

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Baton Rouge, Louisiana
Financial Report
December 31, 2024**

Table of Contents

Independent Auditor’s Report	Page 3
Required Supplementary Information Management’s Discussion and Analysis	Page 6
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	Page 10
Statement of Activities	Page 11
Fund Financial Statements	
Balance Sheet – Governmental Fund	Page 12
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	Page 13
Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Fund	Page 14
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Fund to the Statement of Activities	Page 15
Notes to Financial Statements	Page 16
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	Page 34
Schedule of Proportionate Share of the Net Pension Liability – CPERS	Page 35
Schedule of Contributions – CPERS	Page 36
Budgetary Comparison Schedule - General Fund	Page 37
Notes to Required Supplementary Information	Page 38
Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page 41
Justice System Funding Schedule – Receiving Entity – Cash Basis As Required by Act 87 of the 2020 Regular Legislative Session	Page 42
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 <i>Government Auditing Standards</i>	Page 43
Schedule of Findings and Responses	Page 45
Schedule of Prior Year Findings	Page 46



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Independent Auditor's Report

To the Court Administrator and the Honorable Judges of
The Family Court of East Baton Rouge Parish – Judicial Expense Fund
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of The Family Court of East Baton Rouge Parish – Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise The Family Court of East Baton Rouge Parish – Judicial Expense Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of The Family Court of East Baton Rouge Parish – Judicial Expense Fund, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Family Court of East Baton Rouge Parish - Judicial Expense Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family Court of East Baton Rouge Parish - Judicial Expense Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family Court of East Baton Rouge Parish - Judicial Expense Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-8, and the schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of the net pension liability, schedule of contributions, and budgetary comparison schedule – general fund on pages 34-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer and the justice system funding schedule – receiving entity – cash basis as required by Act 87 of the 2020 Regular Legislative Session (“justice system funding schedule”) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected 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 accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer and the justice system funding schedule are 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 5, 2025, on our consideration of The Family Court of East Baton Rouge Parish – Judicial Expense Fund’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 solely 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 the effectiveness of The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s 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 The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, LLP.

June 5, 2025

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Management’s Discussion and Analysis
December 31, 2024**

The purpose of this section is to offer management’s discussion and analysis of The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s (“the Judicial Expense Fund”) financial performance during the year ended December 31, 2024. It should be read in conjunction with the financial report taken as a whole.

Financial Highlights

- The Judicial Expense Fund’s liabilities plus deferred inflows of resources exceed its assets plus deferred outflows of resources as of December 31, 2024 by \$6,360,313 (net deficit).
- The Judicial Expense Fund’s net position decreased \$359,069 from the previous year.
- The Judicial Expense Fund implemented GASB Statement No. 101, *Compensated Absences*, effective January 1, 2024. The implementation of GASB 101 is considered a change in accounting principle and, as a result, beginning net position (deficit) has been restated to reflect the cumulative effect of this change.

Government-Wide Financial Statements

Government-wide financial statements are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine the governmental fund’s current financial resources with capital assets and long-term obligations. Donated infrastructure is included.

The Statement of Net Position presents information on all of the Judicial Expense Fund’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position (deficit). Over time, changes in net position may serve as a useful indicator of whether or not the financial position of the Judicial Expense Fund is improving.

The Statement of Activities presents information on how the Judicial Expense Fund’s net position has changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This is intended to summarize information and simplify the user’s analysis of cost of various governmental services and/or subsidy to various business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than generic fund types.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund presentation is presented on a modified accrual basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principles (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s current financing requirements. The Judicial Expense Fund has presented the General Fund as a major fund.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Management’s Discussion and Analysis
December 31, 2024**

Capital Assets

Capital assets include furniture and equipment and all other tangible assets that are used in operations that have estimated useful lives greater than two years and meet or exceed the government’s capitalization threshold (See Note # 3: Capital Assets).

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

GOVERNMENTAL ACTIVITIES

The Judicial Expense Fund’s operations are funded extensively by the City of Baton Rouge and Parish of East Baton Rouge (“the City-Parish”). Operational funding by the City-Parish increased by \$258,548, or 18.09%, from 2023. The other major source of funding for the Judicial Expense Fund is court fees, which increased by \$8,922 or 3.83%, from 2023.

The following table reflects the condensed statement of net position for 2024, with comparative figures from 2023:

**Condensed Statements of Net Position
December 31, 2024 and 2023**

	Governmental Activities	
	2024	2023
Assets		
Current assets	\$ 417,593	\$ 401,079
Capital assets, net of depreciation	<u>47,862</u>	<u>36,629</u>
Total assets	<u>465,455</u>	<u>437,708</u>
Deferred Outflows of Resources	<u>2,639,775</u>	<u>2,535,768</u>
Liabilities		
Current liabilities	44,767	49,356
Non-current liabilities	<u>8,639,381</u>	<u>7,405,916</u>
Total liabilities	<u>8,684,148</u>	<u>7,455,272</u>
Deferred Inflows of Resources	<u>781,395</u>	<u>1,397,939</u>
Net Position (Deficit)		
Net investment in capital assets	41,537	27,790
Unrestricted (deficit)	<u>(6,401,850)</u>	<u>(5,907,525)</u>
Total net position (deficit)	<u><u>\$ (6,360,313)</u></u>	<u><u>\$ (5,879,735)</u></u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Management’s Discussion and Analysis
December 31, 2024**

GOVERNMENTAL ACTIVITIES (Continued)

The table below provides a summary of the statement of activities for the year ended December 31, 2024, with comparative figures from 2023:

**Condensed Statements of Activities
Years Ended December 31, 2024 and 2023**

	Governmental Activities	
	2024	2023
Program Revenues		
Charges for services	\$ 241,780	\$ 232,858
Operating grants and contributions	<u>1,687,697</u>	<u>1,429,149</u>
Total program revenues	1,929,477	1,662,007
Expenses		
Governmental activities	<u>2,288,546</u>	<u>2,166,787</u>
Change in Net Position (Deficit)	(359,069)	(504,780)
Net Position (Deficit), Beginning of Year, as previously reported	(5,879,735)	(5,374,955)
Cumulative effect of implementing GASB 101	<u>(121,509)</u>	<u>-</u>
Net Position (Deficit), Beginning of Year, as restated	<u>(6,001,244)</u>	<u>(5,374,955)</u>
Net Position (Deficit), End of Year	<u><u>\$ (6,360,313)</u></u>	<u><u>\$ (5,879,735)</u></u>

CONTACTING MANAGEMENT

This financial report is designed to provide the citizens and taxpayers with a general overview of the Judicial Expense Fund’s finances and show the accountability for the money it receives. If you have any further questions about the report, or need additional information, contact the court administrative office at 300 North Boulevard, Baton Rouge, Louisiana, (225) 389-4680.

Basic Financial Statements

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Statement of Net Position
December 31, 2024**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 384,684
Accounts receivable	32,909
Capital assets, net of depreciation	<u>47,862</u>
Total assets	<u>465,455</u>
Deferred Outflows of Resources	
Deferred outflow amounts related to net pension liability	1,721,898
Deferred outflow amounts related to other postemployment benefit liability	<u>917,877</u>
Total deferred outflows of resources	<u>2,639,775</u>
Liabilities	
Accrued liabilities	44,767
Non-current liabilities	
Due within one year	12,360
Due in more than one year	<u>8,627,021</u>
Total liabilities	<u>8,684,148</u>
Deferred Inflows of Resources	
Deferred inflow amounts related to net pension liability	141,617
Deferred inflow amounts related to other postemployment benefit liability	<u>639,778</u>
Total deferred inflows of resources	<u>781,395</u>
Net Position (Deficit)	
Net investment in capital assets	41,537
Unrestricted (deficit)	<u>(6,401,850)</u>
Total net position (deficit)	<u><u>\$ (6,360,313)</u></u>

The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Statement of Activities
Year Ended December 31, 2024**

		Program Revenues		
		Charges for	Operating	
Functions and Programs	Expenses	Services	Grants and	Net
Governmental activities			Contributions	Loss
Judicial	\$ 2,288,546	\$ 241,780	\$ 1,687,697	\$ (359,069)
Total governmental activities	<u>\$ 2,288,546</u>	<u>\$ 241,780</u>	<u>\$ 1,687,697</u>	<u>(359,069)</u>
Change in Net Position (Deficit)				(359,069)
Net Position (Deficit)				
Beginning of year, as restated				<u>(6,001,244)</u>
End of year				<u>\$ (6,360,313)</u>

The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Balance Sheet
Governmental Fund
December 31, 2024**

	General Fund
Assets	
Cash and cash equivalents	\$ 384,684
Accounts receivable	<u>32,909</u>
Total assets	<u><u>\$ 417,593</u></u>
Liabilities	
Accrued liabilities	<u>\$ 44,767</u>
Total liabilities	<u>44,767</u>
Fund Balance	
Unassigned	<u>372,826</u>
Total fund balance	<u>372,826</u>
Total liabilities and fund balance	<u><u>\$ 417,593</u></u>

The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Reconciliation of Governmental Fund Balance
Sheet to the Statement of Net Position
December 31, 2024**

Total governmental fund balance		\$ 372,826
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund		47,862
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Certain non-current assets and deferred outflows of resources
are not available resources and, therefore, are not reported in
the governmental fund:

Deferred outflows of resources related to net pension liability	\$ 1,721,898	
Deferred outflows of resources related to other postemployment benefit liability	917,877	2,639,775

Non-current liabilities and deferred inflows of resources are not due
and payable in the current period and, therefore, are not reported
in the governmental fund:

Compensated absences payable	(251,088)	
Net pension liability	(4,135,883)	
Other postemployment benefit liability	(4,246,085)	
Lease liability	(6,325)	
Deferred inflows of resources related to net pension liability	(141,617)	
Deferred inflows of resources related to other postemployment benefit liability	(639,778)	(9,420,776)

Net position (deficit) of governmental activities		\$ (6,360,313)
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The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Statement of Revenues, Expenditures and Change in Fund Balance
of Governmental Fund
Year Ended December 31, 2024**

	General Fund
Revenues	
Fees and fines	\$ 241,780
Intergovernmental	<u>1,687,697</u>
Total revenues	<u>1,929,477</u>
Expenditures	
Current	
Judicial	1,880,507
Capital outlay	<u>27,867</u>
Total expenditures	<u>1,908,374</u>
Change in Fund Balance	21,103
Fund Balance , beginning of year	<u>351,723</u>
Fund Balance , end of year	<u><u>\$ 372,826</u></u>

The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Reconciliation of the Statement of Revenues, Expenditures and Change in
Fund Balance of Governmental Fund to the Statement of Activities
Year Ended December 31, 2024**

Change in fund balance - governmental fund	\$	21,103
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$ 27,867	
Depreciation expense	<u>(16,634)</u>	11,233

Lease financing provides current financial resources to governmental funds, but increases non-current liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces non-current liabilities in the statement of net position:

Principal repayments	2,514
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Decrease in compensated absences payable	(3,013)	
Increase in other postemployment benefit liability	(346,072)	
Decrease in deferred outflows of resources related to other postemployment benefit liability	(360,828)	
Decrease in deferred inflows of resources related to other postemployment benefit liability	534,313	
Increase in net pension liability	(765,385)	
Increase in deferred outflows of resources related to net pension liability	464,835	
Decrease in deferred inflows of resources related to net pension liability	<u>82,231</u>	<u>(393,919)</u>

Change in net position (deficit) of governmental activities	\$	<u><u>(359,069)</u></u>
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The accompanying notes are an integral part of these financial statements.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 1-Summary of Significant Accounting Policies

The accompanying financial statements of The Family Court of East Baton Rouge Parish – Judicial Expense Fund (“the Judicial Expense Fund”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements as set forth in the *Codification for Governmental Accounting and Financial Reporting*.

The Judicial Expense Fund was established in 1980 under Act No. 505 and Act No. 809 of 1995 for the purpose of paying expenses for the Family Court deemed necessary by the judges for efficient operations of the court. The Judicial Expense Fund receives court fees collected on its behalf by the East Baton Rouge Parish Clerk of Court (“the Clerk of Court”).

As the governing authority of consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (“the City-Parish”) is the financial reporting entity for the consolidated government. 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 unit’s board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides the court office space, courtrooms, personnel services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund, the District Court, and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City-Parish, the financial reporting entity.

The accompanying financial statements present information only on the Judicial Expense Fund maintained by The Family Court of East Baton Rouge Parish and do not present any other information on the District Court, the City-Parish, the general government services provided by the governmental unit, or other government units that comprise the financial reporting entity.

A. Basis of Presentation

The Judicial Expense Fund’s basic financial statements consist of the government-wide statements and the general fund statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

B. Basic Financial Statements

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. The government-wide presentation focuses primarily on the sustainability of the Judicial Expense Fund and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 1-Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

Only the governmental fund type is used by the Judicial Expense Fund. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The only fund used by the Judicial Expense Fund is the general fund, which is the general operating fund and accounts for all activities of the Judicial Expense Fund.

C. 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, change in net position, 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 - governmental funds. 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. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits, savings accounts and certificates of deposit that do not contain a material early withdrawal penalty.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Receivables are included in the fund financial statements if they are both measurable and available. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

F. Capital Assets

Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 1-Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$500 or more are capitalized and reported at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. 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:

Office furniture and equipment	5 – 7 years
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In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition.

G. Leases

Leases are in accordance with GASB No. 87, *Leases*. At the commencement of a lease, the Judicial Expense Fund initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term. For leases in which the Judicial Expense Fund is the lessor, a lease receivable and deferred inflow of resources would be recognized.

H. Revenues

Substantially all governmental fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as amounts due under grant contracts, interest, and transcript charges to attorneys. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met.

I. Compensated Absences

The annual and sick leave plan adopted by the Judicial Expense Fund provides a maximum of 48 days per year per eligible employee. Sick leave is allowed to accrue and accumulate. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payment is made for the unused accumulation.

Employees of the Judicial Expense Fund may accrue up to 30 days of compensatory time in lieu of overtime payment. Compensatory leave is paid by the Judicial Expense Fund upon termination, resignation, retirement or death up to the maximum accrual amounts. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

In accordance with GASB Statement No. 101, *Accounting for Compensated Absences*, liabilities are recognized when it is more likely than not that employees will use the leave or otherwise receive payment, even if the leave is nonvesting (meaning the employee is not guaranteed payment for unused leave upon termination). Examples of compensated absences within the scope of this guidance include vacation leave, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 1-Summary of Significant Accounting Policies (Continued)

I. Compensated Absences (Continued)

The accrued compensated absences shown in the accompanying financial statements represent the liability for all employees of the Judicial Expense Fund, except the judges and the commissioners.

J. Fund Balance

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that are not in a spendable form or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Judicial Expense Fund considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Judicial Expense Fund has provided otherwise in its commitment or assignment actions.

At December 31, 2024, the Judicial Expense Fund only had an unassigned fund balance.

K. Net Position (Deficit)

Net position (deficit) represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The *net investment in capital assets* component of net position (deficit) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets, if applicable.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on the use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of net position (deficit) is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position (deficit).

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 1-Summary of Significant Accounting Policies (Continued)

K. Net Position (Deficit) (Continued)

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is the Judicial Expense Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Deferred Outflows/Inflows of Resources

The statement of net position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

M. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

N. Recently Adopted Accounting Pronouncement

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

As a result of the implementation of GASB Statement No. 101, *Compensated Absences*, the Judicial Expense Fund has revised its accounting for compensated absences. Previously, liabilities for compensated absences were recognized when it was probable that employees would use the leave or otherwise receive payment. Now, liabilities are recognized when it is more likely than not that employees will use the leave or otherwise receive payment. This change has resulted in a higher liability for compensated absences, as the threshold for recognition has been lowered. The liability for compensated absences is measured based on the pay rate in effect at the time the employee is expected to use the leave, and includes any applicable salary-related payments, such as Social Security and Medicare taxes. For example, the Judicial Expense Fund now recognizes a liability for unused sick leave if it is more likely than not that the employee will use it as paid time off, even if the leave is nonvesting (meaning the employee is not guaranteed payment for unused leave upon termination).

Note 2-Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand and time deposits. The Judicial Expense Fund may deposit funds in demand deposit, interest-bearing demand deposit, money-market, or time deposit accounts in accordance with Louisiana Revised Statutes 39:1241-1245. As of December 31, 2024, the Judicial Expense Fund's deposits were fully covered by federal depository insurance and pledged securities.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 3-Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Office furniture and equipment	\$ 381,566	\$ 27,867	\$ -	\$ 409,433
Right-of-use asset - leased equipment	12,787	-	-	12,787
Accumulated depreciation and amortization	<u>(357,724)</u>	<u>(16,634)</u>	<u>-</u>	<u>(374,358)</u>
Capital assets, net	<u><u>\$ 36,629</u></u>	<u><u>\$ 11,233</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,862</u></u>

Depreciation and amortization expense charged to governmental activities was \$16,634 for the year ended December 31, 2024.

Note 4-Salary Expenditures

The Judicial Expense Fund administers and disburses payroll for all Family Court employees, excluding the judges and the commissioners. The City-Parish reimburses the Judicial Expense Fund for those salaries which are appropriated in the City-Parish budget.

Note 5-Defined Benefit Pension Plan

Plan Description

The Judicial Expense Fund contributes to the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System ("CPERS"). The plan is a cost-sharing, multiple-employer defined benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to the plan members and their beneficiaries.

CPERS is considered a component unit of the financial reporting entity of the City-Parish and is included as a pension trust fund in the City-Parish's Comprehensive Annual Financial Report and Annual Operating Budget. CPERS is governed by a seven-member Board of Trustees ("the Board"). The Board is responsible for administering the assets of CPERS and for making policy decisions regarding investments. The City of Baton Rouge and Parish of East Baton Rouge Metropolitan Council ("the Metropolitan Council") maintains the authority to establish and amend plan benefits.

CPERS issues publicly available financial reports that include financial statements and required supplementary information for the plan. The financial reports may be obtained from the:

Retirement Administrator
Employees' Retirement System
City of Baton Rouge, Parish of East Baton Rouge
Post Office Box 1471
Baton Rouge, Louisiana 70821-1471

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement 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 CPERS Trust 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 CPERS Trust. CPERS Trust actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The CPERS Trust exists for the sole benefit of current and former employees of the member employers.

A. Normal Retirement

An employee's benefit rights vest after the employee has been a member of the CPERS Trust for 10 years. Benefit payments are classified into two distinct categories: 1) full retirement benefits, and 2) minimum eligibility benefits. As a cost saving measure, certain benefits were changed affecting members whose most recent hire date was September 1, 2015 or later.

The service requirements and benefits granted for each category and by hire date, for non-public safety members (NPS) and public safety members (PS) are:

	Members hired before <u>September 1, 2015</u>	Members hired on or after <u>September 1, 2015</u>
Full retirement benefits:	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of average compensation times number of years of service	3% of average compensation 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 average compensation times number of years of service	2.5% of average compensation times number of years of service

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement Benefits (Continued)

A. Normal Retirement (Continued)

	Members hired before <u>September 1, 2015</u>	Members hired on or after <u>September 1, 2015</u>
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 average compensation plus 1.5% for each service year above 10 years	50% of average compensation plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of average compensation, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of average compensation, or 2.5% times number of years of service, whichever is greater
Survivor benefits:		
Service allowance	Automatic 50% J&S benefit, and 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)

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement Benefits (Continued)

B. Deferred Retirement Option Plan (DROP)

Deferred retirees (participants in DROP) are members who are eligible for retirement but have chosen to continue employment for a maximum of five years. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the CPERS Trust 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 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.

C. Permanent Benefit Increases/Cost-of-Living Adjustments

CPERS has no true cost of living benefit but did implement the Supplemental Benefit Payment (SBP) in 2006, which is a non-recurring, non-guaranteed lump sum payment to qualifying retirees and which must be declared for payment by the Board each year. Funding comes from mortality savings from a prior benefit adjustment and from excess investment revenues. In aggregate, the amounts distributed to retirees cannot exceed the funds declared available for distribution. On an individual basis, a formula is used to determine payment amounts based on the retiree's number of years retired, years of service, and participation in the DROP.

Funding Policy

Contribution rates for each participating employer and its covered employees are established and may be amended by the CPERS Board of Trustees, with approval by the Metropolitan Council. The contribution rates are determined based on the benefit structure established by the plan provisions. For 2023, members contributed 9.5% of their annual covered salary, which was the maximum rate under 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 Plan's actuary. For 2023, the employer contribution rate was 36.30%. Administrative costs of the Retirement System are provided through investment earnings.

At December 31, 2024, the Judicial Expense Fund reported a liability of \$4,135,883 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The allocation method used in determining the Judicial Expense Fund's proportion was based on their contribution effort to the plan for 2023 as compared to the total of all employers' projected contribution effort to the plan for 2023. The projected contribution effort was actuarially determined by the CPERS Trust's actuary. At the December 31, 2023 measurement date, the Judicial Expense Fund's proportion was 0.5462%, which was an increase of 0.1017% from its proportion measured as of December 31, 2022. For the year ended December 31, 2024, the Judicial Expense Fund recognized pension expense of \$218,319.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Funding Policy (Continued)

At December 31, 2024, the Judicial Expense Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,773	\$ -
Net difference between projected and actual earnings on pension plan investments	476,844	-
Changes in proportion	784,167	52,037
Differences between employer contributions and proportionate share of contributions	-	89,580
Contributions subsequent to measurement date	<u>330,114</u>	<u>-</u>
	<u><u>\$ 1,721,898</u></u>	<u><u>\$ 141,617</u></u>

The Judicial Expense Fund reported a total of \$330,114 as deferred outflows of resources related to pensions resulting from the Judicial Expense Fund's contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

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

Year Ending December 31,	
2025	\$ 389,971
2026	467,613
2027	406,041
2028	<u>(13,458)</u>
	<u><u>\$ 1,250,167</u></u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Funding Policy (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2023 is as follows for the CPERS Trust:

Valuation Date	December 31, 2023 on a valuation date of January 1, 2023		
Actuarial Cost Method	Entry age normal		
Actuarial Assumptions:			
Expected Remaining Service Lives	4 years		
Investment Rate of Return	7.00% per year, compounded annually, net of investment expenses		
Inflation Rate	2.25%		
Discount Rate	7.00%		
Mortality	Healthy: RP-2006 Blue Collar (employee for active and annuitant for inactive) Projected back to 2001, Generational with MP-2018 (2016 base year)		
	Disabled: RP-2006 Disability Table Projected back to 2001, Generational with MP-2018 (2016 base year)		
Salary Increases	<u>Years of Service</u>	<u>Age</u>	<u>Percent of Increase</u>
	Less than 1 year	22	7.60%
		27-32	4.90%
		37-62	3.40%
		67	1.50%
	<u>Years of Service</u>	<u>Age</u>	<u>Percent of Increase</u>
	1 year or more	22	7.60%
		27	3.50%
		32	3.50%
		37	3.25%
		42	2.55%
		47	1.85%
		52-62	1.55%
		67	0.75%
Cost of Living Adjustments	None		

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 5-Defined Benefit Pension Plan (Continued)

Funding Policy (Continued)

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 as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	34.5%	7.50%
International Equity	15.5%	8.50%
Domestic Bonds	25.0%	2.50%
International Bonds	5.0%	3.50%
Real Estate	15.0%	4.50%
Alternative Assets	5.0%	5.66%
Total	<u>100.0%</u>	

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

The following presents the Judicial Expense Fund's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Judicial Expense Fund's proportionate share of net pension liability	<u>\$ 5,110,534</u>	<u>\$ 4,135,883</u>	<u>\$ 3,314,910</u>

Note 6-Other Postemployment Benefit Plan (OPEB)

The Judicial Expense Fund employees may, at their discretion, participate in the employees' group life, health, and dental insurance programs sponsored by the government and administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 6-Other Postemployment Benefit Plan (OPEB) (Continued)

Plan Description

The Plan 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Retirees may continue personal health and dental insurance coverage 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 fully-vested employee may continue his or her coverage paying the same premiums and receiving the same benefits as active employees.

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%

Funding Policy

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During the measurement period, the dental plan was funded with employees and retirees contributing 48% of the dental premiums and the City-Parish contributing 52% of the dental premiums. During the measurement period, the health plan was funded with employees and retirees contributing 11% - 40% of the annually-adopted premium base, dependent on the type of coverage chosen and the number of family members covered. The City-Parish and component unit employers contributed the corresponding 60% - 89% of the premium base. One hundred percent of required premiums on the \$5,000 retiree life insurance policy are funded by the employer. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

The employer contribution to the OPEB plan for 2024 totaled \$171,964 as approved by the Metropolitan Council in the 2024 operating budget.

Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the Judicial Expense Fund reported a liability of \$4,246,085 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. At December 31, 2023, the Judicial Expense Fund’s proportion was 0.3670%, which was a decrease of 0.0036% from its proportion measured as of December 31, 2022.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 6-Other Postemployment Benefit Plan (OPEB) (Continued)

Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2024, the Judicial Expense Fund recognized OPEB expense of \$172,587.

At December 31, 2024, the Judicial Expense Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 45,508
Changes in assumptions	219,293	566,313
Changes in proportion	499,870	27,957
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,750	-
Contributions subsequent to measurement date	<u>171,964</u>	<u>-</u>
	<u><u>\$ 917,877</u></u>	<u><u>\$ 639,778</u></u>

Deferred outflows of resources related to OPEB resulting from OPEB payments subsequent to the measurement date of \$171,964 will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2025	\$ 20,028
2026	43,781
2027	<u>42,326</u>
	<u><u>\$ 106,135</u></u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 6-Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.27% to 18.39%
Discount Rate	3.26%
Healthcare Cost Trend Rates	
Medical	6.00% for 2024 to 2029, decreasing 0.50% per year to an ultimate rate of 4.50% for 2032 and later years
Dental	4.50% for 2024 and later years
Mortality	RP-2006 Blue Collar base tables projected back to 2001 using the Scale MP-2018 mortality improvement rates and projected beyond 2016 using the Scale MP-2018 mortality improvement rates.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Judicial Expense Fund's proportionate share of the total OPEB liability, calculated using the discount rate of 3.26%, as well as what the Judicial Expense Fund's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate:

	Changes in Discount Rate		
	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Judicial Expense Fund's proportionate share of total OPEB liability	<u>\$ 5,041,316</u>	<u>\$ 4,246,085</u>	<u>\$ 3,686,291</u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 6-Other Postemployment Benefit Plan (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Judicial Expense Fund's proportionate share of the total OPEB liability, calculated using the current healthcare cost trend rates, as well as what the Judicial Expense Fund's proportionate share of the total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	<u>Change in Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Judicial Expense Fund's proportionate share of total OPEB liability	<u>\$ 3,845,185</u>	<u>\$ 4,246,085</u>	<u>\$ 4,840,798</u>

Note 7-Lease Liability

The Judicial Expense Fund leases equipment from a third party. The lease has been recorded at the present value of the future minimum lease payments. At December 31, 2024, the value of the lease liability was \$6,325. In determining the present value, the interest rate charged by the lessor was not provided; therefore, the Judicial Expense Fund used its estimated incremental borrowing rate of 4.5% as the discount rate. Lease payments are made annually and the lease matures in 2027.

Future principal and interest payment requirements to the Judicial Expense Fund's lease at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Lease Liability</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,630	\$ 231	\$ 2,861
2026	2,750	111	2,861
2027	<u>945</u>	<u>7</u>	<u>952</u>
	<u>\$ 6,325</u>	<u>\$ 349</u>	<u>\$ 6,674</u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Financial Statements
December 31, 2024**

Note 8-Non-Current Liabilities

The following is a summary of changes in non-current liabilities for the year ended December 31, 2024:

	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024	Due Within One Year
Governmental Activities					
Compensated absences payable*	\$ 248,075	\$ 3,013	\$ -	\$ 251,088	\$ 10,000
Net pension liability	3,370,498	765,385	-	4,135,883	-
Net OPEB liability	3,900,013	346,072	-	4,246,085	-
Lease liability	<u>8,839</u>	<u>-</u>	<u>(2,514)</u>	<u>6,325</u>	<u>2,360</u>
Total non-current liabilities	<u>\$ 7,527,425</u>	<u>\$ 1,114,470</u>	<u>\$ (2,514)</u>	<u>\$ 8,639,381</u>	<u>\$ 12,360</u>

*The change in the compensated absences liability is presented as a net change.

Note 9-Concentrations of Credit Risk

Intergovernmental revenues represent amounts received from East Baton Rouge Parish governmental agencies. Receipt of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish.

Note 10-Change in Accounting Principle

The Judicial Expense Fund implemented GASB Statement No. 101, *Compensated Absences*, effective January 1, 2024. The implementation of GASB 101 is considered a change in accounting principle, and the Court has applied the Statement retroactively to the extent practicable. As a result, beginning net position as of January 1, 2024, has been restated to reflect the cumulative effect of this change. Under the prior policy, certain types of leave (such as sick leave) were not accrued until paid or taken. Under GASB 101, a liability is now recognized when the leave is earned and meets specified criteria for payment. The effect of this change is summarized below:

Net Position (Deficit), beginning of year, as previously reported	\$ (5,879,735)
Cumulative effect of implementing GASB 101	<u>(121,509)</u>
Net Position (Deficit), beginning of year, as restated	<u>\$ (6,001,244)</u>

The adjustment of \$121,509 reflects the increase in unrestricted net position (deficit) and an increase in the compensated absences liability as of January 1, 2024, for benefits that met the new recognition criteria but were not previously accrued under the Judicial Expense Fund's former accounting policy.

Note 11-Subsequent Events

The Judicial Expense Fund evaluated all subsequent events through June 5, 2025, the date the financial statements were available to be issued. As a result, no subsequent events that required adjustment to, or disclosure in, these financial statements were noted.

Required Supplementary Information

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Changes in Total OPEB Liability and Related Ratios
Years Ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, and 2018**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 77,269	\$ 142,453	\$ 105,273	\$ 122,808	\$ 46,735	\$ 37,976	\$ 67,932
Interest on total OPEB liability	144,280	109,527	83,756	120,332	71,797	58,874	121,193
Effect of plan changes	-	-	-	-	-	73,546	(20,405)
Effect of economic/demographic gains	-	-	-	-	-	70,659	4,604
Effect of difference between expected and actual experience	(4,809)	(89,358)	(20,475)	310,836	-	-	-
Effect of assumption changes or inputs	288,776	(1,328,616)	40,243	(856,866)	205,665	(199,632)	13,444
Effect of change in proportion	(37,146)	1,170,838	(6,507)	1,401,647	(4,681)	(1,747,751)	-
Benefit payments	<u>(122,298)</u>	<u>(118,709)</u>	<u>(81,215)</u>	<u>(76,961)</u>	<u>(47,937)</u>	<u>(44,005)</u>	<u>(78,399)</u>
Net change in total OPEB liability	<u>346,072</u>	<u>(113,865)</u>	<u>121,075</u>	<u>1,021,796</u>	<u>271,579</u>	<u>(1,750,333)</u>	<u>108,369</u>
 Total OPEB liability, beginning	 3,900,013	 4,013,878	 3,892,803	 2,004,402	 1,732,823	 3,483,156	 3,374,787
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>866,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability, beginning, as restated	<u>3,900,013</u>	<u>4,013,878</u>	<u>3,892,803</u>	<u>2,871,007</u>	<u>1,732,823</u>	<u>3,483,156</u>	<u>3,374,787</u>
 Total OPEB liability, ending	 <u>\$ 4,246,085</u>	 <u>\$ 3,900,013</u>	 <u>\$ 4,013,878</u>	 <u>\$ 3,892,803</u>	 <u>\$ 2,004,402</u>	 <u>\$ 1,732,823</u>	 <u>\$ 3,483,156</u>
 Covered payroll	 \$ 648,987	 \$ 627,324	 \$ 485,504	 \$ 496,314	 \$ 290,491	 \$ 487,258	 \$ 570,204
 Total OPEB liability as a percentage of covered payroll	 654.26%	 621.69%	 826.74%	 784.34%	 690.00%	 355.63%	 610.86%

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Proportionate Share of the Net Pension Liability
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System
Years Ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Judicial Expense Fund's										
Proportion of net pension liability	0.55%	0.44%	0.35%	0.37%	0.38%	0.41%	0.38%	0.38%	0.45%	0.41%
Proportionate share of net pension liability	\$ 4,135,883	\$ 3,370,498	\$ 1,781,391	\$ 2,189,419	\$ 2,393,898	\$ 2,983,827	\$ 2,058,448	\$ 2,263,810	\$ 2,590,246	\$ 1,785,254
Covered payroll	\$ 859,672	\$ 656,802	\$ 544,337	\$ 457,881	\$ 460,906	\$ 426,520	\$ 570,204	\$ 554,528	\$ 509,715	\$ 594,266
Proportionate share of net pension liability as a percentage of covered payroll	481.10%	513.17%	327.26%	478.16%	519.39%	699.57%	361.00%	408.24%	508.18%	300.41%
Plan fiduciary net position as a percentage of total pension liability	62.46%	61.66%	73.35%	68.78%	65.47%	59.36%	68.80%	64.09%	63.95%	70.90%

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Contributions
City of Baton Rouge and Parish of East Baton Rouge Employees’ Retirement System
Years Ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 330,114	\$ 238,419	\$ 198,683	\$ 164,837	\$ 161,778	\$ 151,372	\$ 173,570	\$ 156,377	\$ 135,584	\$ 153,880
Contributions in relation to the contractually required contribution	\$ 330,114	\$ 238,419	\$ 198,683	\$ 164,837	\$ 161,778	\$ 151,372	\$ 173,570	\$ 156,377	\$ 135,584	\$ 153,880
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer’s covered payroll	\$ 859,672	\$ 656,802	\$ 544,337	\$ 457,881	\$ 460,906	\$ 426,520	\$ 570,204	\$ 554,528	\$ 509,715	\$ 594,266
Contributions as a percentage of covered payroll	38.40%	36.30%	36.50%	36.00%	35.10%	35.49%	30.44%	28.20%	26.60%	25.89%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Final Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees and fines	\$ -	\$ 230,000	\$ 241,780	\$ 11,780
Intergovernmental	<u>1,698,530</u>	<u>1,698,530</u>	<u>1,687,697</u>	<u>(10,833)</u>
Total revenues	<u>1,698,530</u>	<u>1,928,530</u>	<u>1,929,477</u>	<u>947</u>
Expenditures				
Current				
Judicial	1,698,530	1,928,530	1,880,507	48,023
Capital outlay	<u>-</u>	<u>-</u>	<u>27,867</u>	<u>(27,867)</u>
Total expenditures	<u>1,698,530</u>	<u>1,928,530</u>	<u>1,908,374</u>	<u>20,156</u>
Change in Fund Balance	-	-	21,103	21,103
Fund Balance				
Beginning of year	<u>371,706</u>	<u>371,706</u>	<u>371,706</u>	<u>-</u>
End of year	<u>\$ 371,706</u>	<u>\$ 371,706</u>	<u>\$ 392,809</u>	<u>\$ 21,103</u>

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Required Supplementary Information
December 31, 2024**

Notes to the schedule of changes in total OPEB liability and related ratios:

Note 1-Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2024.

Note 2-Changes in Assumptions

The discount rate changed from 3.72% as of the December 31, 2022 measurement date to 3.26% as of the December 31, 2023 measurement date.

Notes to the schedules of proportionate share of net pension liability and contributions:

Note 3-Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2024.

Note 4-Changes in Assumptions

The discount rate remained at 7.00% as of the December 31, 2024 measurement date from the December 31, 2023 measurement date.

Notes to the budgetary comparison schedule:

Note 5-Budgetary Accounting and Control

A. Budget Law

The Judicial Expense Fund annual operating budget is prepared by the City of Baton Rouge, Parish of East Baton Rouge, according to 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 fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year;
2. The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year;
3. The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year;
4. The general fund budget is prepared on a detailed line item basis with revenues budgeted by source. Expenditures are budgeted by category (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; and
5. Appropriations lapse at the end of each fiscal year.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Notes to Required Supplementary Information
December 31, 2024**

Note 5-Budgetary Accounting and Control (Continued)

B. Budgetary Accounting

The general fund budget is prepared using the modified accrual basis of accounting.

Supplementary Information

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended December 31, 2024**

Agency Head Name: Judge Charlene Day, Chief Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	440
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Chief Judge Day is paid by the Louisiana Supreme Court and did not receive any other compensation from The Family Court of East Baton Rouge Parish - Judicial Expense Fund for the year ended December 31, 2024.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Justice System Funding Schedule – Receiving Entity – Cash Basis
As Required by Act 87 of the 2020 Regular Legislative Session
Cash Basis Presentation
Six Month Periods Ended June 30 and December 31, 2024**

	Six Month Period Ended <u>June 30, 2024</u>	Six Month Period Ended <u>December 31, 2024</u>
Receipts From:		
East Baton Rouge Parish Clerk of Court, filing fees - child support	\$ 6,305	\$ 5,045
East Baton Rouge Parish Clerk of Court, filing fees	74,727	60,345
East Baton Rouge Parish Clerk of Court, pro bono act fees	2,762	2,217
East Baton Rouge Parish Sheriff's Office, criminal fines - contempt	13,475	17,670
State of Louisiana, interest earnings on collected balances	<u>27,922</u>	<u>24,928</u>
 Total receipts	 <u>\$ 125,191</u>	 <u>\$ 110,205</u>
 Ending Balance of Amounts Assessed but Not Received	 <u>\$ -</u>	 <u>\$ -</u>



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

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**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***

To the Court Administrator and the Honorable Judges of
The Family Court of East Baton Rouge Parish – Judicial Expense Fund
Baton Rouge, Louisiana

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 and the major fund of The Family Court of East Baton Rouge Parish – Judicial Expense Fund as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise The Family Court of East Baton Rouge Parish – Judicial Expense Fund's basic financial statements, and have issued our report thereon dated June 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Family Court of East Baton Rouge Parish – Judicial Expense Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Family Court of East Baton Rouge Parish – Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of The Family Court of East Baton Rouge Parish – Judicial Expense Fund'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Family Court of East Baton Rouge Parish – Judicial Expense Fund's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, L.L.P.

June 5, 2025

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Findings and Responses
Year Ended December 31, 2024**

Part I. Summary of Auditor's Results

- 1) An unmodified opinion has been expressed on the financial statements of The Family Court of East Baton Rouge Parish – Judicial Expense Fund as of and for the year ended December 31, 2024, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance that are required to be reported under *Government Auditing Standards* was identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

**The Family Court of East Baton Rouge Parish –
Judicial Expense Fund
Schedule of Prior Year Findings
Year Ended December 31, 2024**

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Noncompliance with State Laws and Regulations

2023-001: Uncollateralized Deposits

Summary of Prior Year Finding:

The market value of securities pledged to secure deposits was insufficient. The Judicial Expense Fund's deposits at one financial institution were under-collateralized by \$52,648 at December 31, 2023.

Status:

This finding has been resolved.

Part II. Management Letter

A management letter was not issued for the year ended December 31, 2023.

**The Family Court of East Baton Rouge Parish
- Judicial Expense Fund
Statewide Agreed-Upon Procedures Report
December 31, 2024**



**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Court Administrator and the Honorable Judges of The Family Court of East Baton Rouge Parish - Judicial Expense Fund and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The Family Court of East Baton Rouge Parish - Judicial Expense Fund's management is responsible for those C/C areas identified in the SAUPs.

The Family Court of East Baton Rouge Parish - Judicial Expense Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **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).
 - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results:

The entity does not have written policies and procedures addressing (i) Budgeting, (ii) Purchasing, (iii) Disbursements, (iv) Receipts/Collections, (v) Payroll and Personnel, (vi) Contracting, (vii) Travel and Expense Reimbursement, (ix) Ethics, or (xi) Information Technology Disaster Recovery/Business Continuity.

Management's Response:

The Family Court shall formulate and adopt written policies and procedures, upon unanimous acceptance of the Family Court Judges and the Court Administrator, to address the items listed in results above.

2) Bank Reconciliations

- A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

No exceptions noted.

3) Collections (excluding electronic funds transfers)

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results:

No exceptions noted.

- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed that the bond or insurance policy for theft was in force during the fiscal period.

Results:

Employees that have access to cash were not covered by a bond or insurance policy for theft.

Management's Response:

The Family Court accepts no actual cash; we receive checks or money orders. No Family Court employee is bonded and/or insured. The Family Court will consider providing a bond or insurance policy if it is cost efficient.

- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #2A. Obtained supporting documentation for each of the deposits and
 - i. Observed that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results:

We noted one deposit that had no evidence to support the deposit was made within one business day of receipt.

Management's Response:

This was determined to be an isolated incident. Going forward, management will ensure that collection dates are documented to support the timely deposit of all funds.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #4A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results:

We noted the employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's Response:

Vendors added are initiated by the Court Administrator. A vendor list shall be reviewed at least once a year by the Family Court Judges.

- C. For each location selected under procedure #4A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and
- i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #4B above, as applicable.

Results:

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #2A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results:

The entity does not have electronic disbursements; therefore, these procedures are not applicable.

5) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

The entity does not have any credit cards, debit cards, fuel cards, or purchase cards; therefore, these procedures are not applicable.

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement). Obtained supporting documentation, and
- i. Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder; and
 - ii. Observed that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

6) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtained attendance records and leave documentation for the pay period, and
- i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results:

No exception noted.

- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results:

No exceptions noted.

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Results:

No exceptions noted.

7) *Debt Service*

The Fund does not have any debt; therefore, these procedures are not applicable.

- A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We were engaged by The Family Court of East Baton Rouge Parish - Judicial Expense Fund to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of The Family Court of East Baton Rouge Parish - Judicial Expense Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Hawthorn, Waymouth & Carroll, L.L.P.

June 19, 2025