

**The Family Court of  
East Baton Rouge Parish  
Judicial Expense Fund  
Baton Rouge, Louisiana  
December 31, 2018**

## Table of Contents

Independent Auditor’s Report	Page	3
Required Supplementary Information Management’s Discussion and Analysis	Page	5
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	Page	9
Statement of Activities	Page	10
Fund Financial Statements		
Balance Sheet – Governmental Fund	Page	11
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	Page	12
Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Fund	Page	13
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Fund to the Statement of Activities	Page	14
Notes to Financial Statements	Page	15
Required Supplementary Information		
Schedule of Changes in Total OPEB Liability and Related Ratios	Page	32
Schedule of Proportionate Share of the Net Pension Liability	Page	33
Schedule of Contributions	Page	34
Budgetary Comparison Schedule - General Fund	Page	35
Notes to Required Supplementary Information	Page	36
Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page	39
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	40
Schedule of Findings and Responses	Page	42
Schedule of Prior Year Findings	Page	44



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

Louis C. McKnight, III, CPA  
Charles R. Pevey, Jr., CPA  
David J. Broussard, CPA  
Neal D. King, CPA  
Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA  
Blaine M. Crochet, CPA

## **Independent Auditor's Report**

Honorable Judges of  
The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

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, 2018, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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, 2018, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Family Court of East Baton Rouge Parish – Judicial Expense Fund's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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. Such 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 schedule of compensation, benefits, and other payments to agency head or chief executive officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of The 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, L.L.P.*

June 28, 2019

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2018**

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 (Expense Fund) financial performance during the year ended December 31, 2018. It should be read in conjunction with the financial report taken as a whole.

**Financial Highlights**

- The Expense Fund's liabilities plus deferred inflows of resources exceed its assets plus deferred outflows of resources at December 31, 2018 by \$5,108,101 (net position).
- The Expense Fund's net position decreased \$118,375 from the previous year.

**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 Expense Fund's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether or not the financial position of the Expense Fund is improving.

The Statement of Activities presents information on how the 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 sources and uses of liquid resources 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 Expense Fund has presented the General Fund as a major fund.

**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 Footnote #3: Capital Assets).

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2018**

**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 Expense Fund's operations are funded extensively by the City of Baton Rouge and Parish of East Baton Rouge (City-Parish). Operational funding by the City-Parish increased by \$17,939, or 2%, from 2017. The other major source of funding for the Expense Fund is court fees, which decreased by \$10,845, or 5%, from 2017.

The following table reflects the condensed Statement of Net Position for 2018, with comparative figures from 2017:

**The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Condensed Statements of Net Position  
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u> <u>(as restated)</u>
<b>Assets</b>		
Current assets	\$ 278,577	\$ 254,419
Capital assets	<u>71,235</u>	<u>95,289</u>
<b>Total Assets</b>	<u>349,812</u>	<u>349,708</u>
 <b>Deferred Outflows of Resources</b>	 <u>469,783</u>	 <u>694,897</u>
 <b>Liabilities</b>		
Current liabilities	10,998	23,303
Long-term liabilities	<u>5,645,003</u>	<u>5,745,583</u>
<b>Total Liabilities</b>	<u>5,656,001</u>	<u>5,768,886</u>
 <b>Deferred Inflows of Resources</b>	 <u>271,695</u>	 <u>265,445</u>
 <b>Net Position</b>		
Net investment in capital assets	71,235	95,289
Unrestricted (deficit)	<u>(5,179,336)</u>	<u>(5,085,015)</u>
<b>Total Net Position</b>	<u>\$ (5,108,101)</u>	<u>\$ (4,989,726)</u>

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2018**

**GOVERNMENTAL ACTIVITIES** (Continued)

The table below provides a summary of the Statement of Activities for the year ended December 31, 2018, with comparative figures from 2017:

	<u>2018</u>	<u>2017</u>
<b>Program Revenues</b>		
Fees and fines	\$ 202,891	\$ 213,736
City-Parish transfer	<u>1,085,262</u>	<u>1,067,323</u>
	1,288,153	1,281,059
<b>Program Expenses</b>		
Family Court	<u>(1,406,528)</u>	<u>(1,459,344)</u>
<b>Change in Net Position</b>	<u>(118,375)</u>	<u>(178,285)</u>
<b>Net Position, Beginning of Year</b>	(4,989,726)	(3,010,851)
<b>Prior-period Adjustment</b>	<u>-</u>	<u>(1,800,590)</u>
<b>Net Position, Beginning of Year, as Restated</b>	<u>(4,989,726)</u>	<u>(4,811,441)</u>
<b>Net Position, End of Year</b>	<u>\$ (5,108,101)</u>	<u>\$ (4,989,726)</u>

**Contacting Management**

This financial report is designed to provide the citizens and taxpayers with a general overview of the Family Court of East Baton Rouge Parish - 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, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 247,867
Due from employee	30,710
Capital assets, net of depreciation	<u>71,235</u>
Total assets	<u>349,812</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflow amounts related to net pension liability	364,157
Deferred outflow amounts related to OPEB liability	<u>105,626</u>
Total deferred outflows of resources	<u>469,783</u>
<b>Liabilities</b>	
Accrued liabilities	998
Non-current liabilities	
Due within one year	10,000
Due in more than one year	3,586,555
Net pension liability	<u>2,058,448</u>
Total liabilities	<u>5,656,001</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflow amounts related to net pension liability	<u>271,695</u>
<b>Net Position</b>	
Net investment in capital assets	71,235
Unrestricted (deficit)	<u>(5,179,336)</u>
Total net position	<u>\$ (5,108,101)</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, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Fees and</u>	<u>Operating</u>	<u>Revenue</u>
<b>Functions and Programs</b>		<u>Fines</u>	<u>Grants and</u>	<u>(Expense)</u>
			<u>Contributions</u>	
Governmental activities				
Family Court	\$1,406,528	\$202,891	\$1,085,262	\$ (118,375)
Total governmental activities	<u>\$1,406,528</u>	<u>\$202,891</u>	<u>\$1,085,262</u>	<u>(118,375)</u>
				Change in Net Position (118,375)
				Net Position
				Beginning of year, as restated <u>(4,989,726)</u>
				End of year <u>\$ (5,108,101)</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, 2018**

	<b><u>General Fund</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 247,867
Due from employee	<u>30,710</u>
Total assets	<u>\$ 278,577</u>
<b>Liabilities</b>	
Accrued liabilities	<u>\$ 998</u>
Total liabilities	<u>998</u>
<b>Fund Balance</b>	
Unassigned	<u>277,579</u>
Total fund balance	<u>277,579</u>
Total liabilities and fund balance	<u>\$ 278,577</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, 2018**

Total governmental fund balance		\$ 277,579
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.		71,235
Certain long-term assets are not available resources and, therefore, are not reported in the governmental fund:		
Deferred outflows of resources related to net pension liability	\$ 364,157	
Deferred outflows of resources related to OPEB liability	105,626	469,783
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Compensated absences payable	(113,399)	
OPEB liability	(3,483,156)	
Net pension liability	(2,058,448)	
Deferred inflows of resources related to net pension liability	(271,695)	(5,926,698)
Net position of governmental activities		\$ (5,108,101)

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, 2018**

	<b><u>General Fund</u></b>
<b>Revenues</b>	
Fees and fines	\$ 202,891
Intergovernmental	<u>1,085,262</u>
Total revenues	<u>1,288,153</u>
 <b>Expenditures</b>	
Current Operations	
Family Court	1,226,049
Capital outlay	<u>25,641</u>
Total expenditures	<u>1,251,690</u>
 <b>Net Change in Fund Balance</b>	 36,463
 <b>Fund Balance, beginning of year</b>	 <u>241,116</u>
 <b>Fund Balance, end of year</b>	 <u>\$ 277,579</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, 2018**

Net Change in Fund Balance - Governmental Fund \$ 36,463

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; however,  
in the Statement of Activities, the costs of those assets is allocated  
over their estimated useful lives as depreciation expense.

Capital outlay	\$ 25,641	
Depreciation expense	(49,695)	(24,054)

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 governmental funds.

Decrease in compensated absences payable	3,587	
Increase in OPEB liability	(108,369)	
Decrease in net pension liability	205,362	
Increase in deferred outflows of resources related to OPEB liability	23,270	
Decrease in deferred outflows of resources related to net pension liability	(248,384)	
Increase in deferred inflows of resources related to net pension liability	(6,250)	(130,784)

Change in net position of governmental activities	<u>\$ (118,375)</u>	
---	---------------------	--

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, 2018**

**Note 1-Summary of Significant Accounting Policies**

The accompanying financial statements of The Family Court of East Baton Rouge Parish - Judicial Expense Fund (“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 Clerk of Court of the Nineteenth Judicial District.

As the governing authority of consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of 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, court-rooms, personnel services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity.

The accompanying financial statements present information only on the Judicial Expense Fund maintained by The 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.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1-Summary of Significant Accounting Policies (Continued)**

B. Basic Financial Statements (Continued)

*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.

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 fund used by the Judicial Expense Fund is described as follows:

*General Fund* - The general fund 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 statement of net position. 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 includes all demand deposits, savings accounts and certificates of deposit that do not contain a material early withdrawal penalty.

**The Family Court of East Baton Rouge Parish**  
**Judicial Expense Fund**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1-Summary of Significant Accounting Policies (Continued)**

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.

At December 31, 2018, the Judicial Expense Fund reported a receivable from an employee as a result of an overpayment of wages that was made during the year ended December 31, 2018.

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.

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
--------------------------------	-------------

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition.

G. Revenues

Substantially all government 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. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

H. 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. Upon termination, employees are paid for their unused vacation leave. 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.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 1-Summary of Significant Accounting Policies (Continued)**

H. Compensated Absences (Continued)

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments upon termination or retirement. The Judicial Expense Fund records a liability for accrued vacation and compensatory time for each employee up to 120 days at the employees' current rates of pay.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

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.

The liability (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

I. 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. The general fund is the only fund that reports positive amounts.

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, 2018, the Judicial Expense Fund only had unassigned fund balance.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 1-Summary of Significant Accounting Policies (Continued)**

J. Net Position

Net position 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 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 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.

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.

K. 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 represents 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.

L. 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.

M. New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented for the year ended December 31, 2018. GASBS No. 75 requires changes in the presentation of the financial statements, notes to the financial statements, and required

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 1-Summary of Significant Accounting Policies (Continued)**

M. New Accounting Pronouncements (Continued)

supplementary information with regards to the total other postemployment benefits (OPEB) liability. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASBS No. 75 is \$1,800,590, as follows:

<u>Statement of Net Position</u>	<u>Governmental Activities</u>
Total Net Position, December 31, 2017, as previously reported	\$ (3,189,136)
Effects of GASBS No. 75 implementation:	
Change in OPEB Liability at December 31, 2017	<u>(1,800,590)</u>
Net effects of GASBS No. 75 implementation	<u>(1,800,590)</u>
Total Net Position, December 31, 2017, restated	<u>\$ (4,989,726)</u>

**Note 2-Cash and Cash Equivalents**

Cash and cash equivalents includes 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, 2018, the Judicial Expense Fund's bank balances were fully insured by federal deposit insurance and not exposed to custodial credit risk.

**Note 3-Capital Assets**

Capital asset activity for the year ended December 31, 2018 is as follows:

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, December 31</u>
Office furniture and equipment, at historical cost	\$ 285,803	\$ 25,641	\$ -	\$ 311,444
Less: accumulated depreciation	<u>(190,514)</u>	<u>(49,695)</u>	<u>-</u>	<u>(240,209)</u>
Capital assets, net	<u>\$ 95,289</u>	<u>\$ (24,054)</u>	<u>\$ -</u>	<u>\$ 71,235</u>

Depreciation expense charged to governmental activities was \$49,695 for the year ended December 31, 2018.

**Note 4-Salary Expenditures**

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

Also, the Clerk of Court reimburses the Fund for a portion of an employee's salary who works for both the Judicial Expense Fund and the East Baton Rouge Parish Clerk of Court.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan**

Plan Description

The Judicial Expense Fund contributes to the Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge (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.

The Retirement System is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish's Comprehensive Annual Financial Report and Annual Operating Budget. The accompanying financial statements reflect the activity of the Retirement System's Multiple Employer Cost Sharing Plan Trust (CPERS Trust) only.

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

The Retirement System 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

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 CPERS Trust, 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.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan (Continued)**

Retirement Benefits (Continued)

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:

	<b>Members hired before <u>September 1, 2015</u></b>	<b>Members hired on or after <u>September 1, 2015</u></b>
Full retirement benefits:	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of avg. comp. times number of years of service	3% of avg. comp. times number of years of service
Minimum eligibility benefits:	20 years' service, any age, or 10 years at age 55	20 years' service, any age, or 10 years at age 60 NPS, or age 55 PS
Formula	2.5% of avg. comp. times number of years of service	2.5% of avg. comp. times number of years of service
Average compensation	Highest successive 36 months	Highest successive 36 months
Early retirement	20 years' service, 3% penalty for each year below age 55	20 years' service, actuarially reduced benefit below age 55 NPS, or age 50 PS
Disability retirement:		
Service connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan (Continued)**

Retirement Benefits (Continued)

A. Normal Retirement (Continued)

(Continued)	<b>Members hired before <u>September 1, 2015</u></b>	<b>Members hired on or after <u>September 1, 2015</u></b>
Survivor benefits:		
Service allowance	Automatic 50% J&S benefit, or member can purchase additional survivor benefits by actuarial benefit reduction	All survivor benefits must be purchased by actuarial benefit reduction
Service-connected disability	Automatic 50% J&S benefit	All survivor benefits must be purchased by actuarial benefit reduction
Ordinary disability:	No survivor benefits provided	No survivor benefits provided
Member with 20 or more years of service	100% J&S benefit, based on member's benefit	100% J&S benefit, based on member's benefit
Member with less than 20 years of service, not retirement eligible	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)
Service-connected	50% of avg. comp plus 1.5% for each service year above 10 years	50% of avg. comp plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

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.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan (Continued)**

Retirement Benefits (Continued)

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

The System 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 Retirement System's Board of Trustees, with approval by the Metropolitan Council of the City Parish. The contribution rates are determined based on the benefit structure established by the Plan provisions. For 2018, Plan 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 2018, for the CPERS Trust, the City General Fund employer rate was 30.44%. Administrative costs of the Retirement System are provided through investment earnings. The Judicial Expense Fund's contributions to the plan for the past three years were as follows:

<u>Year</u>	<u>Contribution Rates</u>		<u>Amount Contributed</u>
	<u>Employee</u>	<u>Employer</u>	
2018	9.50%	30.44%	\$173,570
2017	9.50%	28.20%	\$156,377
2016	9.50%	26.60%	\$135,584

At December 31, 2018, the employer reported a liability of \$2,058,448 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2017, 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 2017 as compared to the total of all employers' projected contribution effort to the plan for 2017. The projected contribution effort was actuarially determined by the CPERS Trust's actuary. At December 31, 2017, the Judicial Expense Fund's proportion was 0.3844%, which was an increase of 0.0034% from its proportion measured as of December 31, 2016. For the year ended December 31, 2018, the Judicial Expense Fund recognized pension expense of \$49,272.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan** (Continued)

Funding Policy (Continued)

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 99,947	\$ -
Net difference between projected and actual earnings on pension plan investments	-	130,182
Changes in proportion	44,948	141,513
Changes in assumptions	45,692	-
Contributions subsequent to measurement date	<u>173,570</u>	<u>-</u>
	<b><u>\$ 364,157</u></b>	<b><u>\$ 271,695</u></b>

The Judicial Expense Fund reported a total of \$173,570 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending December 31,</u></b>	<b><u>CPERS</u></b>
2019	\$ 73,504
2020	(40,622)
2021	(46,757)
2022	<u>(67,233)</u>
	<b><u>\$ (81,108)</u></b>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 is as follows for the CPERS Trust:

Valuation Date	December 31, 2017 on a valuation date of January 1, 2017
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.25% per year, compounded annually, net of investment expenses
Inflation Rate	2.75%
Discount Rate	7.25%

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan (Continued)**

Funding Policy (Continued)

Mortality Healthy: RP-2000 Healthy Combined Blue Collar Projected to 2019 using Scale BB

Disabled: RP-2000 Disabled Mortality Projected to 2019 using Scale BB

Salary Increases	<u>Age</u>	<u>Percent of Increase</u>
	30	2.50%
	35	1.50%
	40	1.25%
	45	0.75%
	50	0.50%
	55	0.00%

Cost of Living Adjustments None

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 Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	15.0%	1.75%
Core Plus Fixed Income	15.0%	2.25%
Large Cap Domestic Equity	19.5%	4.75%
Non-Large Cap Domestic Equity	3.0%	5.50%
International Large Cap Equity	15.0%	5.50%
International Small Cap Equity	2.5%	5.25%
Emerging Market Equity	5.0%	6.75%
Core Real Estate	5.0%	4.25%
Master Limited Partnerships	5.0%	6.75%
Private Equity	5.0%	8.50%
Risk Parity	5.0%	6.75%
Hedge Funds	<u>5.0%</u>	4.30%
Total	<u>100.0%</u>	

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 5-Defined Benefit Pension Plan (Continued)**

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 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	<b>Changes in Discount Rate</b>		
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Judicial Expense Fund's proportionate share of net pension liability	\$2,658,352	\$2,058,448	\$1,553,066

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

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.

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 Governmental Accounting Standards Board (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%

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 6-Other Post-Employment Benefits (Continued)**

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 2018, the health/dental plan was funded with employees and retirees contributing 25% - 39% of the health and dental premiums and the City-Parish contributing 61% - 75% of the health and dental premiums, dependent upon the number of family members covered. 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 2018 totaled \$90,865, as approved by the Metropolitan Council in the 2018 operating budget.

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

At December 31, 2018, the Judicial Expense Fund reported a liability of \$3,483,156 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. The Judicial Expense Fund's proportion was actuarially determined and was based on its proportionate share of the City-Parish's total OPEB liability. At December 31, 2018, the Judicial Expense Fund's proportion was 0.34%, which was the same proportion used for the December 31, 2017 measurement.

For the year ended December 31, 2018, the Judicial Expense Fund recognized OPEB expense of \$85,099.

At December 31, 2018, the Judicial Expense Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 3,765	\$ -
Changes in assumptions	10,996	-
Contributions subsequent to measurement date	90,865	-
	<b>\$ 105,626</b>	<b>\$ -</b>

Deferred outflows of resources related to OPEB resulting from OPEB payments subsequent to the measurement date of \$90,865 will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 6-Other Post-Employment Benefits (Continued)**

Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2017 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	2.30%
Salary Increases	3.00% (average rate)
Discount Rate	3.44% (based on the Bond Buyer's 20-year bond general obligation index as of December 31, 2017)
Healthcare Cost Trend Rates	
Medical	7.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2090 and beyond
Dental	3.92% for 2017 and beyond
Mortality	Adjusted RPH-2014 Generational with MP-2017 Projection

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

The following presents the Judicial Expense Fund's proportionate share of the total OPEB liability, calculated using the discount rate of 3.44%, 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 (2.44%) or one percentage point higher (4.44%) than the current rate:

	<b>1% Decrease <u>(2.44%)</u></b>	<b>Current Discount Rate <u>(3.44%)</u></b>	<b>1% Increase <u>(4.44%)</u></b>
Judicial Expense Fund's proportionate share of total OPEB liability	<u>\$ 4,222,428</u>	<u>\$ 3,483,156</u>	<u>\$ 2,922,041</u>

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:

	<b>1% Decrease <u></u></b>	<b>Current Healthcare Cost Trend Rate <u></u></b>	<b>1% Increase <u></u></b>
Judicial Expense Fund's proportionate share of total OPEB liability	<u>\$ 2,891,143</u>	<u>\$ 3,483,156</u>	<u>\$ 4,264,144</u>

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2018**

**Note 7-Non-current Liabilities**

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

	<b>Balance, Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, End of Year</b>	<b>Due Within One Year</b>
Governmental Activities					
Compensated absences payable	\$ 116,986	\$ 34,368	\$ (37,955)	\$ 113,399	\$ 10,000
Net other postemployment benefit liability	<u>3,374,787</u>	<u>186,768</u>	<u>(78,399)</u>	<u>3,483,156</u>	<u>-</u>
Total non-current liabilities	<u>\$ 3,491,773</u>	<u>\$ 221,136</u>	<u>\$ (116,354)</u>	<u>\$ 3,596,555</u>	<u>\$ 10,000</u>

**Note 8-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 9-Subsequent Events**

The Judicial Expense Fund evaluated all subsequent events through June 28, 2019, the date the financial statements were available to be issued. As a result, the Judicial Expense Fund noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

**Required Supplementary Information**

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Year Ended December 31, 2018**

<b>Total OPEB Liability</b>	
Service cost	\$ 67,932
Interest on total OPEB liability	121,193
Changes of benefit terms	(20,405)
Effect of economic/demographic gains or (losses)	4,604
Effect of assumption changes or inputs	13,444
Benefit payments	<u>(78,399)</u>
Net change in total OPEB liability	108,369
Total OPEB liability, beginning, as restated	<u>3,374,787</u>
Total OPEB liability, ending	<u>\$ 3,483,156</u>
Covered-employee payroll	\$ 570,204
Total OPEB liability as a percentage of covered-employee payroll	610.90%

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.

See accompanying notes to required supplementary information.

**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  
Last Ten Fiscal Years\*  
Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Judicial Expense Fund's</b>				
Proportion of net pension liability	0.38%	0.38%	0.45%	0.41%
Proportionate share of net pension liability	\$2,058,448	\$2,263,810	\$2,590,246	\$1,785,254
Covered payroll	\$ 570,204	\$ 554,528	\$ 509,715	\$ 594,266
Proportionate share of net pension liability as a percentage of covered payroll	361.00%	408.24%	508.18%	300.41%
Plan fiduciary net position as a percentage of total pension liability	68.80%	64.09%	63.95%	70.90%

\* 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  
Schedule of Contributions  
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System  
Last Ten Fiscal Years\*  
Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 173,570	\$ 156,377	\$ 135,584	\$ 153,880
Contributions in relation to the contractually required contribution	\$ 173,570	\$ 156,377	\$ 135,584	\$ 153,880
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 570,204	\$ 554,528	\$ 509,715	\$ 594,266
Contributions as a percentage of covered payroll	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, 2018**

	<u>Budgetary Amounts</u>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Final Variance Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Fees and fines	\$ -	\$ 170,500	\$ 202,891	\$ 32,391
Transfers from primary government	<u>1,091,010</u>	<u>1,091,010</u>	<u>1,085,262</u>	<u>(5,748)</u>
Total revenue	<u>1,091,010</u>	<u>1,261,510</u>	<u>1,288,153</u>	<u>26,643</u>
<b>Expenditures</b>				
Salaries	587,940	587,940	611,116	(23,176)
Employee benefits	374,940	374,940	368,133	6,807
Supplies and other expenses	33,100	203,600	192,223	11,377
Contractual services	95,030	95,030	54,577	40,453
Capital outlay	<u>-</u>	<u>-</u>	<u>25,641</u>	<u>(25,641)</u>
Total expenditures	<u>1,091,010</u>	<u>1,261,510</u>	<u>1,251,690</u>	<u>9,820</u>
<b>Change in Fund Balance</b>	-	-	36,463	36,463
<b>Fund Balance</b>				
Beginning of year	<u>241,116</u>	<u>241,116</u>	<u>241,116</u>	<u>-</u>
End of year	<u>\$ 241,116</u>	<u>\$ 241,116</u>	<u>\$ 277,579</u>	<u>\$ 36,463</u>

See accompanying notes to required supplementary information.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Required Supplementary Information  
December 31, 2018**

*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, 2018.

**Note 2-Changes in Assumptions**

There were no changes in assumptions for the year ended December 31, 2018.

*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, 2018.

**Note 4-Changes in Assumptions**

There were no changes in assumptions for the year ended December 31, 2018.

*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, 2018**

**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, 2018**

**Agency Head Name: Ronald Bullion, Court Administrator**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,825
Benefits - insurance	6,311
Benefits - retirement	24,153
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	3,889
Travel	0
Registration fees	0
Conference travel	5,303
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0



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

Louis C. McKnight, III, CPA  
Charles R. Pevey, Jr., CPA  
David J. Broussard, CPA  
Neal D. King, CPA  
Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA  
Blaine M. Crochet, CPA

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Honorable Judges of  
The 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, 2018, 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 28, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s Response to Finding**

The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Family Court of East Baton Rouge Parish – Judicial Expense Fund’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 28, 2019

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Schedule of Findings and Responses  
Year Ended December 31, 2018**

Part I. Summary of Audit 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, 2018, and the related notes to the financial statements.
- 2) A deficiency in internal control over financial reporting that we consider to be a significant deficiency was identified and is listed as 2018-001 in Part II.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were 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*

2018-001 Overpayment of Wages

Criteria: A strong internal control system over payroll should allow management or employees to prevent, or detect and correct, errors on a timely basis.

Condition: During the year ended December 31, 2018, one employee was paid wages in excess of his or her authorized earnings by the amount of \$30,710 as a result of an error in the input of the employee's pay rate by the Judicial Expense Fund's third-party payroll service provider.

Cause: The Judicial Expense Fund's policies and procedures did not include a review of payroll data provided by its third-party payroll service provider on a frequency other than annually.

Effect: The condition may have resulted in violation of state law or the Louisiana Constitution.

Recommendation: Management should consider all actions that are available to recover the overpayment of wages. Management should also implement policies and procedures to review payroll data for reasonableness on a monthly basis to prevent such occurrences in the future.

Views of Responsible Officials and Planned Corrective Actions: The Family Court has taken immediate action to recover the overpayment of wages and has immediately implemented policies and procedures to prevent such occurrences in the future. Upon hiring this employee, the Family Court clearly communicated in writing the correct salary to the third-party payroll service provider; however, the third-party provider entered an incorrect salary amount. The Family Court acted immediately to take the necessary steps to recover the overpayment and within 45 days of the year end, received almost one-half of the overpayment from the employee in a lump sum payment. To further secure the repayment, the employee executed a Promissory Note and a Memorandum of Understanding, and the remaining overpayment is being paid back by the employee pursuant to these documents.

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Schedule of Findings and Responses  
Year Ended December 31, 2018**

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

2018-001 Overpayment of Wages (Continued)

Views of Responsible Officials and Planned Corrective Actions (Continued): The Family Court has discontinued using this third-party payroll service provider because the Court believes the provider had a duty to confirm the salary of the employee. In addition, the Court acted immediately upon discovering the overpayment and met with the auditors to disclose this overpayment and develop a plan of action to secure repayment of the amount and to implement policies and procedures to prevent any such future occurrences. The Court also sought assistance of the Louisiana Legislative Auditor's Office out of an abundance of caution. Immediately after meeting with the auditors and consulting with the Legislative Auditor's Office, the Court met and implemented these policies and procedures. In addition to receiving repayment of the overpayment from the employee, the Court also recovered all of the retirement contributions related to this overpayment from the public retirement system.

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Schedule of Prior Year Findings  
Year Ended December 31, 2018**

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

No findings were noted.

Part II. Management Letter

A management letter was not issued.

**The Family Court of East Baton  
Rouge Parish – Judicial Expense Fund**

**Agreed-Upon Procedures Report**

**December 31, 2018**



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

To 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, which were agreed to by The Family Court of East Baton Rouge Parish – Judicial Expense Fund (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures performed and the results thereof are set forth below. The procedures are stated first, followed by the results of the procedures presented in italics.

***Written Policies and Procedures***

---

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

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

*The entity does not have written policies and procedures that address budgeting.*

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

*The entity does not have written policies and procedures that address purchasing.*

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

*The entity does not have written policies and procedures that address disbursements.*

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

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The entity does not have written policies and procedures that address receipts/collections.*

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

*The entity does not have written policies and procedures that address payroll/personnel.*

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

*The entity does not have written policies and procedures that address contracting.*

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

*Management asserted that the entity had no credit cards, debit cards, fuel cards, or P-cards during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.*

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

*The entity does not have written policies and procedures that address travel and expense reimbursement.*

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

*The entity does not have written policies and procedures that address ethics.*

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

*Management asserted that the entity had no debt issuances during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.*

### **Board or Finance Committee**

---

- 2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were found as a result of this procedure.*

- b) Observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*None of the board minutes referenced or included monthly budget-to-actual comparisons.*

- c) Obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*No exceptions were found as a result of this procedure.*

### ***Bank Reconciliations***

---

- 3. Obtained a listing of client 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 its three other accounts. Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

*The bank reconciliations selected do not include evidence that they were prepared within two months of the related statement closing date.*

- b) Bank reconciliations include 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 (e.g., initialed and dated, electronically logged).

*The bank reconciliations selected do not include evidence of review by a member of management or board member who does not handle cash, post ledgers, or issue checks.*

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

*No exceptions were found as a result of this procedure.*

### ***Collections***

---

- 4. 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. The entity's only deposit site was used for the procedures in this section.

*No exceptions were found as a result of this procedure.*

- 5. For the entity's only deposit site, obtained a listing of collection locations and management's representation that the listing is complete. The entity's only collection location for the its only deposit site was used for the procedures in this section. Inquired of employees about their job duties at the

collection location, and observed that job duties are properly segregated at the collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions were found as a result of this procedure.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exceptions were found as a result of this procedure.*

- c) Each employee responsible for collecting cash is not 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.

*No exceptions were found as a result of this procedure.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

- 6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Management asserted that employees who have access to cash were not covered by a bond or insurance policy for theft.*

- 7. Randomly selected two deposit dates for each of the four bank accounts used for procedure # 3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). Obtained supporting documentation for each of the eight deposits and:

- a) Observed that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were found as a result of this procedure.*

- c) Traced the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- d) 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 ten miles from the collection location or the deposit is less than \$100).

*Two of the eight deposits selected were not deposited within one business day of receipt. One of the collections was deposited nine days after receipt, and one of the collections was deposited seven days after receipt.*

- e) Traced the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

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

---

- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity's only location that processes payments was used for the procedures in this section.

*No exceptions were found as a result of this procedure.*

- 9. For the location that processes payments, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Inquired of employees about their job duties and observed that job duties are properly segregated such that:

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

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

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

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files.*

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

*No exceptions were found as a result of this procedure.*

- 10. For the location that processes payments, 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 the location that processes payments, obtained supporting documentation for each transaction, and:

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

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

### ***Travel and Travel-related Expense Reimbursements (excluding card transactions)***

---

- 11. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation for each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Four of the five reimbursements selected included meal reimbursements using a per diem. The meal per diem reimbursements were in excess of those rates established by the State of Louisiana and the U.S. General Services Administration.*

- b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions were found as a result of this procedure.*

- c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure # 1h).

*No exceptions were found as a result of this procedure.*

- d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*All of the reimbursements selected lacked written evidence of review and approval by someone other than the person receiving reimbursement.*

### ***Ethics***

---

- 12. Obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees, obtained ethics documentation from management, and:

- a) Observed that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.

*The entity was not able to provide documentation to demonstrate that required ethics training was completed for any of the employees selected.*

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

*The entity does not have a written ethics policy.*

***Other***

---

- 13. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management asserted that it is not aware of any misappropriations of public funds or assets.*

- 14. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The notice required by R.S. 24:523.1 was posted on the entity's premises but not on the entity's website.*

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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 28, 2019



**THE FAMILY COURT**  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

HUNTER GREENE  
CHIEF JUDGE, DIVISION D

300 NORTH BOULEVARD, SUITE 4301  
BATON ROUGE, LOUISIANA 70801  
TELEPHONE (225) 389-4678  
FAX (225) 389-8368

July 1, 2019

Hawthorn, Waymouth & Carroll  
8545 United Plaza Blvd., Ste. 200  
Baton Rouge, LA 70809

Subject: AUDIT RESPONSE:

The Family Court of East Baton Rouge Parish is a very small, historically frugal, entity divided into 4 judicial divisions consisting of 18 full-time employees including 4 judges, 4 court reporters, 4 staff attorneys, 4 civil judicial assistants (secretaries), 1 receptionist, and 1 administrator. It operates on a limited budget provided by the City Parish of East Baton Rouge and supplemented in small measure by filing fees, authorized by law, and fines. It is not in a financial position to add the necessary staff to address all of the issues enumerated in the audit. The Court will endeavor to address the concerns addressed in the audit; however, when, multiple individuals are required to accomplish an individual task, this might not be possible with the limited budgetary resources. Furthermore, it is not financially feasible nor in the best interest of the general public to add additional staff members. The Family Court has not added a new position in over 20 years.

Sincerely

A handwritten signature in blue ink, appearing to be "Hunter Greene", written over a circular stamp or seal.

The Family Court  
Chief Judge, Hunter Greene