to appropriations	1,431,093	1,406,861	1,462,741	(55,880)
Budgetary fund balance - December 31, 2018	\$ 149,501	\$ 173,711	\$ 151,662	\$ (8,286)

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
JUDICIAL EXPENSE FUND
Year ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2017	\$ 174,254	\$ 174,254	\$ 174,254	\$ (3,467)
Resources (inflows):				
Fees and fines	43,500	28,940	28,505	(435)
Intergovernmental:				
Court fees	12,500	6,750	6,062	(688)
Court operations	5,000	2,500	2,220	(280)
Charges for service	1,000	1,836	1,837	1
Vending machine revenue	1,400	1,350	1,266	(84)
Interest	200	82	82	-
Other	250	25	25	-
Amounts available for appropriation	63,850	41,483	39,997	(1,486)
Charges to appropriations (outflows):				
Current:				
Salaries and employee benefits	4,420	4,375	4,373	2
Supplies	5,700	4,135	3,608	527
Contract services	37,590	45,589	45,303	286
Special programs	1,500	690	690	-
Net supplies	49,210	54,789	53,974	815
Total current	49,210	54,789	53,974	815
Capital outlay:				
Capital outlay	4,000	-	-	-
Total charges to appropriations	53,210	54,789	53,974	815
Budgetary fund balance - December 31, 2018	\$ 184,894	\$ 160,948	\$ 160,277	\$ (4,138)

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
VICTIMS OF JUVENILE CRIMES COMPENSATION FUND
Year ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2017	\$ 68,162	\$ 68,162	\$ 68,162	\$ -
Resources (inflows):				
Juvenile traffic/crime fines	4,000	2,415	1,605	(810)
Interest	210	64	34	(30)
Amounts available for appropriation	4,210	2,479	1,639	(840)
Charges to appropriations (outflows):				
Reparations to crime victims	2,500	2,415	6,018	(3,603)
Total charges to appropriations	2,500	2,415	6,018	(3,603)
Budgetary fund balance - December 31, 2018	\$ 69,872	\$ 68,226	\$ 63,783	\$ (4,443)

See accompanying notes to budgetary comparison schedules.

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

December 31, 2018

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 funds 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 funds' 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 funds are prepared and presented on the modified accrual basis of accounting.

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Year ended December 31, 2018

Total OPEB Liability		
Service cost	\$	81,920
Interest on total OPEB liability		146,145
Effect of plan changes		(24,607)
Effect of economic/demographic gains or loss		5,550
Effect of assumptions changes or inputs		16,212
Benefit payments		(94,540)
Net change in total OPEB liability		<u>130,680</u>
Total OPEB liability - beginning		<u>4,069,596</u>
Total OPEB liability - ending	\$	<u>4,200,276</u>
Covered-employee payroll	\$	709,498
Total OPEB liability as a percentage of covered-employee payroll		592%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes of benefit terms: There were no changes of benefits terms for the year ended December 31, 2018.

Changes of assumptions: There were no changes of assumptions for the year ended December 31, 2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended December 31, 2018

Fiscal Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
CPERS					
2018	0.4043%	\$ 2,164,884	\$ 564,526	383.4870%	68.8000%
2017	0.3927%	\$ 2,333,603	\$ 549,019	425.0496%	68.8000%
2016	0.4511%	\$ 2,602,048	\$ 615,046	423.0656%	64.0900%
2015	0.4367%	\$ 1,920,486	\$ 592,031	324.3894%	63.9500%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF PENSION CONTRIBUTIONS**

Year ended December 31, 2018

Fiscal Year	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency	Employer's Covered Employee Payroll	Covered Employee Payroll
CPERS					
2018	\$ 156,233	\$ 156,233	\$ -	\$ 564,526	27.68%
2017	\$ 155,067	\$ 155,067	\$ -	\$ 549,019	28.24%
2016	\$ 147,447	\$ 147,447	\$ -	\$ 615,046	24.00%
2015	\$ 152,571	\$ 152,571	\$ -	\$ 592,031	25.77%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented were determined as of the end of the fiscal year.

**EAST BATON ROUGE PARISH JUVENILE COURT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON PENSIONS**

December 31, 2018

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

The Actuarial Asset Valuation Method changed to uniformly spread actuarial investment gains and losses over a five-year period. This change is effective January 1, 2018, commencing with a “fresh start” to set this year’s Actuarial Value of Assets equal to the Market Value of Assets. The new method, as adopted by the Board of Trustees in April 2018, ensures that the Actuarial Value of Assets converge to the Market Value of Assets within a reasonable period of time if the investment rate of return is realized.

OTHER SUPPLEMENTARY INFORMATION

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEADS**

December 31, 2018

Agency Head Name: *Adam J. Haney, Chief Judge*

<u>Purpose</u>	<u>Amount</u>
Benefits - insurance	\$ 110
Communications	1,019
Travel	1,309

Note: Judges are not required to include compensation, reimbursements and benefits received directly from the Louisiana Supreme Court. Amounts reported above were paid from funds the court administers.

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE

Alvin J. Callais, CPA

Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

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

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the fiduciary fund of East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Juvenile Court's basic financial statements and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Baton Rouge Parish Juvenile Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the East Baton Rouge Parish Juvenile Court's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as items 2018-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Baton Rouge Parish Juvenile Court's Response to Findings

East Baton Rouge Parish Juvenile Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses and the corrective action plan. East Baton Rouge Parish Juvenile Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L.A. Champagne & Co, LLP

June 28, 2019

Baton Rouge, Louisiana

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2018

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unmodified opinion on the financial statements of the East Baton Rouge Parish Juvenile Court.
2. One significant deficiency in the internal controls relating to the audit of the financial statements is reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental 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. A management letter was not issued in conjunction with this engagement.

B: FINDINGS – FINANCIAL STATEMENT AUDIT

2018-01 Internal Control over Financial Reporting

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

Effect: Because our involvement is so key to that process there is an indication that this deficiency in internal control over financial reporting of the Court meets the definition of a significant deficiency as defined below.

Criteria: Internal controls over financial reporting are those policies and procedures that exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Auditor's Recommendation: At this time, it is not feasible for the Court to acquire the expertise necessary to actually draft the year-end financial statements in accordance with GAAP. Therefore, we propose to continue to assist management in the drafting of those financial statements.

B: FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Management Response: Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, they have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles; they provide all of the information to be included in the financial statements and they understand the financial statements presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2018

2017-01 Internal Control over Financial Reporting

Repeated in current year findings as finding 2018-01.



Adam J. Haney
Judge, Division A

Pamela Taylor Johnson
Judge, Division B

JUVENILE COURT

PARISH OF EAST BATON ROUGE
8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

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

Donna T. Carter
Judicial Administrator

Darlene Munson
Deputy Judicial Administrator

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2018.

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, 2018

The findings for the *2018 Schedule of Findings and Responses* are discussed below. The findings are numbered consistently with the number assigned to the schedule.

2018-01

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

Action Taken: Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, they have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles; they provide all of the information to be included in the financial statements and they understand the financial statements presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

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

Sincerely yours,

Donna T. Carter
Judicial Administrator

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2018

STATEWIDE AGREED UPON PROCEDURES

L.A. CHAMPAGNE 
Certified Public Accountants

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Independent Accountant's Report on Applying Agreed upon Procedures

To East Baton Rouge Juvenile Court and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by East Baton Rouge Juvenile Court and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and do address the functions noted above.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions noted above.

c) ***Disbursements***, including processing, reviewing, and approving

Written policies and procedures were obtained and do address the functions noted above.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and do address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and do address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Written policies and procedures were obtained and do address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and do address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were obtained and do address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and do address the functions noted above.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Management provided a listing of client bank accounts. Randomly selected one month and obtained the bank statement and reconciliation, noting there is evidence that the reconciliations were prepared within two months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Management provided a listing of client bank accounts. Randomly selected one month and obtained the bank statement and reconciliation, noting that there is evidence that a member of management has reviewed the bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management provided a listing of client bank accounts. Randomly selected one month and obtained the bank statement and reconciliation. There are several reconciling items outstanding for more than 12 months that have been researched but not cleared from the reconciliations.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided a listing of locations that processes payments for the fiscal period and a representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management provided a list of employees involved in non-payroll purchasing and the payment function, noting that at least two employees are involved in initiating, approving, and placing an order.

- b) At least two employees are involved in processing and approving payments to vendors.

Management provided a list of employees involved in non-payroll purchasing and the payment function, noting that at least two employees are involved in processing and approving payments to vendor.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Management provided a list of employees involved in non-payroll purchasing and the payment function, noting that the judicial administrator is responsible for adding or modifying vendor files and must obtain final written approval by a Judge of the Court.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Management provided a list of employees involved in non-payroll purchasing and the payment function, noting that signed checks are given to the administrative assistant, who is responsible for processing payments to be mailed.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Management provided non-payroll disbursements and representation that the list was complete. Randomly selected 5 disbursements and obtained supporting documentation, noting that the disbursements matched the related invoice.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided non-payroll disbursements and representation that the list was complete. Randomly selected 5 disbursements and obtained supporting documentation and noted that the disbursements documentation included evidence of segregation of duties.

Ethics

20. Using 5 randomly selected employees/officials obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Management provided documentation demonstrating each employee completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management does require employees to attest through signature verification that she or he has read the entity's ethics policy during the fiscal period.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

L.A. Champagne & Co, LLP

Baton Rouge, LA

June 28, 2019