

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2016

L.A. CHAMPAGNE 
Certified Public Accountants

4911 BENNINGTON AVENUE, BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120 ~ FAX: (225) 927-8124 ~ EMAIL: lac@laccpa.com

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Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 1-7, the budgetary comparison information on pages 37 - 40, the other post-employment benefits plan on page 42, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, on pages 43 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary schedule of compensation, benefits, and other payments to agency heads on page 47 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of compensation, benefits, and other payments to agency heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Parish Juvenile Court's internal control over financial reporting and compliance.

R. A. Champagne + Co. L.L.P.

June 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION



Adam J. Haney
Judge, Division A

Pamela Taylor Johnson
Judge, Division B

JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

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

Donna T. Carter
Judicial Administrator

Darlene Munson
Deputy Judicial Administrator

June 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Baton Rouge Parish Juvenile Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2016. Please read it in conjunction with the Court's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The Court's total net position deficit increased by approximately \$429,000 or 13 percent.
- During the year, Court expenses exceeded Court revenues of \$1,480,079 generated for governmental operations by approximately \$429,000. Last year Court expenses exceeded Court revenues by approximately \$219,300.
- The total cost of overall Court operations increased by approximately \$169,000 or 10 percent.
- The general fund reported revenues exceeding expenses this year by approximately \$900. Last year expenses exceeded revenues by approximately \$35,400.
- The resources available for appropriation were approximately \$32,500 more than amounts originally budgeted for the general fund. Expenditures were less than original budgetary limits by approximately \$83,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Court as a whole and present a longer-term view of the Court's finances. Fund financial statements (on pages 11 – 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements.

Reporting the Court as a Whole

Our analysis of the Court as a whole begins on page 9. One of the most important questions asked about the Court's finances is, "Is the Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Court as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net position and changes in them. You can think of the Court's net position—the difference between assets and liabilities—as one way to measure the Court's financial health, or financial position. Over time, increases or decreases in the Court's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by Juvenile Court as well as the State's economic condition to assess the overall health of the Court.

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

Reporting the Court's Funds

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

THE COURT AS A WHOLE

The Court's total net position deficit increased by approximately \$429,000 from \$3,339,154 in 2015 to \$3,768,053 in 2016 due principally to an increase in the Court's net *Other Post Employee Benefits (OPEB)* obligation and net pension liability.

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

For the year ended December 31, 2016, net position changed as follows:

Table 1
Net Position

	2016	2015	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 436,727	\$ 427,275	\$ 9,452	2 %
Capital assets	127,141	107,582	19,559	18 %
Deferred outflows of resources	861,348	421,647	439,701	104 %
Total assets and deferred outflows	1,425,216	956,504	468,712	49 %
Current liabilities	22,370	20,303	2,067	10 %
Noncurrent liabilities	5,134,834	4,260,185	874,649	21 %
Deferred inflows of resources	36,065	15,170	20,895	138 %
Total liabilities and deferred inflows	5,193,269	4,295,658	897,611	21 %
Net position				
Invested in capital assets	127,141	107,582	19,559	18 %
Restricted	70,625	69,520	1,105	2 %
Unrestricted deficit	(3,965,819)	(3,516,256)	(449,563)	13 %
Total net position deficit	<u>\$ (3,768,053)</u>	<u>\$ (3,339,154)</u>	<u>\$ (428,899)</u>	13 %

Unrestricted net position deficit – from which day-to-day operations are funded without constraints established by other legal restrictions – increased by approximately \$450,000 from approximately \$3,516,000 in 2015 to approximately \$3,966,000 at the end of 2016.

The Court's expenses in 2016 were approximately \$169,000 or 10 percent more than 2015 primarily due to an increase in the Court's *Other Post Employment Benefits (OPEB)* obligation, net pension liability, and increases in personal services and employee benefits.

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

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Table 2
Changes in Net Position

	2016	2015	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 39,685	\$ 45,576	\$ (5,891)	(13) %
Intergovernmental	1,434,159	1,462,052	(27,893)	(2) %
Charges for services	876	4,308	(3,432)	(80) %
Investment earnings	1,191	1,241	(50)	(4) %
Other	4,168	4,615	(447)	(10) %
Total revenues	1,480,079	1,517,792	(37,713)	(2) %
Program expenses				
Juvenile Court				
Court operations	1,808,590	1,639,723	168,867	10 %
FINSAP	63,468	62,720	748	1 %
LCLE truancy	34,560	27,630	6,930	25 %
Reparations to crime victims	2,360	7,052	(4,692)	(67) %
Total expenses	1,908,978	1,737,125	171,853	10 %
Change in net position	\$ (428,899)	\$ (219,333)	\$ (209,566)	96 %

THE COURT'S FUNDS

As the Court completed the year, its general fund (as presented in the balance sheet on page 11 reported a fund balance of approximately \$178,000 which is approximately \$800 more than last year's total of approximately \$177,200.

The following schedule (Table 3) presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
General Fund Revenues and Expenditures**

	2016		2015	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
Intergovernmental	\$ 1,423,186	100 %	\$ 1,445,164	100 %
Investment earnings	503	-	601	-
Other	2,269	-	3,095	-
Total revenues	<u>1,425,958</u>	<u>100</u>	<u>1,448,860</u>	<u>100</u>
Expenditures				
Juvenile Court				
Court operations	1,281,387	90	1,298,212	90
LCLE truancy	34,560	-	27,630	-
FINSAP	63,468	4	62,720	4
	<u>1,379,415</u>	<u>94</u>	<u>1,388,562</u>	<u>104</u>
Capital outlay	45,687	-	95,743	-
Total expenditures	<u>1,425,102</u>	<u>104</u>	<u>1,484,305</u>	<u>104</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 856</u>	<u>0 %</u>	<u>\$ (35,445)</u>	<u>(2) %</u>

Juvenile Court general fund expenditures decreased by approximately \$59,000 or 4 percent primarily due to decreases in capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. When comparing original budgeted revenues to the amended budget and to actual revenues at year end, the only notable change in revenues was additional funds received to support court operations.

Juvenile Court operating expenses are primarily paid by City-Parish from the *Juvenile Court's Annual City-Parish Operating Budget*. At year-end, any Juvenile Court operating expenses in excess of the Court's annual City-Parish appropriation must be refunded to City-Parish from the Juvenile Court General Fund. However, in October 2016, the *Court's City-Parish Operating Budget* projected a year-end surplus of approximately \$2,000. Ultimately, as of December 31, 2016, the *Juvenile Court's Annual City-Parish Operating Budget* balance was \$1,800 plus \$15,600 in unutilized *capital outlay assistance* which was the remaining balance of a "one-time" budget supplement in the sum of \$145,000 funded by the City-Parish in 2015 specifically for various capital outlay improvements. In May 2017, the total 2016 City-Parish Budget surplus in the sum of \$17,400 was approved by City-Parish Administration for carry-forward into the Court's *2017 Annual City-Parish Operating Budget*.

Actual Juvenile Court general fund expenses were approximately \$83,000 less than initially budgeted due primarily to the Court's success in operating within the limits of its *2016 Annual City-*

Parish Operating Budget without the necessity of reimbursing the City-Parish for deficit funds at year-end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2016, the Court had \$355,357 invested in capital assets including computer equipment. (See Table 4 below.)

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

	2016	2015
Computer equipment, including software	\$ 231,115	\$ 308,637
Other office equipment	102,844	106,255
Furniture and fixtures	21,398	19,000
Totals	\$ 355,357	\$ 433,892

Debt

At year-end, December 31, 2016, the Court had a total of \$161,925 estimated for accrued compensated absences that represent the future liability for vacation earned but not used by Juvenile Court employees. That is less than a 1 percent decrease from 2015 as shown in the following table:

**Table 5
Outstanding Debt at Year-end**

	2016	2015
Accrued compensated absences	\$ 161,925	\$ 164,921

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

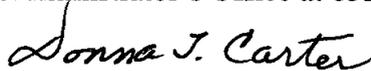
In January 2017, all Juvenile Court full time regular employees received 3 percent pay increases with the exception of those employees who had previously attained the maximum pay rate within the salary range established for their class in the pay plan. In accordance with the City-Parish’s newly adopted pay plan effective April 4, 2015, *longevity* policy was eliminated and replaced by the addition of seven 3 percent annual step increases to the initial 10-step pay plan for a total of 19 step increases. As stated previously, any Juvenile Court operating expenses exceeding the Court’s City-Parish allocation must be reimbursed to the City from the Court’s general fund balance. The Court’s General Fund balance primarily consists of surplus funds left over from the Court’s now defunct Non-Support Program and grant funds that can only be used for the applicable grant. As the Court’s general fund balance steadily decreases with each passing year, the Court becomes increasingly more dependent on its *City-Parish Annual Operating Budget* for all funding with the exception of

revenues generated by the Court's *Judicial Expense Fund* from Clerk of Court filing fees; traffic fines; delinquency court costs; and bail bond revenues. *Judicial Expense Fund* revenues are used to supplement the Court's City-Parish funding for *supplies, contractual services* and *capital outlay* expenses. *Judicial Expense Fund* revenues in 2016 totaled \$50,700 as opposed to \$64,200 in 2015, a 21 percent decrease, due primarily to a drop in Clerk of Court filing fees, traffic fines and delinquency court costs collections in 2016.

The Court's *2017 City-Parish Annual Operating Budget* appropriation was increased by 1.59% or \$20,700 more than the City-Parish's 2016 appropriation. The 2017 appropriation provided for a 1 percent increase in salaries to offset the Court's reliance on the remaining nonsupport funds for personnel related costs. Appropriations for employee benefits, supplies and contractual services for 2017 remained essentially the same as 2016 appropriations.

CONTACTING THE COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Court's finances and to show the Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 8333 Veterans Memorial Boulevard, Baton Rouge, Louisiana.



Donna T. Carter
Judicial Administrator

BASIC FINANCIAL STATEMENTS

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF NET POSITION**

December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 316,993
Accounts receivable	6,117
Receivable from other governments	106,955
Due from agency fund	3,287
Prepaid expense	<u>3,375</u>
Total current assets	436,727
Noncurrent assets:	
Capital assets, net of depreciation	<u>127,141</u>
Total assets	<u>\$ 563,868</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 861,348</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 205
Due to other governments	6,346
Accrued salaries	<u>15,819</u>
Total current liabilities	22,370
Noncurrent liabilities:	
Accrued compensated absences	161,925
Other post employment benefit obligation	2,370,861
Net pension liability	<u>2,602,048</u>
Total liabilities	<u>\$ 5,157,204</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 36,065</u>
NET POSITION	
Net investment in capital assets	127,141
Restricted for:	
Reparations to crime victims	70,625
Unrestricted deficit	<u>(3,965,819)</u>
Total net position deficit	<u>\$ (3,768,053)</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES**

Year ended December 31, 2016

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions/Programs					
Governmental activities:					
Juvenile Court:					
Court operations	\$ 1,808,590	\$ 37,307	\$ -	\$ -	\$ (1,771,283)
FINSAP program	63,468	-	63,468	-	-
LCLE truancy court	34,560	-	34,560	-	-
Reparations to crime victims	2,360	3,254	-	-	894
Total governmental activities	<u>\$ 1,908,978</u>	<u>\$ 40,561</u>	<u>\$ 98,028</u>	<u>\$ -</u>	<u>\$ (1,770,389)</u>
General revenues:					
Intergovernmental					1,336,131
Interest					1,191
Other					4,168
Total general revenues					<u>1,341,490</u>
Change in net position					(428,899)
Net position deficit - beginning of year as restated					<u>(3,339,154)</u>
Net position deficit - end of the year					<u>\$ (3,768,053)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General Fund	Judicial Expense Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 90,576	\$ 155,942	\$ 70,475	\$ 316,993
Accounts receivable	5,289	828	-	6,117
Due from other governments	106,150	805	-	106,955
Due from other funds	-	4,898	150	5,048
Total assets and other debits	<u>\$ 202,015</u>	<u>\$ 162,473</u>	<u>\$ 70,625</u>	<u>\$ 435,113</u>
LIABILITIES				
Accounts payable	\$ -	\$ 205	\$ -	\$ 205
Due to other governments	6,346	-	-	6,346
Due to other funds	1,761	-	-	1,761
Accrued salaries and taxes	15,819	-	-	15,819
Total liabilities	<u>23,926</u>	<u>205</u>	<u>-</u>	<u>24,131</u>
FUND BALANCES				
Restricted for:				
Reparations to crime victims	-	-	70,625	70,625
Unassigned	178,089	162,268	-	340,357
Total fund balances	<u>178,089</u>	<u>162,268</u>	<u>70,625</u>	<u>410,982</u>
Total liabilities and fund balances	<u>\$ 202,015</u>	<u>\$ 162,473</u>	<u>\$ 70,625</u>	<u>\$ 435,113</u>

See accompanying notes to the basic financial statements.

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

Total governmental fund balances		\$ 410,982
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		127,141
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		3,375
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences	\$ (161,925)	
Other post retirement benefits	<u>(2,370,861)</u>	(2,532,786)
Net pension obligation balances in accordance with GASB 68:		
Deferred outflow of resources - deferred pension contributions	\$ 861,348	
Net pension liability	(2,602,048)	
Deferred inflow of resources - related to net pension liability	<u>(36,065)</u>	<u>(1,776,765)</u>
 Net position of governmental activities		 <u>\$ (3,768,053)</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year ended December 31, 2016

	General Fund	Judicial Expense Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
REVENUES				
Fees and fines	\$ -	\$ 36,431	\$ 3,254	\$ 39,685
Intergovernmental	1,423,186	10,973	-	1,434,159
Charges for service	-	876	-	876
Interest	503	477	211	1,191
Other	2,269	1,899	-	4,168
Total revenues	<u>1,425,958</u>	<u>50,656</u>	<u>3,465</u>	<u>1,480,079</u>
EXPENDITURES				
Current operations:				
Juvenile Court				
Court operations	1,281,387	43,208	-	1,324,595
FINSAP program	63,468	-	-	63,468
LCLE truancy court	34,560	-	-	34,560
Reparations to crime victims	-	-	2,360	2,360
Capital expenditures	<u>45,687</u>	<u>2,399</u>	<u>-</u>	<u>48,086</u>
Total expenditures	<u>1,425,102</u>	<u>45,607</u>	<u>2,360</u>	<u>1,473,069</u>
OTHER FINANCING SOURCES				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	856	5,049	1,105	7,010
Fund balances - beginning of year	<u>177,233</u>	<u>157,219</u>	<u>69,520</u>	<u>403,972</u>
Fund balances - end of year	<u>\$ 178,089</u>	<u>\$ 162,268</u>	<u>\$ 70,625</u>	<u>\$ 410,982</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances - total governmental funds	\$	7,010
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		19,558
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		3,375
Some expenditures reported in the funds in a prior period are reported in governmental activities in the current period.		(3,000)
Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	\$ 2,997	
Net post employment benefit obligation	<u>(196,083)</u>	(193,086)
Change in net position liability and deferred inflows and outflows in accordance with GASB 68		<u>(262,756)</u>
Change in net assets of governmental activities	\$	<u><u>(428,899)</u></u>

See accompanying notes to the basic financial statements.

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

December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 147,146
Total assets and other debits	<u>\$ 147,146</u>
LIABILITIES	
Accounts payable	\$ 1,697
Bail bond deposits	142,162
Due to JEF	<u>3,287</u>
Total liabilities	<u>\$ 147,146</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

The East Baton Rouge Parish Juvenile Court was established by a 1990 legislative act and is provided for under Louisiana Revised Statutes Sections 13:1621 through 13:1630. The Juvenile Court has jurisdiction regarding the interest of children alleged to be delinquent, abandoned, neglected, or otherwise in need of supervision or care.

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

The Court also carries on certain ancillary activities including those related to the maintenance of a victim of juvenile crime compensation fund under RS 13:1561 and the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children's Code.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Court is part of the operations of the juvenile court system that is fiscally dependent on the City-Parish. The City-Parish provides the facilities for court operations and appropriates funds for personal services, and other supplies and services in its annual budget. The nature of the relationship between the Court and the City-Parish is significant. Therefore, the Court was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying financial statements present information only on the East Baton Rouge Parish Juvenile Court as noted below and do not present any other information on the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

Basis of presentation

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Government-wide financial statements – The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund financial statements – The financial transactions of the Court are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The Court uses the governmental and fiduciary fund types. The focus of the governmental funds' measurement is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The fiduciary fund type is custodial in nature and does not involve the measurement of results of operations.

The funds of the Court are described below:

Governmental funds

General fund – The General fund is the primary operating fund of the Court. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue funds – Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Fiduciary fund

Agency fund – The Agency fund accounts for assets held by the Court in a purely custodial capacity.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting

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

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

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

Financial statement amounts

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

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between governmental funds are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note I.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All amounts are deemed collectible in full and no allowance for uncollectible accounts receivable has been recorded.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	3 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Court and do not reflect assets obtained from other sources.

Revenues

Substantially all government fund revenues are accrued. Those revenues include amounts due under grant contracts, as well as fees earned and interest revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

Annual vacation leave accrues on a scale related to an employee's length of service. Annual leave may accumulate up to the number of days that can be earned during the five most recent years of employment limited to a maximum total accumulation of one hundred twenty (120) days. Annual leave is payable for actual vacation days and accumulations are payable upon termination, retirement or death.

Certain employees may accrue compensatory time in lieu of overtime payment for up to thirty (30) days. The compensatory leave is payable upon termination, retirement or death.

Sick leave accrues on the same basis as does annual vacation leave and may accumulate without limit. However, sick leave is payable only upon absence from work for designated medical reasons. Accumulated sick leave is not payable upon termination, retirement or death.

In accordance with GASB Statement No. 16, which requires the accrual for vacation leave and compensatory time to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement, the Court has recorded a liability as of December 31, 2016 for 100% of the accrued vacation for each employee up to a maximum of 120 days and accrued compensatory time up to a maximum of 30 days at the employee's current rate of pay. Additionally, applicable percentages of social security and Medicare taxes have been added to the above accruals.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 16 requires the accrual for accumulated sick leave only if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since payments are not made for accumulated sick leave in any case, no amount has been accrued.

The amounts shown for fiscal year 2016 in the accompanying financial statements for accrued compensated absences represent a liability of the Court for all its employees except the judges and hearing officer because such compensation in excess of the City-Parish annual budget allowance would be paid out of Court funds. Management has determined that payments for accrued compensated absences will likely be paid from future years' resources. Since this amount will not be paid from current funds, it is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Post Employment Benefits (OPEBs)

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

Fund Equity of Fund Financial Statements

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

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

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

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unassigned – represent balances for which there are no constraints.

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

Pension Plans

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

B: CASH AND INVESTMENTS

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

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

At December 31, 2016, the Court had demand deposits (book balances) as follows:

Interest bearing demand deposits	\$ 316,993
Other demand deposits	<u>147,146</u>
	<u>\$ 464,139</u>

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2016, Juvenile Court has \$490,052 in deposits (collected bank balances).

B: CASH AND INVESTMENTS (Continued)

These deposits are secured from risk by \$250,000 of federal deposit insurance and \$240,052 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the court that the fiscal agent has failed to pay deposited funds upon demand.

C: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due at December 31, 2016, are as follows:

	General Fund	Judicial Expense Fund	Total
City of Baton Rouge-Parish of East Baton Rouge	\$ 82,411	\$ 240	\$ 82,651
State of Louisiana	23,739	-	23,739
Other	-	565	565
	<u>\$ 106,150</u>	<u>\$ 805</u>	<u>\$ 106,955</u>

D: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is as follows:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Computer equipment, including software	\$ 308,637	\$ 42,355	\$ 119,877	\$ 231,115
Other office equipment	106,255	-	3,411	102,844
Furniture and fixtures	19,000	2,398	-	21,398
Totals at historical cost	<u>433,892</u>	<u>44,753</u>	<u>123,288</u>	<u>355,357</u>
	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Less accumulated depreciation				
Computer equipment, including software	278,507	9,125	119,877	167,755
Other office equipment	34,062	15,251	3,411	45,902
Furniture and fixtures	13,740	819	-	14,559
Totals at historical cost	<u>326,309</u>	<u>25,195</u>	<u>123,288</u>	<u>228,216</u>
Capital assets, net	<u>\$ 107,583</u>	<u>\$ 19,558</u>	<u>\$ -</u>	<u>\$ 127,141</u>

Depreciation expense of \$25,195 was charged to governmental activities for Juvenile Court – Court operations.

E: LONG-TERM DEBT

As of December 31, 2016, the governmental long-term debt consisted of the following:

Accrued compensated absences - noncurrent portion \$ 161,925

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016	Amounts Due within One Year
Accrued Compensated Absences	\$ 164,922	\$ -	\$ 2,997	\$ 161,925	\$ -

F: SALARY EXPENDITURES

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

G: PENSION PLANS

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

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

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

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

Plan Description

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

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.

G: PENSION PLANS (Continued)

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

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

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

Benefits

Normal Retirement

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

1. Full retirement benefits:
 - a. Granted with 25 years of service, regardless of age.
 - b. Defined as 3% of average compensation times the number of years of service.
2. Minimum eligibility benefits:
 - a. Granted with 20 years of service regardless of age; or at age 55 with 10 years of service.
 - b. Defined as 2.5% of average compensation times the number of years of service.

Average compensation is determined by the highest average compensation in 36 successive months. In the case of interrupted service, the periods immediately before and after the interruption may be joined to produce 36 successive months. In cases of 20 or more and less than 25 years of service, the computed benefit amount is reduced by 3% for each year below age 55. Benefits paid to employees shall not exceed 90% of average compensation.

Disability

Pension provisions include both service-connected and ordinary disability benefits. In the case of a service connected disability, the disabled employee is entitled to receive 50 percent of average compensation, plus an additional factor (1.5%) for each year of service in excess of ten years. In the case of an ordinary disability, ten years of service are required to receive 50 percent of aver-

G: PENSION PLANS (Continued)

age compensation, or 2.5% times the number of years of creditable service, whichever is greater. Survivor benefits are granted to qualifying surviving spouses of service-connected disabilities, however, disability benefits cease at the death of the disabled employee who retired with an ordinary disability.

Deferred Retirement Option Program (DROP)

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP) are employees who are eligible for retirement, but have chosen to continue employment for a maximum of five years if the member has 25 years of creditable service, or three years if the member has at least 10 but less than 25 years and is age 55 or older. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan. Five year participation in the DROP after 25 years of service is also a guaranteed benefit available to members who transferred membership to the Municipal Police Employees' Retirement System (MPERS). Because MPERS provides for only a three-year DROP, CPERS guarantees the balance of DROP participation, not to exceed the five-year maximum. Penalty provisions remain in place for these members as well.

Survivor Benefits

Survivor benefits provide that a qualifying spouse will receive 50 percent of the retired employee's pension amount at no cost to the retiree. A service allowance retiree may also purchase an optional benefit for a spouse or other designated beneficiary, which reduces the monthly pension benefit by an actuarially computed amount. Should an employee die before retirement, but either was eligible for a benefit, or had attained 20 or more years of service, a qualifying spouse may receive an actuarially computed benefit based on the employee's calculated benefit. If the employee dies having less than 20 years of service, before reaching retirement eligibility, the surviving spouse is entitled to \$600 per month until the earlier of death or remarriage, plus \$150 per month for each minor child (limited to \$300), or a refund of the member's retirement contributions.

Funding Policy

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

G: PENSION PLANS (Continued)

Contributions to the plan are required and determined by City/Parish Ordinance (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2016, for the Court and covered employees were as follows:

	<u>Court</u>	<u>Employees</u>
Contribution Rates	26.60%	9.50%
	Blended Rate	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer contributions	\$ 147,447	\$ 152,571	\$ 147,290

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

The following schedule lists the Court's proportionate share of the Net Pension Liability allocated by the pension plan as of the respective measurement dates. The Court uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2016 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement dates along with the change compared to the immediately prior measurement date. The Court's proportion of the Net Pension Liability was based on a projection of the Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at <u>December 31, 2015</u>	Rate at December 31, <u>2015</u>	Increase (Decrease) on December 31, <u>2014 Rate</u>
Proportionate share data \$	2,602,048	0.45113%	0.01439%

G: PENSION PLANS (Continued)

The Court's proportionate share of the pension plan's recognized pension expense was \$262,756 for the year ended December 31, 2016.

At December 31, 2016, the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,375	\$ -
Changes of assumptions	160,855	-
Net difference between projected and actual earnings on pension plan investments	385,129	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	158,542	(36,065)
Employer contributions subsequent to the measurement date	147,447	-
Total	<u>\$ 861,348</u>	<u>\$ (36,065)</u>

The Court reported a total of \$147,447 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2015 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2016.

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

<u>YEAR</u>	
2017	\$ 217,574
2018	217,575
2019	165,113
2020	77,574
	<u>\$ 677,836</u>

G: PENSION PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2015 are as follows:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.25% net of investment expenses.
Inflation Rate	2.75% per annum
Mortality	RP-2000 Combined Health Mortality, projected to 2019
Salary Increases	Aged based
Cost of Living adjustments	None

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

G: PENSION PLANS (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in the Retirement System target asset allocations as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core fixed income	15.00%	2.00%
Core plus fixed income	15.00%	2.80%
Large cap domestic equity	19.50%	5.50%
Non-large cap domestic equity	3.00%	5.80%
International large cap equity	15.00%	6.00%
International small cap equity	2.50%	6.00%
Emerging market equity	5.00%	8.00%
Core real estate	5.00%	4.80%
Master limited partnerships	5.00%	9.80%
Private equity	5.00%	8.80%
Risk parity	5.00%	6.30%
Hedge funds	5.00%	3.80%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS was 7.25% for the measurement period ending January 1, 2016.

G: PENSION PLANS (Continued)

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
CPERS			
Rates	6.25%	7.25%	8.25%
Net Pension Liability			
Calculation	\$ 3,417,672	\$ 2,602,048	\$ 1,920,189

H: OTHER POST-EMPLOYMENT BENEFITS

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

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

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

Funding policy

The contribution requirements of the employees/retirees and the City-Parish and participating City-Parish employers are established in the annual City-Parish operating budget and may be amended in subsequent years. During 2016, the health/dental plan was funded with employees and retirees contributing from 8% to 40% of the health and dental premium and the City-Parish contributing from 60% to 92% of the health and dental premiums, dependent upon the number of family members covered. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 Section P50 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2016, biannual actuarial valuation performed by an outside actuary consultant. These components of OPEB were allocated to the Court based on its proportionate share of total contributions made in the previous year.

The following table shows the components of the Court’s annual OPEB cost for the year end December 31, 2016 and the amount actually contributed to the plan during the year:

Annual required contributions (ARC)	\$ 293,263
Interest on net OPEB obligation	71,550
Adjustment to ARC	<u>(71,086)</u>
Annual OPEB cost (expense)	293,727
Less: Contributions made	<u>(97,644)</u>
Increase in net OPEB obligation	196,083
Net OPEB obligation - beginning of year	<u>2,174,778</u>
Net OPEB obligation - end of year	<u>\$ 2,370,861</u>

Trend Information for OPEB Plan:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 312,695	17.9%	\$ 1,743,752
12/31/2014	\$ 313,886	16.0%	\$ 1,964,573
12/31/2015	\$ 314,375	14.5%	\$ 2,174,778
12/31/2016	\$ 293,727	12.4%	\$ 2,370,861

Funding status and funding progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The Court’s allocated portion of the actuarial accrued liability for benefits was approximately \$4,150,140 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funding progress for the most recent valuation date is as follows:

Actuarial Valuation Date		January 1, 2016
Actuarial Accrued Liability (AAL)	\$	4,150,140
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>4,150,140</u>
Funded Ratio (Actuarial Value of Assets/AAL)		0%
Covered Payroll (active plan members)	\$	735,631
UAAL as a percentage of covered payroll		564%

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 of 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, 2016, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate of 4% compounded annually is based on historical and expected earnings on employer general assets.

Life expectancies were based on the Sex Distinct 2000 Combined Healthy Mortality Table set projected to 2016 using Scale AA. Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability, retirement rates, and withdrawal rates are based on the government's historical data using probabilities for the government's retirement systems.

Both historical retiree claim costs and current retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. The plan assumes a medical inflation rate of 8.0% beginning in 2015, decreasing to a rate of 4.5% in 2072. The actuarial valuation also assumes that (1) fifty-five percent of employees are assumed to be married at

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

retirement; (2) female spouses are assumed to be three years younger than males; (3) fifty-five percent of employees are married at retirement and will elect spouse’s coverage; (4) zero percent of employees will have dependent children at retirement; (5) one hundred percent of employees will elect Medicare coverage when they are first eligible; and (6) ten percent of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age sixty-five. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age sixty-five.

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 3.0 percent, compounded annually. The remaining amortization period at January 1, 2016, was thirty years.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$5,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Court does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

I: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at December 31, 2016:

	Due From	Due To
General fund		
Victims of Juvenile Crime Compensation fund	\$ -	\$ 150
Judicial Expense fund	-	1,611
Judicial Expense fund		
Fiduciary fund	3,287	-
General fund	1,611	-
Fiduciary fund		
Judicial Expense fund	-	3,287
Victims of Juvenile Crime Compensation fund		
General fund	150	-
	<u>\$ 5,048</u>	<u>\$ 5,048</u>

J: CONCENTRATIONS OF CREDIT RISK

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

K: OTHER EXPENDITURES OF THE JUVENILE COURT

Certain operating expenditures of the juvenile court are paid directly or reimbursed by the City-Parish. The City-Parish expenditures for the operation of the Juvenile Court for the year ended December 31, 2016, are summarized below:

	<u>City-Parish</u>
Personal services	\$ 779,216
Group benefits	367,474
Supplies	48,770
Contractual services	129,698
	<u>\$ 1,325,158</u>

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 29, 2017, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2015	\$ 203,776	\$ 177,233	\$ 177,233	\$ -
Resources (inflows):				
Intergovernmental:				
Court operations	1,295,050	1,342,550	1,325,158	(17,392)
Families in Need of Services Assistance Program	63,468	63,468	63,468	-
LCLE truancy court	34,325	34,325	34,560	235
Miscellaneous revenue	-	-	2,269	2,269
Interest	605	510	503	(7)
Amounts available for appropriation	<u>1,393,448</u>	<u>1,440,853</u>	<u>1,425,958</u>	<u>(14,895)</u>
Charges to appropriations (outflows):				
Current:				
Juvenile Court:				
Personal services:				
Salaries	802,400	778,815	780,145	(1,330)
Group benefits:				
Payroll taxes			13,718	
Retirement			147,447	
Post-Employment benefit			89,737	
Insurance			<u>116,571</u>	
Group benefits	418,185	367,540	367,473	67
Supplies:				
Office supplies	47,700	50,390	48,770	1,620
Contract services:				
Auditing & accounting			1,970	
Bank service charges			240	
Dues & memberships			300	
Printing & copying			636	
Education & training			938	
Insurance			1,730	
Mileage reimbursement			595	
Storage			3,369	
Telephone & communications			21,213	
Postage			960	
Repairs & maintenance			6,036	
Waste collection			2,109	

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Rental			11,340	
Other professional fees			2,737	
Other			<u>30,826</u>	
Contract services	99,770	84,337	84,999	(662)
FINSAP program				
Contractual services:				
Programmatic services	63,468	63,468	63,468	-
Louisiana Commission on Law Enforcement				
Truancy court:				
Programmatic services	<u>34,325</u>	<u>34,325</u>	<u>34,560</u>	<u>(235)</u>
Total current	1,465,848	1,378,875	1,379,415	(540)
Capital outlay:				
Capital outlay	<u>42,137</u>	<u>47,500</u>	<u>45,687</u>	<u>1,813</u>
Total charges to appropriations	<u>1,507,985</u>	<u>1,426,375</u>	<u>1,425,102</u>	<u>1,273</u>
Budgetary fund balance - December 31, 2016	<u>\$ 89,239</u>	<u>\$ 191,711</u>	<u>\$ 178,089</u>	<u>\$ (13,622)</u>

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
JUDICIAL EXPENSE FUND
Year ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2015	\$ 155,769	\$ 157,219	\$ 157,219	\$ -
Resources (inflows):				
Fees and fines	44,750	37,350	36,431	(919)
Intergovernmental:				
Court fees	11,000	11,000	10,973	(27)
Court operations	-	-	-	-
Charges for service	4,270	876	876	-
Vending machine revenue	1,320	1,380	1,607	227
Interest	445	480	477	(3)
Other	-	124	292	168
Amounts available for appropriation	<u>61,785</u>	<u>51,210</u>	<u>50,656</u>	<u>(554)</u>
Charges to appropriations (outflows):				
Current:				
Salaries and employee benefits	7,500	4,720	4,721	(1)
Supplies	8,100	3,440	1,332	2,108
Contract services	31,685	34,772	37,155	(2,383)
Special programs	500	25	-	25
Net supplies	<u>47,785</u>	<u>42,957</u>	<u>43,208</u>	<u>(251)</u>
Total current	47,785	42,957	43,208	(251)
Capital outlay:				
Capital outlay	<u>5,000</u>	<u>-</u>	<u>2,399</u>	<u>(2,399)</u>
Total charges to appropriations	<u>52,785</u>	<u>42,957</u>	<u>45,607</u>	<u>(2,650)</u>
Budgetary fund balance - December 31, 2016	<u>\$ 164,769</u>	<u>\$ 165,472</u>	<u>\$ 162,268</u>	<u>\$ (3,204)</u>

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
VICTIMS OF JUVENILE CRIMES COMPENSATION FUND
Year ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2015	\$ 69,950	\$ 69,520	\$ 69,520	\$ -
Resources (inflows):				
Juvenile traffic/crime fines	6,000	3,700	3,254	(446)
Interest	215	210	211	1
Amounts available for appropriation	<u>6,215</u>	<u>3,910</u>	<u>3,465</u>	<u>(445)</u>
Charges to appropriations (outflows):				
Reparations to crime victims	<u>6,000</u>	<u>2,360</u>	<u>2,360</u>	<u>-</u>
Total charges to appropriations	<u>6,000</u>	<u>2,360</u>	<u>2,360</u>	<u>-</u>
Budgetary fund balance - December 31, 2016	<u>\$ 70,165</u>	<u>\$ 71,070</u>	<u>\$ 70,625</u>	<u>\$ (445)</u>

See accompanying notes to budgetary comparison schedules.

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

December 31, 2016

Budgetary accounting and control

Budget law

The Court prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

- (1) An operating budget is prepared for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The general and special revenue funds' budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

Budgetary accounting

The annual operating budgets of the general and special revenue funds are prepared and presented on the modified accrual basis of accounting.

**EAST BATON ROUGE PARISH JUVENILE COURT
OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND DENTAL INSURANCE PROGRAMS**
Year ended December 31, 2016

SCHEDULE OF FUNDING PROGRESS

Year Ended	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered
12/31/2016	1/1/2015	\$ -	\$ 4,150,140	\$ 4,150,140	0.00%	\$ 735,631	564%
12/31/2015	1/1/2015	-	4,446,579	4,446,579	0.00%	768,329	579%
12/31/2014	1/1/2013	-	4,363,148	4,363,148	0.00%	764,774	571%
12/31/2013	1/1/2013	-	4,352,633	4,352,633	0.00%	752,409	578%
12/31/2012	1/1/2011	-	4,834,323	4,834,323	0.00%	756,098	639%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual OPEB cost	Amount Contributed	Percentage of Annual OPEB costs Contributed	Increase to Net OPEB Obligation	Net OPEB Obligation
12/31/2016	\$ 293,727	\$ 97,644	33.24%	\$ 196,083	\$ 2,370,861
12/31/2015	314,375	104,170	33.14%	210,205	2,174,778
12/31/2014	313,886	93,065	29.65%	220,821	1,964,573
12/31/2013	312,695	87,838	28.09%	224,857	1,743,752
12/31/2012	317,663	88,227	27.77%	229,436	1,518,895

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended December 31, 2016

Fiscal Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
CPERS					
2016	0.4511%	\$ 2,602,048	\$ 615,046	423.0656%	64.0900%
2015	0.4367%	\$ 1,920,486	\$ 592,031	324.3894%	63.9500%

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

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

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

Year ended December 31, 2016

Fiscal Year	Contractually Required Contribution	Contributions in Relation to			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
		Contractually Required Contribution	Contribution Deficiency			
CPERS						
2016	\$ 147,447	\$ 147,447	\$ -	\$ 615,046	24.00%	
2015	\$ 152,571	\$ 152,571	\$ -	\$ 592,031	25.77%	

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

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

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

December 31, 2016

Changes in Benefit Terms

For measurement date 12/31/2016, amounts reported as changes of benefit terms resulted from the following changes, as noted in the January 1, 2016 valuation report from the prior actuary:

- For those members with dates of hire on or after September 1, 2015:
- Service retirement eligibility is age 55 for public safety members or age 60 for non-public safety members with at least 10 years of service or 20 years of service regardless of age.
- Full retirement eligibility (3% of final average compensation for each year of creditable service) is age 50 for public safety members or age 55 for non-public safety members with at least 25 years of service.
- Early retirement benefits are reduced to an actuarial equivalent benefit.
- The normal form of benefit is a life annuity.
- Final average compensation is based on the average compensation during the highest 60 consecutive months of creditable service.
- The policy of rounding service up to the next highest quarter has been abolished.
- Leave accrual rates for new members hired on or after April 4, 2015 have been reduced. This may result in smaller leave balances being traded in for additional service upon their retirement

Changes in Assumptions

The changes in assumptions as noted in the January 1, 2016 valuation report were as follows:

- The discount rate changed from 7.50% to 7.25%.
- The inflation rate changed from 3.50% to 2.75%.
- The investment rate of return changed from 7.50% to 7.25%.
- The mortality table changed from the 1994 Group Mortality Table to the RP-2000 Combined Healthy Mortality Table.

OTHER SUPPLEMENTARY INFORMATION

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

December 31, 2016

Adam J. Haney
Chief Judge

<u>Purpose</u>	<u>Amount</u>
Benefits - insurance	\$ 110
Verizon reimbursement	1,775
CLE fees - Family Law	475

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

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

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

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

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

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Juvenile Court's basic financial statements and have issued our report thereon dated June 29, 2017.

Internal Control Over Financial Reporting

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

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

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

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2006-1 and 2006-2.

Compliance and Other Matters

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

East Baton Rouge Parish Juvenile Court's Response to Findings

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

Purpose of this Report

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

L. A. Champagne & Co., L.L.P.

June 29, 2017

EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2016

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unmodified opinion on the financial statements of the East Baton Rouge Parish Juvenile Court.
2. Two significant deficiencies in the internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the East Baton Rouge Parish Juvenile Court were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.
10. Not applicable.

B: FINDINGS – FINANCIAL STATEMENT AUDIT

- 2006-1 As part of the audit process, we have always assisted management in drafting the financial statements and related notes as part of our year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined above.

B: FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

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

2006-2 Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Court routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. We realize the cash basis method of accounting is easy to administer and understand. We also understand that the procedures and effort required to maintain books on the generally accepted basis of accounting throughout the year can be time-consuming. Thus, we acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with our assistance.

Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for their monitoring purposes.

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**
Year Ended December 31, 2016

- 2006-1 Internal Control over Financial Reporting**
Repeated in current year findings.
- 2006-2 Adjusting from Cash Basis to Accrual Basis**
Repeated in current year findings



JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

Adam J. Haney
Judge, Division A

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

Donna T. Carter
Judicial Administrator

Pamela Taylor Johnson
Judge, Division B

June 29, 2017

Darlene Munson
Deputy Judicial Administrator

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2016.

Name and address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2016

The findings for the *2016 Schedule of Findings and Responses* are discussed below. The findings are numbered consistently with the number assigned to the schedule.

2006-1.

Condition: As part of the audit process, the auditors have always assisted management in drafting the financial statements and related notes as part of their year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because the auditor's involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined.

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

2006-2.

Condition: Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Court routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. The cash basis method of accounting is easy to administer and understand.

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June 29, 2017

Also the procedures and effort required to maintain the books on the generally accepted basis of accounting throughout the year can be time-consuming. Thus, the auditor's acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with their assistance.

Action Taken: Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end, the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for monitoring purposes.

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

Sincerely yours,



Donna T. Carter
Judicial Administrator