



**LUTHER SPEIGHT & COMPANY, LLC**  
***Certified Public Accountants and Consultants***

**CRIMINAL DISTRICT COURT  
FOR THE PARISH OF ORLEANS**

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2017**

Our discussion and analysis of Criminal District Court for the Parish of Orleans financial performance provides an overview of the financial activities for the year. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Government Financial Statements – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) – The Balance Sheet and the Statements of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than Government Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**GOVERNMENTAL WIDE FINANCIAL STATEMENTS**

One of the most important questions asked about the finances is, "Is the Criminal District Court as a whole better 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 entity 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.

**FUND FINANCIAL STATEMENTS**

The Fund Financial Statements provide detailed information about the most significant funds not the operations as a whole. Some funds are required to be established by State laws. Other funds are established to help control and manage money for a particular purpose while others are to show that it is meeting legal responsibilities for using certain appropriations, grants, and other money.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017**

Continued,

The Criminal District Court utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.

#### FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, total net position for the Court was (\$8,946,357). Net position decreased by \$1.2 million compared to the previous year's balance. The decrease is primarily due to pension expenses related to implementation of GASB Statement No. 68.
- Total Court revenues remained relatively constant reported at \$8.7 million in 2017 compared to \$8.0 million in the previous year.

Total net position was comprised of the following:

- Invested in capital assets of \$663,721, the net book value of property and equipment.
- Restricted Net Position recorded at \$1,540,427.
- Unrestricted net position reflected a balance of (\$11.1) million which was consistent with the prior year, reported at (\$8.7) million. This balance represents the net position balance available to maintain continuing obligations to citizens and creditors for the unrestricted fund.

#### FINANCIAL ANALYSIS OF THE CRIMINAL DISTRICT COURT AS A WHOLE

The Statement of Net Position and the Statement of Activities reports only one type of government activity. Our analysis below focuses on the net position of the governmental-type activities:

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017**

Condensed Statement of Net Position

ASSETS	2017	2016
Cash and cash equivalents	\$ 1,758,915	\$ 1,782,928
Grant receivable	898,674	245,220
Due from other agencies	333,791	163,857
Due from other funds	206,280	-
Furniture and equipment, net	663,721	777,346
Total Assets	3,861,381	2,969,351
Deferred Outflows:		
Pension Related	433,330	12,548
Total Assets & Deferred Outflows	4,294,711	2,981,899
LIABILITIES		
Accounts payable	322,858	17,715
Other liabilities	386,620	-
Due to other funds	206,280	18,657
Related benefits payable	225,036	226,658
Net Pension Liability	11,395,060	9,386,491
Total Liabilities	12,535,854	9,649,521
Deferred Inflows:		
Pension Related	218,025	85,371
Total Liabilities & Deferred Inflows	12,753,879	9,734,892
NET POSITION		
Investment in capital assets, net	663,721	777,346
Restricted net position	1,540,427	1,188,531
Total restricted net position	1,540,427	1,188,531
Unrestricted net position	(11,150,505)	(8,718,870)
Total unrestricted net position	(11,150,505)	(8,718,870)
Total Net Position	\$ (8,946,357)	\$ (6,752,993)

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017**

Continued,

As a result of this year's operations, net position decreased by \$1.2. The total balance in net position, (\$8,459,168) represents the accumulated results of the current and all past years' operations as of December 31, 2017.

Our analysis below focuses on the changes in net position of the governmental – type activities:

Condensed Statement of Activities

	2017	2016	Change
Total Program Revenues	\$ 8,714,943	\$ 8,049,241	\$ 665,702
Total Program Expenses	(9,969,733)	(9,236,081)	(733,652)
Net Program Income	<u>(1,254,790)</u>	<u>(1,186,840)</u>	<u>( 67,950)</u>
General Revenues	<u>27,662</u>	<u>241,196</u>	<u>(213,534)</u>
Change in Net Position	<u>\$ (1,227,128)</u>	<u>\$ (945,644)</u>	<u>\$ (281,484)</u>

The total program revenues for the year in governmental activities were \$8,714,943. The components of the revenues were \$2,262,848 in charges for services and \$6,452,095 in operating and grant revenues. The resulting change in net position for the year ended December 31, 2017 was (\$1,227,128).

**BUDGETARY HIGHLIGHTS**

The total of unrestricted fund budgeted revenues were \$4.4 million with actual revenues reported at \$4.5 million. Actual unrestricted fund revenues increased by \$594,884 while expenditures increased by \$905,551. Salaries and benefits accounted for a substantial portion of the budgeted and actual expenses reflecting actual expense totaling \$4.1 million with a budgeted amount of \$4.8 million. The total restricted fund budgeted revenues were \$4.1 million with budgeted expenses totaling \$3.9 million. Actual revenues and expenditures were reported at levels generally comparable to the budgeted amounts in total.

**CAPITAL ASSETS**

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 and 2016 was \$663,721 and \$691,013 respectively. The decrease in capital assets were primarily due to depreciation expense and adjustments to the accumulated depreciation accounts.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017**

This financial report is designed to provide a general overview of the Criminal District Court finances and to show the Criminal District Court accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mr. Robert Kazik , Judicial Administrator  
Criminal District Court For the Parish of Orleans  
2700 Tulane Avenue Room 201  
New Orleans, LA 70119  
Phone (504) 658-9100



**LUTHER SPEIGHT & COMPANY, LLC**  
**Certified Public Accountants and Consultants**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Keva Landrum-Johnson, Chief Judge  
of the Criminal District Court for the Parish of Orleans

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Criminal District Court for the Parish of Orleans (the Court) as of and for the year ended December 31, 2017, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

**Auditor's Responsibility**

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

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

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

Continued,

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Court, as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 22, 2018, on our consideration of the 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.

Continued,

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Court's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Luther Speight", with a stylized flourish extending to the right.

Luther Speight & Company CPAs  
New Orleans, Louisiana  
June 22, 2018

## BASIC FINANCIAL STATEMENTS

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

**ASSETS**

Cash and cash equivalents	\$ 1,758,915
Due from other governments	333,791
Grants receivable	898,674
Due from other funds	206,280
Furniture, fixtures and equipment	663,721
<b>Deferred Outflows:</b>	
Pension related	433,330
<b>Total Assets and Deferred Outflows</b>	<u>4,294,711</u>

**LIABILITIES**

Accounts payable	322,858
Other Liabilities	386,620
Due to other funds	206,280
Benefits payable	225,036
Net pension liability	11,395,060
<b>Deferred Inflows:</b>	
Pension Related	218,025
<b>Total Liabilities and Deferred Inflows</b>	<u>12,753,879</u>

**NET POSITION**

Investment in capital assets	663,721
Restricted net position	1,540,427
<b>Total restricted net position</b>	<u>2,204,148</u>
Unrestricted net position	(10,663,316)
Total unrestricted net position	<u>(10,663,316)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (8,459,168)</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			
	Expenses	Charges for Services	Grants & Intergovernmental Support	Net (Expenses)/Revenues	
Governmental activities:					
General government	\$ 9,969,733	\$ 2,262,848	\$ 6,452,095	\$ (1,254,790)	
Total governmental activities:				(1,254,790)	
General revenues:					
Interest income				27,662	
Total general revenues				27,662	
Changes in net position				(1,227,128)	
Net position - beginning				(7,698,636)	
Net position adjustment				466,596	
Net position - ending				\$ (8,459,168)	

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted Fund	Restricted Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 951,027	\$ 807,888	\$ 1,758,915
Due from other governments	332,949	842	333,791
Grants receivable	373,256	526,578	899,834
Due from other funds	-	205,120	205,120
Total Assets	<u>1,657,232</u>	<u>1,540,428</u>	<u>3,197,660</u>
<b>LIABILITIES</b>			
Accounts Payables	213,280	109,578	322,858
Other Liabilities	196,129	372,166	568,295
Due to other funds	205,120	-	205,120
Total Liabilities	<u>614,529</u>	<u>481,744</u>	<u>1,096,273</u>
<b>FUND BALANCE</b>			
Assigned:		-	-
Restricted funds	-	1,058,684	1,058,684
Total Assigned Fund Balances	<u>-</u>	<u>1,058,684</u>	<u>1,058,684</u>
Unassigned:			
General Fund	1,042,703	-	1,042,703
Total Fund Balances	<u>1,042,703</u>	<u>1,058,684</u>	<u>2,101,387</u>
Total Liabilities and Fund Balance	<u>\$ 1,657,232</u>	<u>\$ 1,540,428</u>	<u>\$ 3,197,660</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted Fund	Restricted Fund	Total Governmental Funds
<b>REVENUES</b>			
Charges for Services	\$ 2,262,848	\$ -	\$ 2,262,848
Grants and Intergovernmental Funds	2,184,488	4,267,607	6,452,095
Interest	17,953	9,709	27,662
<b>Total Revenues</b>	<u>4,465,289</u>	<u>4,277,316</u>	<u>8,742,605</u>
<b>EXPENDITURES</b>			
Salaries	2,588,203	1,593,079	4,181,282
Fringe Benefits	964,144	671,394	1,635,538
Professional & Contractual	558,493	1,322,572	1,881,065
Travel - Transportation	5,568	1,824	7,392
Travel - Lodging	13,946	3,837	17,783
Travel - Per Diem	6,619	1,458	8,077
Meetings - Internal/Local	8,624	-	8,624
Ceremonies	1,393	-	1,393
Office Supplies	92,833	16,609	109,442
Cleaning Supplies	1,847	1,027	2,874
Bottle Water	2,227	9,356	11,583
Telephone	34,388	4,208	38,596
Paper Supplies	32,088	9,028	41,116
Building Maint & Repairs	11,809	1,266	13,075
Capital Outlay	64,252	3,461	67,713
Equipment Maint & Repairs	5,278	214	5,492
Lease Payments	42,409	221,580	263,989
Equipment Rentals	4,806	-	4,806
Coffee	1,684	4,358	6,042
Drug Testing Supplies	153,583	121,423	275,006
Miscellaneous	7,297	-	7,297
Conferences/Registration	16,240	3,500	19,740
Law Books	75,834	-	75,834
Postage	6,309	13,426	19,735
Dues & Subscriptions	8,614	3,095	11,709
Advertising	1,969	600	2,569
Insurance- Prof. Liab.	30,674	-	30,674
Jury Expense	-	105,530	105,530
Pest Control	-	690	690
<b>Total Expenses</b>	<u>4,741,131</u>	<u>4,113,535</u>	<u>8,854,663</u>
Net Change in Fund Balances	(275,842)	163,781	(112,061)
Fund Balance Beginning of Year	694,737	1,302,087	1,996,824
Fund Balance Adjustments	623,808	(407,183)	216,625
Fund Balance End of Year	<u>\$ 1,042,703</u>	<u>\$ 1,058,685</u>	<u>\$ 2,101,388</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO  
GOVERNMENTAL NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Total Governmental Fund Balance** \$ 2,101,390

Amounts reported in governmental activities in  
the statement of net position are different because:

Deferred Outflows - Pension Related 433,330

Capital assets used in the governmental activities are  
not financial resources and therefore are not reported  
in the funds. 663,721

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in Governmental  
Fund Balance Sheet

Net Pension Liability	(11,395,060)
Compensated absences liability	(225,036)
Deferred Inflows - Pension related	(218,025)
Other reconciling differences	<u>180,510</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (8,459,168)</u></u></b>

The accompanying notes are an integral part of this financial statement.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 RECONCILIATION BETWEEN GOVERNMENTAL CHANGE IN FUND BALANCE AND  
 CHANGE IN GOVERNMENTAL NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds (fund financial statements)	\$ (112,058)
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Amount reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures in the  
individual fund.

Governmental activities report depreciation expense to allocate  
the cost of those capital assets over the estimated  
estimated useful lives of the asset.

Depreciation expense	95,050	
Capital outlay	(67,713)	27,337

Long-term liabilities do not require the use of current financial  
resources and therefore are not reported as expenditures  
in the Governmental Funds.

Change in compensated absence expense	10,612	
Non-employer contributions to cost sharing pension plan	254,034	
Pension expense	(1,407,053)	

Change in net position of governmental activities	\$ (1,227,128)
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The accompanying notes are an integral part of this financial statement.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF FIDUCIARY FUND BALANCE  
DECEMBER 31, 2017

**ASSETS**

Cash and cash equivalents	\$ 559,905
Accounts receivable	2,457
Due from defendants	1,300
	<u>563,662</u>

**LIABILITIES**

Due to victims	563,763
Total Liabilities	<u>\$ 563,763</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF CHANGES IN FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

ADDITIONS:	
Deposits on behalf of Victims	\$ 839,404
Total Additions	<u>\$839,404</u>
DEDUCTIONS:	
Disbursements to Victims	<u>832,632</u>
Total Deductions	<u>832,632</u>
Change in Fiduciary Fund Balance	<u>6,772</u>
FIDUCIARY FUND BALANCE:	
Beginning of Year	<u>556,991</u>
Ending of Year	<u><u>\$ 563,763</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Louisiana Revised Statute 13:1335 established the Criminal District Court for the Parish of Orleans (Criminal Court). The Criminal Court is composed of judges serving six-year terms. The Criminal Court has exclusive jurisdiction over the trial and punishment of all crimes, misdemeanors, and offenses committed within the Parish of Orleans. The Criminal Court has appellate jurisdiction for all cases tried before the Municipal Court of New Orleans and the Traffic Court of New Orleans.

In addition, Louisiana Revised Statute 13:1346 established the Magistrate Section of the Criminal District Court for the Parish of Orleans. The Magistrate Section is composed of one elected judge and four commissioners who are appointed by the judges sitting en banc, each serving six-year terms. The Magistrate Section has jurisdiction to act as committing magistrate in felony and misdemeanor charges and to hold preliminary examinations, with the authority to bail or discharge, or to hold for trial, in all cases before the Criminal District Court for the Parish of Orleans.

The Criminal District Court for the Parish of Orleans includes all funds that are controlled by the judges en banc as independently elected officials with oversight responsibility. Oversight responsibility is determined on the basis of the following criteria:

1. Appointment of governing boards
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

**A. FUND ACCOUNTING**

The accounts of the Criminal Court are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the general purpose financial statements are described as follows:

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Continued,

**GOVERNMENTAL FUNDS**

**Unrestricted Fund**

The General Fund is the general operating fund of the Criminal Court. It accounts for all financial resources, except those that are required to be accounted for in other funds.

**Restricted Fund**

Grant Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the Board of Jury Commissioners is reported as a specific program within the Restricted Fund.

**FIDUCIARY FUNDS**

**Probation Assessment, Restitution and Court Cost Agency Funds**

The Probation Assessment, Restitution and Court Cost Agency Funds account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

**B. Basic Financial Statements – Basis of Presentation**

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The basic financial statements include both government-wide (reporting as a whole) and fund financial statements (reporting the major funds). All of the judicial and administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net positions are reported in three parts 1.) invested in capital assets, net of related debt; 2.) restricted net position; and 3.) unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the functions and activities. These functions are also supported by general government revenues (interest earned and other miscellaneous revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The net costs (by function) are normally covered by general revenue (interest earned, etc.). This government-wide focus is more on the sustainability as an entity and the change in the net assets resulting from the current year's activities.

*FUND FINANCIAL STATEMENTS*

The financial transactions are reported within individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The governmental fund type is the only type reported. The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

**C. Measurement Focus and Basis of Accounting**

*Accrual Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenue, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenue included in the Statement of Activities is derived directly from the program itself and reduce the cost of the function to be financed from the general revenues.

*Modified Accrual Basis of Accounting*

The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or within 60 days after year-end. Expenditures are generally recorded when the related fund liability is incurred. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses). Fines, fees, and other revenues are recorded when collected and are considered susceptible to accrual.

**D. Budgets**

The Criminal District Court adopts an annual budget for the Unrestricted Fund and the Restricted Funds on a modified accrual basis of accounting. The original proposed budget is made available for public inspection and adopted no later than December of the previous year.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**E. SALARIES, OFFICE SUPPLIES AND TRAVEL OF JUDGES**

Salaries, office supplies, and travel of the judges that are paid directly by warrants drawn on the Louisiana Supreme Court are not included in the expenditures on the accompanying financial statements.

**F. COMPENSATED ABSENCES**

Employees of the Criminal District Court for the Parish of Orleans and the Board of Jury Commissioners earn from one to four weeks of vacation leave each year, depending upon their years of service. This vacation leave does not accumulate or vest. Sick leave is not earned, but is granted as needed. Paternity leave is granted for up to five days paid. Additionally, maternity leave is provided for as follows:

Number of weeks absent	Percent of compensation paid
6 or less	100%
7	75%
8	50%
9	25%
10 or more	0%

The liability for unused vacation leave payable at December 31, 2017 was \$225,036.

**G. RISK MANAGEMENT**

The Criminal District Court for the Parish of Orleans participates in an insurance risk pool sponsored by the State of Louisiana, Office of Risk Management. Annual premiums are paid to the Office of Risk Management to obtain coverage for comprehensive general liability, worker's compensation, faithful performance blanket bond, building and property, automobile liability, automobile physical damage, crime and miscellaneous tort. Premiums are based on two factors: The exposure of the agency to various kinds of claims, and the amount of those claims. Additionally, the risk pool through commercial insurance carriers provides excess coverage.

**H. NET POSITION AND FUND BALANCE ADJUSTMENTS**

The Court financial management software did not fully carry-forward certain asset and liability balances from the prior periods. As a result the Court recorded net position and fund balance adjustments to properly reflect the respective ending balances.

**I. TOTAL COLUMNS OF GENERAL PURPOSE FINANCIAL STATEMENTS**

The total columns on the general-purpose financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**J. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**K. INCOME TAXES**

Criminal Court is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**NOTE 2: CHANGES IN CAPITAL ASSET BALANCES**

A summary of changes in property and equipment is detailed below:

<u>CAPITAL ASSET ACTIVITY</u>	<u>BALANCES</u>
Net Fixed Asset beginning balance, January 1, 2017	\$691,013
Additions	67,758
Disposals	-
Subtotal	<u>\$758,771</u>
Less: Current year depreciation	<u>(95,050)</u>
Ending balance, December 31, 2016	<u>\$663,721</u>

Depreciation expense is computed on a straight-line basis and is recorded at \$95,050 for the year ended December 31, 2017.

**NOTE 3: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 27, 2018 and advised us that no reportable matters existed. This audit report was available to be issued on June 30, 2018. Subsequent events after that date have not been evaluated.

**NOTE 4: LEASES**

The Criminal District Court for the Parish of Orleans records items under capital leases as assets and obligations in the accompanying financial statements. Capital leases at December 31, 2017, consist of office equipment such as copiers, which are included in the fixed assets. No additional leases were acquired in the year 2017.

The lease agreements provide for renewal and purchase options at the end of the lease term. The Court exercised its purchase option on capital leases at the end of the lease term. Accordingly, there were no future minimum lease payments due.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5: CHANGES IN DUE TO VICTIM CASH BALANCE**

A summary of changes in amounts Due to Victims cash balance that are accounted for in the Agency Fund are as follows:

Balance at December 31, 2016	\$ 556,991
ADDITIONS:	
Total Receipts per Court Orders	839,827
DEDUCTIONS:	
Disbursements to Victims	(833,055)
Prior Period Adjustment	
Balance at December 31, 2017	<u>\$ 563,763</u>

**NOTE 7: COLLATERALIZATION OF DEPOSITS**

At December 31, 2017, the Criminal Court had cash balances totaling \$ 1,758,915. These deposits were secured from risk by federal deposit insurance at two financial institutions. Balances in excess of FDIC insurance limits were collateralized by the depository institution with pledged securities of the respective depository institutions. The pledged securities are held by the depository institution, in the name of the Criminal District Court.

**NOTE 8: PROBATION ASSESSMENT, RESTITUTION AND COURT COST**

The Probation Assessment and Restitution Fund accounts for the amount a defendant is ordered to pay at the discretion of the court when the court has suspended the imposition or execution of a sentence and has placed the defendant on probation. Payments are made to victims for restitution of their losses as ordered by the court. Probation assessments are paid upon collection to the Criminal District Court for Orleans Parish as provided by Louisiana Revised Statute 15:571.11 (D). The Court Cost Fund collects all costs assessed against defendant pursuant to Louisiana Revised Statute 13:1377 (B) effective September 1, 1991. Payments are distributed monthly to other agencies, which participate in the amount of court costs assessed.

**NOTE 9: PENSIONS**

During the prior years the Court adopted the requirements of GASB Statement 68. *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. Substantially all of the employees of the Court participate in the Louisiana State Employees' Retirement System (LASERS or the System). The Plan is a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**A. Plan Description**

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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.

**1. Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Continued,

The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

**2. Deferred Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years.

The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked.

For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

**3. Disability Benefits**

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**4. Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

**5. Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

**B. Employer Contributions**

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The employer contribution rate applicable to the employees of the Court include Judges and regular employees. The applicable contribution rates for the for the LASERS plan year ended June 30, 2017 was as follows:

Employee Category	Contribution Rate
Judges hired before 1/1/11	38.00%
Judges hired after 12/31/10	36.70%
Judges hired on or after 7/1/15	36.70%
Regular employees	35.80%

**Pension Liability, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions**

At December 31, 2017, the Court reported a liability of \$11,882,248 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 plans relative to the project contributions of all participating employers, actuarially determined. At June 30, 2017, the Court's proportion was .16881%. The Court recognized pension expense of \$1,087,278 representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

For the year ended June 30, 2017 the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	(\$218,025)
Changes in assumptions	46,942	-
Difference between expected and actual experience	-	-
Net difference between projected and actual earnings on pension plan investments	386,388	-
Employer contributions subsequent to the measurement date	610,528	
	<u>\$1,043,858</u>	<u>\$ 218,025</u>

The deferred outflows related to employer contributions subsequent to the measurement date reported at \$610,528 will be recognized as a reduction of the net pension liability in the Court's fiscal year ended December 31, 2017 financial statements.

Other amounts reported as deferred outflows of resources and deferred inflows of resources, including the remaining Plan's amortization, related to pensions will be recognized in pension expense as follows:

YEAR	AMOUNT
2018	\$ (47,708)
2019	347,606
2020	154,625
2021	(239,217)
	<u>\$ 215,306</u>

The Court's required projected employer contributions are the basis used to determine the proportionate relationship of the Court to all employers of Louisiana State Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The plan's allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for 2017 as compared to the total of all employers' projected contribution effort to the plan for the 2017. The employers' projected contribution effort was actuarially determined by the System's actuary, Foster and Foster.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

The employers' projected contribution effort was calculated by multiplying the eligible base compensation of active members in the System on June 30, 2017 by 2017 employers' actuarially required contribution rates. Eligible base compensation was based on the last month's payroll of the fiscal year ended June 30, 2016 multiplied by twelve. For active members not on the last month's payroll of the fiscal year the first month of the next fiscal year's payroll was used.

**C. Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives Investment	3 years.
Rate of Return Inflation Rate	7.75% per annum.
	3.0% per annum.
Mortality	<b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.
	<b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Salary Increases

Salary increases were projected based on A 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

**Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.96% for 2017. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

Expected Long Term Real Rates of Return

<u>Asset Class</u>	<u>2017</u>
Cash	-.24%
Domestic Equity	4.31%
International Equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Tactical Asset Allocation	2.84%
Total Fund	5.26%

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’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.

**D. Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.70%, as well as what the employers’ net pension liability 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.

	1% Decrease (6.70%)	Current 7.70%	1% Increase (8.70%)
2017 Employer's net pension liability	\$14,916,815	\$11,882,248	\$9,302,147

**E. Change in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2017 were recognized as pension expense or benefit in the current reporting period except as follows:

**1. Differences between Expected and Actual Experience**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$ 0 for the year ended June 30, 2017. Remaining deferred inflows resulting from this difference was \$218,025 as of June 30, 2017.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**F. Contributions – Proportionate Share/Change in Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date are recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer.

**SUPPLEMENTARY INFORMATION**

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 BUDGET COMPARISON SCHEDULE - UNRESTRICTED FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<b>REVENUES</b>	<b>Budget</b>	<b>Unrestricted Fund</b>
Charges for Services	\$ 2,064,700	\$ 2,262,848
Grants and Intergovernmental Funds	2,312,590	2,184,488
Interest	-	17,953
<b>Total Revenues</b>	<u>4,377,290</u>	<u>4,465,289</u>
<b>EXPENDITURES</b>		
Salaries & Benefits	3,373,038	3,552,347
Professional & Contractual	150,000	558,493
Travel - Transportation	1,000	5,568
Travel - Lodging	-	13,946
Travel - Per Diem	-	6,619
Meetings - Internal/Local	8,000	8,624
Ceremonies	500	1,393
Office Supplies	51,000	92,833
Cleaning Supplies	1,200	1,847
Bottle Water	-	2,227
Telephone	40,000	34,388
Paper Supplies	24,000	32,088
Building Maint & Repairs	28,000	11,809
Capital Outlay	-	64,252
Equipment Maint & Repairs	-	5,278
Lease Payments	12,000	42,409
Equipment Rentals	5,000	4,806
Coffee	3,500	1,684
Drug Testing Supplies	50,000	153,583
Miscellaneous	-	7,297
Conferences/Registration	64,800	16,240
Law Books	75,000	75,834
Postage	7,000	6,309
Dues & Subscriptions	8,000	8,614
Advertising	500	1,969
Insurance- Prof. Liab.	23,000	30,674
Sanity Expenses	250,000	-
A-1 Smart Bench/Scanning	201,752	-
<b>Total Expenses</b>	<u>4,377,290</u>	<u>4,741,127</u>
Revenue Excess/(Deficit)	<u>\$ -</u>	<u>\$ (275,839)</u>

The accompanying notes are an integral part of this financial statement.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
 BUDGET COMPARISON SCHEDULE - RESTRICTED FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Total Budget</u>	<u>Total Actual</u>
Revenue	<u>\$ 4,112,511</u>	<u>\$ 4,277,316</u>
EXPENDITURES		
Personal Services		
Salaries & Fringe	1,387,682	2,264,473
Travel	-	7,119
DV Screener	12,663	-
Program Support (Data IT)	1,045	-
Drug testing Assays	8,333	-
testing & laboratory	306,780	121,423
Conferences and Legal Education	13,200	3,500
Office Supplies	18,007	16,609
Cleaning Supplies	-	1,027
Botter Water	9,541	9,356
Jury Expenses	37,855	37,855
Jury Service	21,390	21,390
Jury Meals	46,285	46,285
Telephone	4,220	4,208
Postage	13,426	13,426
Pest Control	1,080	690
Dues and Subscriptions	2,910	3,095
Paper Supplies	14,169	9,028
Advertising	1,000	600
Building and Maintenance & Repairs	3,122	1,266
Capital Outlay	6,100	3,461
Office Equipment/ Office Construction	6,785	-
Equipment Maintenance & Repairs	-	214
Lease Payments	480	221,580
Other Services	201,526	-
Office Expense	140,033	-
Treatment	820,884	-
Professional & Contractual Exp	709,402	1,322,572
Coffee	7,492	4,358
Miscellaneous	32,043	-
Non-Allocated	2,823	-
TOTAL EXPENDITURES	<u>3,940,282</u>	<u>4,113,535</u>
Excess (deficiency)	<u>\$ 172,229</u>	<u>163,781</u>

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



LUTHER SPEIGHT & COMPANY, LLC  
Certified Public Accountants and Consultants

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

To the Criminal District Court for the Parish of Orleans  
City of New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Criminal District Court for the Parish of Orleans (the Court), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements and have issued our report thereon dated June 22, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as 2017-01 and 2017-03 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs listed as 2017-02 and 2017-04 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-03.

## **The Court's Response to Findings**

The Court's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Luther Speight & Company CPAs

New Orleans, Louisiana  
June 22, 2018



LUTHER SPEIGHT & COMPANY, LLC  
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

To the Criminal District Court for the Parish of Orleans  
City of New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Criminal District Court for the Parish of Orleans' (the Court) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Court's major federal programs for the year ended December 31, 2017. The Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Court's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Court, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Continued,

***Other Matters***

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

**Report on Internal Control over Compliance**

Management of the Court, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 22, 2018

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor					Total Awards
Pass through Grantor	CFDA No.	Name of Program	Grant No.	Name of Grant	Expended
<b>U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Substance Abuse & Mental Health Services Administration	93.243	Substance Abuse & Mental Health Services	1H79TI024198-01	SAMSHA	\$ 302,049
<b>U.S.DEPARTMENT OF JUSTICE</b>					
	93.558	Supreme Court Drug Court		TANF	823,903
Office of Violence Against Women	16.013	Violence Against Women Act Court Training & Improvement Grant	2010-WC-AX-K004	CTIP	-
Office of Violence Against Women	16.021	Justice Systems Response to Families	2014-FJ-AX-0007	Justice for Families	-
Bureau of Justice Assistance	16.745	Criminal & Juvenile Justice & Mental Health Collaborative Program	2010-DC-BX-0043	Mental Health 2	25,850
<p>Passed through: State of Louisiana - Louisiana  Commission on Law Enforcement and Administration</p> <p>U.S.Department of Justice  Office of Justice Programs</p> <p>Passed through - City of New Orleans</p>					
	16.738	Edward Byrne Memorial Justice Assistance Grant Program	B44-9-002	Drug Court II	177,862
<b>TOTAL</b>					<b>\$ 1,329,663</b>

The accompanying notes are an integral part of this schedule.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
DECEMBER 31, 2017**

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related grant liability is incurred.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**Summary of Auditors' Results**  
**Year Ended December 31, 2017**

Section I - Summary of Auditor's Results

Financial Statements

An unqualified opinion was issued on the financial statements of the auditee.

Internal control over financial reporting:

Material weakness (es) identified?             yes         no

Significant deficiency(s) identified  
not considered to be material weaknesses?     yes         no

Noncompliance material to financial statements noted?     yes     no

Federal Awards

Internal control over major programs:

Material weakness (es) identified?             yes         no

Significant deficiency(s) identified  
not considered to be material weaknesses?     yes         no

An unqualified opinion was issued on compliance.

Any audit findings disclosed that are required to be

Reported in accordance with *Uniform Guidance*         yes         no

The major program for the year ended December 31, 2017 was as follows:

1. Temporary Assistance to Needy Families (TANF) - CFDA 93.558
2. Substance Abuse Mental Health Services (SAMHSA) – CFDA 93.243

Auditee did not qualify as a low-risk auditee.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**FINDING #2017-01 AGING RESTITUTION FUNDS NOT RECONCILED AND  
UNABLE TO BE DISBURSED TO UNLOCATED VICTIMS**

**CRITERIA:**

Fiduciary fund accounting requires that financial resources held by governmental entities for other parties be properly accounted for and identified by the party that the funds are due to.

**CONDITION:**

As of December 31, 2017 the Court reported cash on hand that represented amounts "Due to Victims" totaling \$563,763. The Court maintains a computerized database that includes the funds that have been ordered by the Judges as "Due to Victims". The software program was outdated and did not have adequate capabilities to allow for proper reconciliation of the cash on hand to the total of the amounts due to victims.

In addition, we noted many instances where the victim was specifically identified, however updated address information was unavailable for the victim. We also noted numerous amounts, which were due to victims that were not individually identified to a specific victim. Due to the limitations of the database reporting, we were unable to accurately quantify the applicable total.

**CAUSE:**

The software, procedures and controls in effect were not adequate to identify and record the victims related to each deposit ordered by the Court.

**EFFECT:**

Funds remain on deposit and significantly age without return to the intended victims or other proper disposition.

**RECOMMENDATION:**

We recommend that the Court develop and implement a plan to identify the intended disbursement of funds as provided by the orders of the Court or seek approval for alternative disposition from the proper authority.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

MANAGEMENT RESPONSE:

Orleans Parish Criminal District Court relies solely upon information from several agencies in identifying victims who are owed restitution. A large number of the unidentified defendants and funds have dated back over two decades and have been a challenge and nearly impossible to identify. The Court, on its own action, over the past several years has attempted and continues to actively locate victims in an effort to disburse any and all funds available and due. The Court has engaged the services of a research company to assist in identifying victims' current information therefore reducing the "Unidentified Victims List".

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINDING #2017-02 TIMESHEETS NOT MAINTAINED FOR EMPLOYEES  
ASSIGNED TO SECTIONS OF COURT

**CRITERIA:**

Best practices related to payroll source documentation requires that governmental entities establish policies and procedures requiring employees to prepare detailed timesheets that document hours worked and leave time taken.

**CONDITION:**

The employees assigned to the various Sections of the Court did not prepare timesheets indicating their time and attendance. These employees work under the supervision of the respective Judges.

**CAUSE:**

The Court did not have a policy that required timesheet preparation by employees assigned to the various Sections of Court.

**EFFECT:**

Time and attendance documentation for the employees assigned to the various Sections of Court is not adequate to fully document human resource maintenance reporting.

**RECOMMENDATION:**

We recommend that the Court implement policies requiring timesheet preparation and approval for all employees assigned to the Sections of Court.

**MANAGEMENT'S RESPONSE:**

At the end of each month, Orleans Parish Criminal District Court submits the required documentation to the Louisiana Supreme Court certifying that all of its employees have worked the requisite hours.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**FINDING #2017-03 CONTROLS OVER CAPITAL ASSET INVENTORY NOT  
ADEQUATE**

**CRITERIA:**

Best practices related to internal controls over capital assets include maintaining a capital asset subsidiary ledger that is an integrated part of the financial management system. Proper controls over capital assets should also include periodic physical inventory to assure the accuracy and completeness of the reports.

**CONDITION:**

The Court maintained a detailed inventory of capital assets, however the capital asset inventory reports were not a part of the general ledger system. Capital asset purchases that were recorded in the general ledger were not always included in the inventory reports in the proper period. In addition, the Court did not perform a capital asset inventory to determine the accuracy and completeness of the inventory reports.

**CAUSE:**

The Court's financial management software appeared to be relatively outdated and did not have a capital asset module implemented. The Court's administrative procedures did not include periodic physical inventory of capital assets.

**EFFECT:**

Capital asset balances and the related accumulated depreciation balances did not roll-forward from year-to-year without the need for adjustments. The accuracy and existence of movable capital assets were not adequately confirmed.

**RECOMMENDATION:**

We recommend that the Court update its accounting software to include a capital asset module. The Court's administrative procedures should include periodic physical inventory of capital assets and proper adjustments to the inventory reports.

**MANAGEMENT'S RESPONSE:**

The Court purchased a new accounting system which will include a capital asset module. We are currently working with the vendor to transition our current data over to the new system. The installment and implementation will allow proper adjustments to the inventory reports upon conclusion of periodic physical inventory procedures.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**FINDING #2017-04 GENERAL LEDGER CONVERSION NOT FULLY  
IMPLEMENTED**

**CRITERIA:**

Generally accepted accounting principles require all financial transactions for an entity to be recorded on its general ledger and be included in the entity's financial statements with proper reconciliation.

**CONDITION:**

During the year the Court completed the implementation of a new general ledger system. However, the implementation did not fully include audit and other adjustments from the prior year.

**CAUSE:**

The legacy accounting system language was not able to communicate adequately with the new accounting system program.

**EFFECT:**

The general ledger and financial statements did not carry forward the proper balances and resulted in a prior period adjustment.

**RECOMMENDATION:**

We recommend that the Court record the auditor and other adjustments in the new accounting system.

**MANAGEMENT'S RESPONSE:**

The Court will record the adjustments and assure the balances agree with the auditors' report.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATUS OF PRIOR YEAR FINDING  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**FINDING #2016-01 AGING RESTITUTION FUNDS NOT RECONCILED AND  
UNABLE TO BE DISBURSED TO UNLOCATED VICTIMS**

**CRITERIA:**

Fiduciary fund accounting requires that financial resources held by governmental entities for other parties be properly accounted for and identified by the party that the funds are due to.

**CONDITION:**

As of December 31, 2016 the Court reported cash on hand that represented amounts "Due to Victims" totaling \$556,991. The Court maintains a computerized database that includes the funds that have been ordered by the Judges as "Due to Victims". The software program was outdated and did not have adequate capabilities to allow for proper reconciliation of the cash on hand to the total of the amounts due to victims.

In addition, we noted many instances that totaled \$212,832 where the victim was specifically identified, however updated address information was unavailable for the victim. We also noted numerous amounts, which were due to victims that were not individually identified to a specific victim. Due to the limitations of the database reporting, we were unable to accurately quantify this applicable total however the amount appears to range up to a level of \$344,159 based upon the cash on hand at December 31, 2016.

**STATUS:**

Unresolved

**FINDING #2016-02 TIMESHEETS NOT MAINTAINED FOR EMPLOYEES  
ASSIGNED TO SECTIONS OF COURT**

**CRITERIA:**

Best practices related to payroll source documentation requires that governmental entities establish policies and procedures requiring employees to prepare detailed timesheets that document hours worked and leave time taken.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Continued,

**CONDITION:**

The employees assigned to the various Sections of the Court did not prepare timesheets indicating their time and attendance. These employees work under the supervision of the respective Judges.

**STATUS:**

Unresolved

**FINDING #2016-03 CONTROLS OVER CAPITAL ASSET INVENTORY NOT  
ADEQUATE**

**CRITERIA:**

Best practices related to internal controls over capital assets include maintaining a capital asset subsidiary ledger that is an integrated part of the financial management system. Proper controls over capital assets should also include periodic physical inventory to assure the accuracy and completeness of the reports.

**CONDITION:**

The Court maintained a detailed inventory of capital assets, however the capital asset inventory reports were not a part of the general ledger system. Capital asset purchases that were recorded in the general ledger were not always included in the inventory reports in the proper period. In addition, the Court did not perform a capital asset inventory to determine the accuracy and completeness of the inventory reports.

**STATUS:**

Unresolved

**FINDING #2016-04 GENERAL LEDGER CONVERSION NOT FULLY  
IMPLEMENTED**

**CRITERIA:**

Generally accepted accounting principles require all financial transactions for an entity to be recorded on its general ledger and be included in the entity's financial statements with proper reconciliation.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Continued,

**CONDITION:**

During the year the Court acquired and began implementation of a new general ledger system. However, the implementation did not fully include all balances from the legacy general system.

**STATUS:**

Resolved

**Criminal District Court**  
**Schedule of Compensation, Benefits and Other Payments to the Agency Head(s)**  
**For the Year End December 31, 2017**

Agency Heads:

Hon. Laurie A. White, Chief Judge, Section A, Hon. Keva Landrum-Johnson, Deputy Chief Judge, Section E  
Hon. Tracey Flemings-Davillier, Section B, Hon. Benedict Willard, Section C, Hon. Paul Bonin, Jr., Section D, Hon. Robin D. Pittman, Section F  
Hon. Byron C. Williams, Section G, Hon. Camille Buras, Section H, Hon. Karen K. Herman, Section I, Hon. Darryl A. Derbigny, Section J  
Hon. Arthur L. Hunter, Jr., Section K, Hon. Franz L. Zibilich, Section L, Hon. Harry E. Cantrell, Jr., Magistrate

Purpose	Judge White	Judge Flemings-Davillier	Judge Willard	Judge Bonin	Judge Landrum-Johnson	Judge Pittman	Judge Williams	Judge Buras	Judge Herman	Judge Derbigny	Judge Hunter	Judge Zibilich	Judge Cantrell
Salary	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82
Benefits- Medical	\$10,637.76	\$11,108.16	\$11,108.16	\$6,321.84	\$2,197.92	\$11,108.16	\$0.00	\$11,108.16	\$7,352.74	\$6,081.36	\$10,637.76	\$0.00	\$6,081.36
Benefits - Life (OGB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$0.00	\$0.00	\$267.12	\$0.00	\$0.00	\$0.00
Benefits- Retirement	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$57,392.94	\$0.00	\$58,740.12	\$58,740.12	\$20,309.76	\$57,392.94	\$58,740.12
Benefits-Liability Ins.	\$0.00	\$1,727.93	\$1,727.93	\$1,727.93	\$1,727.93	\$2,738.68	\$1,727.93	\$2,738.68	\$1,727.93	\$0.00	\$1,727.93	\$1,727.93	\$1,727.93
Medicare	\$2,085.06	\$2,078.28	\$2,078.28	\$2,149.98	\$2,161.92	\$2,066.16	\$2,179.79	\$2,079.96	\$2,132.89	\$2,108.87	\$2,085.06	\$2,180.52	\$2,151.12
Travel	0	0	0	0	0	0	0	0	0	0	934	0	0
Car Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	44	65	0	319	0	0	163	0	32	0
Registration Fees & Continuing Education Travel	2,617	2,090	3,874	1,520	865	4,457	2,794	2,447	750	4,578	6,010	500	4,477
Cell Phones	785	726	0	920	1,152	954	95	540	627	2,397	0	531	1,465
Special Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
Dues	887	755	250	350	0	785	250	385	50	240	1,165	695	468
	<b>\$226,132</b>	<b>\$227,606</b>	<b>\$228,159</b>	<b>\$222,154</b>	<b>\$217,291</b>	<b>\$231,230</b>	<b>\$215,189</b>	<b>\$169,680</b>	<b>\$221,762</b>	<b>\$224,957</b>	<b>\$193,250</b>	<b>\$213,440</b>	<b>\$225,491</b>

Judge are elected officials and are employees of the Louisiana Supreme Court. The salaries and benefits reported on this schedule are paid directly by the Louisiana Supreme Court.



**LUTHER SPEIGHT & COMPANY, LLC**  
**Certified Public Accountants and Consultants**

**CRIMINAL DISTRICT COURT  
FOR THE PARISH OF ORLEANS**

**AGREED UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**



**LUTHER SPEIGHT & COMPANY, LLC**  
**Certified Public Accountants and Consultants**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Keva Landrum-Johnson, Chief Judge  
Of the Criminal District Court for the Parish of Orleans  
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Criminal District Court for the Parish of Orleans (the Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Court's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

**Written Policies and Procedures**

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** We noted the Court's written policies and procedures address all of the items above.

#### **Board (or Finance Committee, if applicable)**

---

#### **2. Obtain and review the board/committee minutes for the fiscal period, and:**

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** We noted the Court does not keep meeting minutes for their Judges meetings.

***Management's Response:***

*The Court does not maintain minutes of its Executive Sessions.*

### **Bank Reconciliations**

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Results:** List and management's representation obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**Results:** We noted bank reconciliations were prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Results:** We noted no evidence that bank reconciliations are reviewed by a member of management.

***Management's Response:***

*Our accountant prepares the bank reconciliations. Our accountant is not involved in the preparation of checks nor the deposits of any funds. Our accounting department is extremely small, but we feel we have sufficient separation of duties to prevent or timely detect any potential errors.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results:** We noted one of the bank accounts in the sample had 3 checks that were dated over 6 months. We noted in our review of the reconciling items for each bank account that some stale checks had been voided, which shows evidence that they are researching older reconciliations. However, the 3 items below still remain as reconciling items:

- Check #11427 – Date: 12/7/2016 – Amount: \$364.09
- Check #11581 – Date: 3/7/2017 – Amount: \$526.30
- Check #11703 – Date: 5/10/2017 – Amount: \$350.00

***Management's Response:***

*Our policy is to monitor all bank accounts to timely identify all checks that have been outstanding more than 180 days and to properly write the off. We currently have over 25 bank accounts. We make every attempt to research and resolve all outstanding checks prior to writing them off. The above checks will be processed according to our policy.*

## **Collections**

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Results:** Listing of locations and management's representation were obtained. (1<sup>st</sup> floor of court house building and main office)

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Results:** We noted that (1) The employees collecting cash are not bonded, (2) the employees that collect the cash do not make the deposits at the bank, and (3) the employees collecting cash do not share the same cash register or drawer with other employees.

***Management's Response:***

*We agree the employees are not bonded, but do feel that the separation of duties and the checks and balances that we have in place for those employees collecting cash provides sufficient controls to prevent or timely detect any errors or theft.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Results:** We noted the Court uses an end of month Deposit Book Register Verification Summary to compare the amount of cash collected to the amount deposited in the bank. This summary sheet is broken out by fund and is also reconciled with the general ledger by an employee. We also noted the person responsible for reconciling the cash accounts does not collect cash.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**Results:** We noted that deposits are only made approximately once per week. The week we reviewed only had one deposit made.

***Management's Response:***

*We have added an electronic online pay system to our organization which enhances our ability to receive direct deposited funds and reduce the amount of on sight collections. All on sight collections are properly reconciled daily and when not deposited are safely stored in our vault until a deposit is made. It is our attempt to make all deposits in a timely manner to increase our cash flow.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Results:** We obtained the deposit slips and bank statements for all deposits made during the highest dollar value week and noted no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results:** We noted the Court keeps a monthly deposit worksheet where they compare the amounts deposited with what was collected. This process is completed by an employee that is not responsible for collecting cash.

#### **Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Results:** We obtained the cumulative general ledgers for all funds and sorted the disbursements. We obtained management's representation that the general ledgers are complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results:** We noted that each purchase came with a purchase order that was approved and signed at the bottom. We noted the person who approved the purchase orders did not initiate the purchases. No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Results:** After reviewing the Court's financial policies and procedures, it is unclear whether the employee responsible for processing payments has the ability to add vendors.

***Management's Response:***

*Our new accounting system allows management to determine access capabilities to various operations within the system. We will consult with our software representative to make sure the person processing payment does not have the ability to add vendors.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results:** We noted that the persons with signatory authority have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Results:** We noted unused checks are locked in a secure drawer in an empty office.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Results:** We noted the Court uses a signature stamp machine to sign checks. Two employees have keys to the machine and both of them lock the key securely. The authorized signer of checks gives them permission to sign checks on their behalf. One of the employees typically signs the vendor checks and the other one signed benefit related checks.

**Management's Response:**

*The check signature machine is used mainly to sign jury commission checks and restitution checks. We average 180 such checks per month. Many of our jury commission checks average \$10 per check. The generation of jury commission checks and restitution checks are initiated by another systems or persons other than the person preparing the checks and using the check signature machine. We feel that our procedures are sufficient to prevent or timely detect any errors.*

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** List and management's representation was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

**Results:** We noted a Credit Card Submittal Form was attached to each statement, which was approved by management.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**Results:** We noted no finance charges or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Results:** No exceptions noted.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Results:** We noted no exceptions.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** We noted no exceptions.

## **Travel and Expense Reimbursement**

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Results:** We were provided a list of all travel expenses for 2017 and also obtained management's representation that the list was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Results:** We noted the maximum allowance for meal reimbursement for a single day of travel is \$65 per the Court's travel policy. However, the maximum allowance per the U.S. General Services Administration in 2017 was \$64 per day. The mileage rate per the Court's travel policy is stated at the current rate of the U.S. General Services Administration.

***Management's Response:***

*The Court has amended its policy to reflect the [www.gsa.gov](http://www.gsa.gov) per diem and mileage rates with maximum per the Louisiana Supreme Court as advised.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Results:** We noted the employees were getting reimbursed for mileage at \$.555 per mile. The Court's travel policy states that the current GSA rate should be used, which was \$.535 during 2017. We noted that the per diem rates per the Travel Expense Forms did not exceed the Court's travel policy or the GSA maximum allowance.

***Management's Response:***

*The Court has amended its policy to reflect the [www.gsa.gov](http://www.gsa.gov) per diem and mileage rates with maximum per the Louisiana Supreme Court as advised.*

- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Results:** We noted no exceptions.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**Results:** We noted no exceptions.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** We noted no exceptions.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** We noted no exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions noted.

## **Contracts**

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- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Results:** Listing and management's representation was obtained.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Results:** Of the five vendors we selected to review, we noted the following:

- One of the contracts was dated in 2007 and we were not provided an updated or renewal contract.

### ***Management's Response:***

*The Court no longer has a contract with this vendor. The vendor is utilized on an as need basis.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results:** We noted that all contracts selected were not subject to the Louisiana Public Bid Law. We noted no evidence that the Court solicited quotes for any of the contracts.

***Management's Response:***

*All purchases of \$10,000 or more are submitted for public bid in accordance with the public bid law and notifications documentations are maintained for one year. Should the vendor already have a contract with the City of New Orleans or Louisiana Supreme Court this process is omitted.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** We noted no amended contracts

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** We noted the Court does not keep board minutes. Therefore, we are unable to ascertain whether contracts have received approval by the judges.

***Management's Response:***

*The Court does not maintain minutes of its Executive Sessions.*

## Payroll and Personnel

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

**Results:** Listing and management's representation were obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Results:** We noted that employees were paid within the terms and conditions of their employment contract and rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results:** We noted three out of the five selected employees did not have any changes to their pay rates during the fiscal year. The remaining two employees had the proper support for changes in pay rates in their personnel files.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Results:** We noted that not all employees fill out timesheets for their daily attendance. Some of them receive certified letters from their respective judge with the judge's signature. We received a timesheet or certified letter for all employees in the sample. Vacation and sick leave was also documented for each employee.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Results:** We noted that all leave is approved by the appropriate supervisor

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Results:** We noted the Court runs a report with all employees' leave hours earned, used, and balance available. This is used to calculate the PTO accrual at December 31, 2017.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Results:** We obtained a list of employees that were terminated during the fiscal year. We also obtained the support for the two largest payouts of accrued vacation. Both employees were paid for the agreed upon maximum number of hours (160). No exceptions were noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results:** We noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

### **Ethics (excluding nonprofits)**

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity-maintained documentation to demonstrate that required ethics training was completed.

**Results:** We noted the selected employees had obtained the required ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results:** No ethics violations were reported to the entity during the fiscal year.

## **Debt Service (excluding nonprofits)**

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Results:** Not applicable as the Court did not issue any debt.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Results:** Not applicable as the Court did not have any outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Results:** Not applicable as the Court did not have any outstanding debt.

## **Other**

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** No misappropriations of public funds or assets were noted.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** We noted the required notice is posted on the premises and on the website

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**Results:** No exceptions noted.

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

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

A handwritten signature in black ink, appearing to read "Luther Speight & Co". The signature is fluid and cursive, with a large initial "L" and "S".

Luther Speight & Company CPAs  
New Orleans, Louisiana  
June 22, 2018