

**The Family Court of  
East Baton Rouge Parish  
Judicial Expense Fund  
Baton Rouge, Louisiana  
December 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 04 2013

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May 10, 2013

**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 governmental funds 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, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents

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

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

**Auditor's Responsibility**

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* (pages 5-7), the schedule of funding progress (page 27), and budgetary comparison information (pages 28-29), 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control over financial reporting and compliance.

Yours truly,



**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2012**

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, 2012. It should be read in conjunction with the financial report taken as a whole.

**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, 2012**

**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 \$48,327, or 5.4%, from 2011. The other major source of funding for the Expense Fund is court fees, which increased by \$28,188, or 27.8%, from 2011.

Statistical court information for the past three years is as follows. The Judicial Expense Fund began hearing child support cases in 2011, thus, the statistical information includes new case types with no comparative data for the prior years.

|                                    | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------------------|-------------|-------------|-------------|
| Divorces granted                   | 1,487       | 1,704       | 1,620       |
| New cases filed                    | 4,992       | 5,299       | 5,711       |
| Domestic violence cases            | 2,063       | 2,050       | 1,796       |
| Disavowals                         | -           | -           | 2           |
| Annulments                         | 1           | -           | 1           |
| State rules                        | 747         | 793         | 1,191       |
| Dismissals                         | 188         | 151         | 154         |
| Qualified domestic relation orders | 112         | 113         | 121         |
| Stipulated judgments               | 1,408       | 1,377       | 1,725       |
| Income assignments                 | 1,104       | 895         | 547         |
| Community property                 | 71          | 132         | 151         |
| Joint custody                      | 9           | 8           | 25          |
| Ex-parte custody                   | 80          | 74          | 77          |
| Rules                              | 6,407       | 6,399       | 5,867       |
| Contempt state                     | 1,938       | 1,697       | -           |
| Deferred execution                 | 625         | 620         | -           |
| Deferred sentencing                | 483         | 635         | -           |
| Modifications                      | 464         | 280         | -           |
| Payment determination              | 1,974       | 2,200       | -           |
| Review                             | 249         | 361         | -           |
| Suspension revocation              | 1           | 9           | -           |
| UISA                               | 515         | 581         | -           |
| Rule to set arrears                | 241         | -           | -           |
| Paternity                          | 4           | -           | -           |

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Management's Discussion and Analysis  
December 31, 2012**

**GOVERNMENTAL ACTIVITIES (Continued)**

**Condensed Financial Information**

|                                  | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         |
|----------------------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                    |                     |                     |                     |
| Current assets                   | \$ 194,541          | \$ 215,454          | \$ 388,529          |
| Capital assets                   | <u>47,269</u>       | <u>50,228</u>       | <u>23,779</u>       |
| <b>Total Assets</b>              | <u>241,810</u>      | <u>265,682</u>      | <u>412,308</u>      |
| <b>Liabilities</b>               |                     |                     |                     |
| Current liabilities              | 27,125              | 10,000              | 14,289              |
| Long-term liabilities            | <u>881,160</u>      | <u>734,127</u>      | <u>583,469</u>      |
| <b>Total Liabilities</b>         | <u>908,285</u>      | <u>744,127</u>      | <u>597,758</u>      |
|                                  | <u>\$ (666,475)</u> | <u>\$ (478,445)</u> | <u>\$ (185,450)</u> |
| <b>Net Position</b>              |                     |                     |                     |
| Net investment in capital assets | \$ 47,269           | \$ 50,228           | \$ 23,779           |
| Unrestricted (deficit)           | <u>(713,744)</u>    | <u>(528,673)</u>    | <u>(209,229)</u>    |
| <b>Total Net Position</b>        | <u>\$ (666,475)</u> | <u>\$ (478,445)</u> | <u>\$ (185,450)</u> |
| <b>Program Revenues</b>          |                     |                     |                     |
| Fees and fines                   | \$ 129,547          | \$ 101,359          | \$ 100,112          |
| City-Parish transfer             | 937,657             | 889,330             | 877,884             |
| <b>General Revenues</b>          |                     |                     |                     |
| Interest and other               | <u>43</u>           | <u>505</u>          | <u>3,750</u>        |
|                                  | <u>1,067,247</u>    | <u>991,194</u>      | <u>981,746</u>      |
| <b>Program Expenses</b>          |                     |                     |                     |
| Family Court                     | <u>(1,255,277)</u>  | <u>(1,284,189)</u>  | <u>(1,097,175)</u>  |
| <b>Net Change in Position</b>    | <u>\$ (188,030)</u> | <u>\$ (292,995)</u> | <u>\$ (115,429)</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, 2012**

|                                     | <b>Governmental<br/>Activities</b> |
|-------------------------------------|------------------------------------|
| <b>Assets</b>                       |                                    |
| Cash and cash equivalents           | \$ 194,541                         |
| Capital assets, net of depreciation | <u>47,269</u>                      |
| Total assets                        | <u>241,810</u>                     |
| <b>Liabilities</b>                  |                                    |
| Accounts payable                    | 5,120                              |
| Accrued liabilities                 | 22,005                             |
| Non-current liabilities             |                                    |
| Due within one year                 | 10,000                             |
| Due in more than one year           | <u>871,160</u>                     |
| Total liabilities                   | <u>908,285</u>                     |
| <b>Net Position</b>                 |                                    |
| Net investment in capital assets    | 47,269                             |
| Unrestricted (deficit)              | <u>(713,744)</u>                   |
| Total net position                  | <u>\$(666,475)</u>                 |

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Statement of Activities  
Year Ended December 31, 2012**

|                               | <u>Expenses</u>    | <u>Program Revenues</u> |                      | <u>Net</u>         |
|-------------------------------|--------------------|-------------------------|----------------------|--------------------|
|                               |                    | <u>Fees and</u>         | <u>Operating</u>     | <u>Revenue</u>     |
|                               |                    | <u>Fines</u>            | <u>Grants and</u>    | <u>(Expense)</u>   |
|                               |                    |                         | <u>Contributions</u> |                    |
| Functions and Programs        |                    |                         |                      |                    |
| Governmental activities       |                    |                         |                      |                    |
| Family Court                  | <u>\$1,255,277</u> | <u>\$129,547</u>        | <u>\$937,657</u>     | <u>\$(188,073)</u> |
| Total governmental activities | <u>\$1,255,277</u> | <u>\$129,547</u>        | <u>\$937,657</u>     | (188,073)          |
| General Revenues              |                    |                         |                      |                    |
| Interest                      |                    |                         |                      | <u>43</u>          |
| Change in Net Position        |                    |                         |                      | (188,030)          |
| Net Position                  |                    |                         |                      |                    |
| Beginning of year             |                    |                         |                      | <u>(478,445)</u>   |
| End of year                   |                    |                         |                      | <u>\$(666,475)</u> |

**Fund Financial Statements**

**The Family Court of East Baton Rouge Parish -  
Judicial Expense Fund  
Balance Sheet  
Governmental Funds  
December 31, 2012**

|                           | <b><u>General<br/>Fund</u></b> |
|---------------------------|--------------------------------|
| <b>Assets</b>             |                                |
| Cash and cash equivalents | <u>\$194,541</u>               |
| Total assets              | <u>194,541</u>                 |
| <b>Liabilities</b>        |                                |
| Accounts payable          | 5,120                          |
| Accrued liabilities       | <u>22,005</u>                  |
| Total liabilities         | <u>27,125</u>                  |
| <b>Fund Balance</b>       |                                |
| Unassigned                | <u>167,416</u>                 |
| Total fund balance        | <u>\$167,416</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, 2012**

|  |                  |                     |
|--|------------------|---------------------|
| Total governmental fund balance  |                  | \$ 167,416          |
| Amounts reported for governmental activities in the<br>Statement of Net Assets are different because                                     |                  |                     |
| Capital assets used in governmental activities are not financial<br>resources and, therefore, are not reported in the governmental funds |                  | 47,269              |
| Long-term liabilities are not due and payable in the current period<br>and, therefore, are not recorded in the governmental funds.       |                  |                     |
| Compensated absences payable   | \$(119,720)      |                     |
| Other post-employment benefits   | <u>(761,440)</u> | <u>(881,160)</u>    |
| Net position of governmental activities  |                  | <u>\$ (666,475)</u> |

**The Family Court of East Baton Rouge Parish  
 Judicial Expense Fund  
 Statement of Revenues, Expenditures and Change in Fund Balances  
 of Governmental Funds  
 Year Ended December 31, 2012**

|   | <b>General<br/>Fund</b> |
|---|-------------------------|
| <b>Revenues</b>                             |                         |
| Fees and fines                              | \$ 129,547              |
| Interest                                    | <u>43</u>               |
| Total revenues                              | <u>129,590</u>          |
| <br><b>Other Financing Sources</b>          |                         |
| Operating transfers from primary government | <u>937,657</u>          |
| <br><b>Expenditures</b>                     |                         |
| Current Operations                          |                         |
| Family Court                                | 1,101,254               |
| Capital expenditures                        | <u>14,031</u>           |
| Total expenditures                          | <u>1,115,285</u>        |
| <br><b>Net Change in Fund Balance</b>       | <br>(48,038)            |
| <br><b>Fund Balance, beginning of year</b>  | <br><u>215,454</u>      |
| <br><b>Fund Balance, end of year</b>        | <br><u>\$ 167,416</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  
 Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended December 31, 2012**

Net Change in Fund Balance - Total Governmental Funds \$ (48,038)

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       | \$ 14,031       |         |
| Depreciation expense | <u>(16,990)</u> | (2,959) |

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.

|  |                  |                  |
|--|------------------|------------------|
| Increase in compensated absences payable             | (761)            |                  |
| Increase in other post-employment benefits liability | <u>(136,272)</u> | <u>(137,033)</u> |

Change in net position of governmental activities \$ (188,030)

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2012**

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

The Family Court of East Baton Rouge Parish - Judicial Expense Fund ("Judicial Expense Fund") complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and significant accounting policies are discussed in the subsequent sections of this note.

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. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the 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 basic financial statements are presented in accordance with GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

**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, 2012**

**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 assets. 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, 2012**

**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. No receivables were reported as of December 31, 2012.

**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, 2012**

**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 or retirement. 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, positive amounts are reported only in the general fund.

At December 31, 2012, 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, 2012**

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

**J. 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.

**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 LRS 39.121-1245.

At December 31, 2012, the Judicial Expense Fund cash balances were as follows:

|                                  | <b><u>Carrying<br/>Amount</u></b> |
|----------------------------------|-----------------------------------|
| Demand deposits                  | \$ 42,306                         |
| Interest-bearing demand deposits | <u>152,235</u>                    |
|                                  | <b><u>\$194,541</u></b>           |

These deposits are stated at cost, which approximates market.

Deposit balances (bank balances) at December 31, 2012 were secured as follows:

|                           |                         |
|---------------------------|-------------------------|
| Federal deposit insurance | <b><u>\$194,541</u></b> |
|---------------------------|-------------------------|

As of December 31, 2012, the Judicial Expense Fund's bank balances were fully insured by Federal deposit insurance and not exposed to custodial credit risks.

**Note 3-Capital Assets**

Capital asset activity for the year ended December 31, 2012 is as follows:

|  | <b><u>Balance,<br/>January 1</u></b> | <b><u>Additions</u></b>  | <b><u>Deductions</u></b> | <b><u>Balance,<br/>December 31</u></b> |
|--|--------------------------------------|--------------------------|--------------------------|--|
| Office furniture and equipment, at historical cost | \$89,948                             | \$14,031                 | \$ -                     | \$103,979                              |
| Less accumulated depreciation                      | <u>(39,720)</u>                      | <u>(16,990)</u>          | <u>-</u>                 | <u>(56,710)</u>                        |
| Capital assets, net                                | <b><u>\$50,228</u></b>               | <b><u>\$ (2,959)</u></b> | <b><u>\$ -</u></b>       | <b><u>\$ 47,269</u></b>                |

Depreciation expense charged to governmental activities was \$16,990 for the year ended December 31, 2012.

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2012**

**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.

**Note 5-Defined Benefit Plans**

Plan Description

The Judicial Expense Fund contributes to the Employee's Retirement System of the City of Baton Rouge, Parish of East Baton Rouge. 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 City of Baton Rouge and the Parish of East Baton Rouge Plan of Government and Louisiana Revised Statutes 11:2551 et seq. grant the respective board of trustees the authority to establish and amend benefit provisions of the plan.

The Retirement System is reported as a blended component unit of the City-Parish as defined by Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Pension Trust Fund by the primary government.

The board of trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System. The remaining membership of the board consists of the Director of Finance and two persons with business and accounting experience, appointed by the Metropolitan Council. All administrative expenses of the Retirement System are paid from funds of the system, and the board issues its own financial statements on an annual basis.

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

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2012**

**Note 5-Defined Benefit Plans (Continued)**

Funding Policy

Plan members are required to contribute 9.5% of their annual covered salary and the Judicial Expense Fund is required to contribute at an actuarially determined rate. The current rate is 26.89% of annual covered payroll, which is contributed to the Employee's Retirement System of the City of Baton Rouge. 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> |                           |
| 2012        | 9.50%                     | 26.89%          | \$113,390                 |
| 2011        | 9.50%                     | 22.45%          | 100,507                   |
| 2010        | 9.50%                     | 19.83%          | 88,990                    |

**Note 6-Other Post-Employment Benefits**

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.

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, 2012**

**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 2012, 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 is funded by the employer. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

The employer contribution to the OPEB plan for 2012 totaled \$52,402, or approximately 10.49% of gross payroll, as approved by the Metropolitan Council in the 2012 operating budget.

Annual OPEB Cost and Net OPEB Obligation

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period.

The following table shows the Judicial Expense Fund's OPEB cost for the year and the amount actually contributed to the plan during the year.

|                                 |                  |
|---------------------------------|------------------|
| Annual required contribution    | \$188,511        |
| Interest on net OPEB obligation | 25,249           |
| Adjustment to ARC               | <u>(25,086)</u>  |
| Annual OPEB cost (expense)      | 188,674          |
| Less: Contributions made        | <u>(52,402)</u>  |
| Increase in the OPEB obligation | 136,272          |
| Net OPEB obligation             |                  |
| Beginning of year               | <u>625,169</u>   |
| End of year                     | <u>\$761,441</u> |

Trend information for OPEB plan:

| <u>Fiscal Year</u><br><u>Ended</u> | <u>Annual</u><br><u>OPEB</u><br><u>Cost</u> | <u>Percentage</u><br><u>of Annual OPEB</u><br><u>Cost Contributed</u> | <u>Net</u><br><u>OPEB</u><br><u>Obligation</u> |
|------------------------------------|---|---|--|
| December 31, 2012                  | \$188,674                                   | 28%   | \$761,441                                      |
| December 31, 2011                  | \$185,909                                   | 29%   | \$625,168                                      |
| December 31, 2010                  | \$163,944                                   | 33%   | \$493,296                                      |

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2012**

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

As of January 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. No separate calculation was made for the Judicial Expense Fund's portion of the actuarial accrued liability for benefits. For additional information related to the actuarial accrued liability for the benefits, see the City-Parish audit report. This report may be obtained from the City-Parish, 222 St. Louis Street, Room 431, Baton Rouge, Louisiana.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unit credit actuarial cost method was used for the January 1, 2012 actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical and expected investments that are expected to be used in financing the payment of benefits.

The actuarial assumptions included a 4% investment rate of return compounded annually. Life expectancies were based on the Sex Distinct RP2000 Combined Healthy Mortality Table. Probabilities of disability, retirement rates, and withdrawal rates are based on the City-Parish's historical data using probabilities from the City-Parish's retirement system. Turnover rates were based on the government's historical data and modified based on years of employment projected to 2012 using scale AA.

Both historical retiree claim costs and year 2012 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. The medical inflation rate for 2012 is assumed to be 7.20%. The actuarial valuation also assumes that (1) female spouses are three years younger than males, (2) 55% of active participants married at retirement will elect spouse's coverage, (3) no employees will have dependent children at retirement; (4) all employees will elect Medicare coverage when they are first eligible; (5) 75% - 85% of members are assumed to elect retiree medical coverage upon retirement; and (6) 10% of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age 65. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age 65.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 3% compounded annually. The remaining amortization period at January 1, 2012 was thirty years.



**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Financial Statements  
December 31, 2012**

**Note 7-Non-current Liabilities**

The following is a summary of changes in non-current liabilities for the year ended December 31, 2012:

|   | <u>Balance<br/>Beginning of Year</u> | <u>Additions</u> | <u>Deletions</u>  | <u>Balance<br/>End of Year</u> | <u>Due Within<br/>One Year</u> |
|---|--------------------------------------|------------------|-------------------|--------------------------------|--------------------------------|
| <b>Governmental Activities</b>                  |                                      |                  |                   |                                |                                |
| Compensated absences payable                    | \$118,959                            | \$ 42,944        | \$(42,184)        | \$119,719                      | \$10,000                       |
| Net other post-employment<br>benefit obligation | <u>625,169</u>                       | <u>136,272</u>   | -                 | <u>761,441</u>                 | -                              |
| Total non-current liabilities                   | <u>\$744,128</u>                     | <u>\$179,216</u> | <u>\$(42,184)</u> | <u>\$881,160</u>               | <u>\$10,000</u>                |

**Note 8-Concentrations of Credit Risk**

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

**Note 9-Operating Leases**

During 2012, the Judicial Expense Fund was obligated under two operating leases for copier rental. Future minimum operating lease payments on non-cancellable lease for the next five years are as follows:

|      |         |
|------|---------|
| 2013 | \$6,180 |
| 2014 | 6,180   |
| 2015 | 6,180   |
| 2016 | 5,382   |
| 2017 | 2,989   |

The total expense incurred under these leases was \$6,149 for 2012.

**Note 10-Subsequent Events**

The Judicial Expense Fund evaluated all subsequent events through May 10, 2013, 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 Funding Progress -  
 Other Post-Employment Benefits Plan  
 Year Ended December 31, 2012**

| <u>Year Ended</u> | <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|-------------------|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 12/31/12          | 01/01/11                        | \$0 00                               | \$2,830,516  | \$2,830,516                      | 0 00%                     | \$499,356                  | 566 8%   |
| 12/31/11          | 01/01/11                        | 0 00                                 | 2,830,516  | 2,830,516                        | 0 00%                     | 475,580                    | 595 1%   |
| 12/31/10          | 01/01/09                        | 0 00                                 | 2,346,567  | 2,346,567                        | 0 00%                     | 463,562                    | 506 2%   |
| 12/31/09          | 01/01/09                        | 0 00                                 | 2,346,567  | 2,346,567                        | 0 00%                     | 437,546                    | 536 3%   |
| 12/31/08          | 01/01/08                        | 0 00                                 | 2,336,477  | 2,336,477                        | 0 00%                     | 438,206                    | 533 2%   |
| 12/31/07          | 01/01/07                        | 0 00                                 | 2,238,973  | 2,238,973                        | 0 00%                     | 483,251                    | 463 3%   |

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Budgetary Comparison Schedule - General Fund  
Year Ended December 31, 2012**

|   | <u>Budgetary Amounts</u> |                  | Actual<br>Amounts<br>(Budgetary<br>Basis)<br>(See Note A) | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|---|--------------------------|------------------|---|--|
|   | <u>Original</u>          | <u>Final</u>     |   |  |
| <b>Budgetary Fund Balance</b>               |                          |                  |   |  |
| Beginning of year                           | <u>\$215,454</u>         | <u>\$215,454</u> | \$ 215,454  | \$ -   |
| <b>Resources - Inflows</b>                  |                          |                  |   |  |
| Fees and fines                              | -                        | -                | 129,547   | 129,547  |
| Interest income                             | -                        | -                | 43  | 43   |
| Transfers from primary government           | <u>928,670</u>           | <u>928,670</u>   | <u>937,657</u>  | <u>8,987</u>   |
| Amounts available for appropriation         | <u>928,670</u>           | <u>928,670</u>   | <u>1,067,247</u>  | <u>138,577</u>   |
| <b>Charges to Appropriations - Outflows</b> |                          |                  |   |  |
| Salaries                                    | 485,080                  | 485,080          | 499,765   | (14,685)   |
| Employee benefits                           | 241,460                  | 241,460          | 239,300   | 2,160  |
| Supplies and other expenses                 | 31,747                   | 31,747           | 167,760   | (136,013)  |
| Contractual services                        | 170,383                  | 170,383          | 194,429   | (24,046)   |
| Capital outlay                              | <u>-</u>                 | <u>-</u>         | <u>14,031</u>   | <u>(14,031)</u>  |
| Total charges to appropriations             | <u>928,670</u>           | <u>928,670</u>   | <u>1,115,285</u>  | <u>(186,615)</u>   |
| <b>Budgetary Fund Balance</b>               |                          |                  |   |  |
| End of year                                 | <u>\$215,454</u>         | <u>\$215,454</u> | <u>\$ (167,416)</u>                                       | <u>\$ (48,038)</u>   |

**The Family Court of East Baton Rouge Parish  
Judicial Expense Fund  
Notes to Required Supplementary Information  
December 31, 2012**

**Note 1-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.

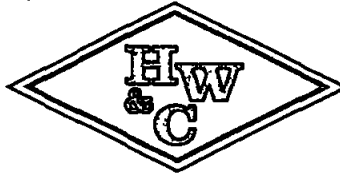
1. An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year,
2. The budget is available for public inspection at least fifteen 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 (personnel 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.

**B Budgetary Accounting**

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

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

LOUIS C. MCKNIGHT, III C.P.A.  
CHARLES R. PEVEY JR. C.P.A.  
DAVID J. BROUSSARD C.P.A.  
NEAL D. KING C.P.A.  
KARIN S. LEJEUNE C.P.A.  
ALYCE S. SCHMITT C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200  
BATON ROUGE, LOUISIANA 70809  
(225) 923-3000 • FAX (225) 923-3008

May 10, 2013

**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 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 governmental fund of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of and for the year ended December 31, 2012, 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 May 10, 2013.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as 2012-01 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Response to Findings**

The Family Court of East Baton Rouge Parish - Judicial Expense Fund's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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.

Yours truly,



**The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Schedule of Current Year Findings  
Year Ended December 31, 2012**

*2012 -01 Court Reporter Reimbursement*

**Criteria and Condition**

A court reporter was not remitting Family Court's share of transcript revenues

**Cause**

Outside parties pay court reporters directly for transcripts

**Effect**

Family Court had lost revenue from transcripts

**Recommendation**

Outside parties should fill out a request for a transcript with the Court Administrator of Family Court. The court administrator should then give the request to the court reporter. The court administrator should keep a log of all transcript requests and the log should be reconciled to the Court's share of transcript revenues

**Management's Response**

There are two types of transcripts: Appeal Transcripts and "Regular Transcripts". Appeal transcripts originate in the appeal division of the East Baton Rouge Clerk of Court and were supposed to be forwarded to the Family Court. "Regular Transcripts" originate in the offices of the Family Court where they have always been submitted to the court administrator, placed on a spread sheet, and distributed to the assigned court reporter for completion.

Unfortunately one of our court reporters dishonestly retained the fees due the Family Court on appeal transcripts. The matter has been turned over to the East Baton Rouge Sheriff Office for investigation. She was able to accomplish this due to the fact the Family Court had no knowledge of the existence of appeal transcripts other than notification by the court reporter who was the only person being notified by the appeal division of the East Baton Rouge Clerk of Court.

At that time "appeal transcripts" were not properly routed through the proper channel. The appeals division of the Clerk of Court Office was mistakenly sending notifications of appeals to the court administrator of the 19<sup>th</sup> Judicial District Court in the belief that the Family Court was being notified. The 19<sup>th</sup> Judicial District Court in turn was discarding these notices since they did not apply to their court.

All requests for transcripts are now routed through the court administrator's office for distribution to the assigned court reporter for completion. The error has been corrected and now the appeal division of the Clerk of Court is properly sending notice of appeal transcripts to the court administrator. These notices are recorded on a spread sheet and now monitored by the court administrator to insure payment of fees to the Family Court. In addition no payments to court reporters are made by the appeals division of the Clerk of Court without the written approval of the court administrator.

The court reporter resigned before any actions could be taken. The court reporter resigned after becoming aware of questions regarding the Court's reimbursements for transcripts. Additionally, the court reporter knew the judges were meeting that day to discuss the court reporter's possible termination. The court was able to review transcript billing by the court reporter back to 2007. Research for earlier years was not possible due to a change in the Clerk of Court's software systems. We identified \$3,615.50 in underpayments to the court from Appeals transcripts. We believe there were likely issues from earlier years and from transcripts ordered in cases that were not on appeal. We estimated this to be \$2,000-\$4,000.

Chief Judge Baker contacted the Board of Ethics to determine if it was permissible for the court to enter into a settlement with the court reporter. They indicated it was. In light of this, we reached a settlement of the matter for the sum of \$6,000. The court reporter has paid \$5,300 and owes a balance of \$700. This is to be paid prior to the end of the year 2013. It is our understanding that the Board of Ethics is still investigating and that our settlement will have no effect on their investigation.



**The Family Court of East Baton Rouge Parish - Judicial Expense Fund  
Schedule of Prior Year Findings  
Year Ended December 31, 2012**

None