

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**THE OFFICE OF THE CLERK OF THE CRIMINAL  
DISTRICT COURT - ORLEANS PARISH  
NEW ORLEANS, LOUISIANA**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

The Office of the Clerk of the Criminal District Court -  
Orleans Parish  
2700 Tulane Avenue  
New Orleans, Louisiana

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund and the fiduciary fund information of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the fiduciary fund information of the Clerk of Court, as of and for the year ended December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-10 and page 47, and Schedule of Proportionate Share of the Net Pension Liability on page 48, and the Schedule of Pension Contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's basic financial statements. The schedule of compensation, reimbursements, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis as required by the Louisiana Legislative Auditor and are not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 31, 2019 on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

*LeBlanc & Associates CPAs, L.L.C.*

Metairie, LA  
July 31, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) management’s discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Clerk of Court’s financial activity, and identify changes in the Clerk of Court’s financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2018.

As required in GASB 34, the financial report is presented in the following order:

- Management’s Discussion and Analysis
- Basic Financial Statements
  - Government-Wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide a perspective of the Clerk of Court as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements; the Statement of Net Position and the Statement of Activities.

The Statement of Net Position, combines and consolidates governmental funds’ current financial resources (short-term expendable resources) with capital assets, long-term obligations, deferred outflows/inflows of resources, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user’s analysis of the costs of various services.

## **FUND FINANCIAL STATEMENTS**

The fund statements are reported using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

The Clerk has two types of funds: Governmental Funds and Fiduciary Funds.

Governmental Funds

The general fund, commonly referred to as the expense fund, is the only fund of the Clerk of Court. Louisiana Revised Statute, Section 1381.3 establishes the Clerk of Court’s expense fund for the purpose of accounting for all funds collected as clerk’s fees, interest on investments and any other funds generated by the Clerk of Court. Expenditures may be made from the expense fund to defray the operating costs of the Clerk of Court’s office.

Fiduciary Funds

The fiduciary funds are used to report assets held in trust for others and, therefore, cannot be used to support the operations of the Clerk’s office. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operating results. The funds accounted for in this category by the Clerk’s Office relate to prisoner release bonds that have been set by the court. These accounts are increased when the individual(s) deposit the bond set by the court and decreased upon disposition of the case by order of a judge for bonds.

**FINANCIAL ANALYSIS OF THE CLERK OF COURT**

<b>STATEMENT OF NET POSITION:</b>	<b>12/31/2018</b>	<b>12/31/2017</b>
<b>ASSETS</b>		
Current assets	\$ 516,483	\$ 685,652
Capital assets, net	<u>77,624</u>	<u>95,877</u>
Total assets	<u>\$ 594,107</u>	<u>\$ 781,529</u>
Deferred outflows of resources	<u>\$ 1,388,113</u>	<u>\$ 1,268,030</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 15,872	\$ 50,114
Other current liabilities	<u>28,750</u>	<u>64,579</u>
Total current liabilities	<u>\$ 44,622</u>	<u>\$ 114,693</u>
Long Term Liabilities - Pension	<u>\$ 4,704,179</u>	<u>\$ 4,706,971</u>
Deferred inflows of resources	<u>\$ 350,150</u>	<u>\$ 282,077</u>
 <b>NET POSITION</b>		
Invested in capital assets	\$ 77,625	\$ 95,877
Restricted	28,750	19,250
Unrestricted	<u>(3,223,106)</u>	<u>(3,169,309)</u>
Total Net Position	<u>\$ (3,116,731)</u>	<u>\$ (3,054,182)</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

As indicated by the statement above, total net position decreased from the prior year by \$62,549 resulting in ending net position of \$(3,116,731). The decrease in net position is a result of the current period change in net position, the recording of entries in accordance with GASB 68 & 71 including the recording of the net pension liability, and deferred outflows/inflows. Net position can be separated into three categories: invested in capital assets, restricted and unrestricted. The current year unrestricted net position is \$(3,223,106). The unrestricted net position is an accumulation of prior years' operating results. This balance is directly affected each year by the Clerk of Court's operating results and changes to net pension liability, deferred outflows and deferred inflows.

Net position invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. In the current year there was an decrease in the net position invested in capital assets in the amount of \$18,252, as a result of purchases of capital assets in the amount of \$5,678 and depreciation expense in the amount of \$23,730.

The current year restricted net position is \$28,750. These funds are restricted for the payment of expungement fees due to other agencies.

**INVESTED IN CAPITAL ASSETS**

	<u>12/31/2018</u>	<u>12/31/2017</u>
Furniture and equipment	\$ 572,365	\$ 566,687
Building Improvements	37,215	37,215
Vehicles	42,258	42,459
Less: accumulated depreciation	<u>(574,213)</u>	<u>(550,483)</u>
Net capital assets	<u>\$ 77,625</u>	<u>\$ 95,878</u>

**RESULTS OF OPERATIONS**

<b>STATEMENT OF ACTIVITIES:</b>	<u>12/31/2018</u>	<u>12/31/2017</u>
Program revenues	\$ 4,748,294	\$ 4,890,373
Program expenses	<u>(4,810,843)</u>	<u>(4,773,924)</u>
Increase (decrease) in Net Position	<u>(62,549)</u>	<u>116,449</u>
Net Position January 1	<u>(3,054,182)</u>	<u>(3,170,631)</u>
Net Position December 31,	<u>\$ (3,116,731)</u>	<u>\$ (3,054,182)</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**ORIGINAL VS. REVISED BUDGET**

As required by state law, the Clerk of Court adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies.

The Clerk of Court amended its original budget for the 2018 fiscal year.

**REVENUE BUDGET**

The Clerk of Court's general fund revenues of \$4,547,778 were less than the amended budget revenue of \$4,661,472 by \$113,694, a variance of approximately 2.4%.

**EXPENDITURE BUDGET**

The Clerk of Court's general fund expenditures of \$4,646,877 were less than the amended budget expenditures of \$4,763,047 by \$116,170, a variance of approximately 2.5%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The operations of the Clerk of Court's office are highly reliant upon appropriations from the City of New Orleans and from the State of Louisiana. Due to the heavy reliance of funding from other agencies, the Clerk of Court's Office could be effected by a downturn in the economy and a decline in funding from the state and local government.

**CONTACTING THE OFFICE OF THE CLERK OF THE CRIMINAL DISTRICT COURT - ORLEANS PARISH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Clerk of Court's finances and demonstrate the Clerk of Court's accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Larry C. Cager, Chief Deputy Clerk, at Room 114, 2700 Tulane, New Orleans, Louisiana 70119.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

**ASSETS:**

## Current Assets:

Cash and Cash Equivalents	\$ 447,483
Accounts Receivable	<u>69,000</u>

Total Current Assets	<u>516,483</u>
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## Non-Current Assets:

Capital Assets, Net	<u>77,624</u>
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Total Non-Current Assets	<u>77,624</u>
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Total Assets	<u>594,107</u>
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Total Deferred Outflows of Resources	<u>1,388,113</u>
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**LIABILITIES:**

## Current Liabilities:

Accounts Payable	15,872
Other Current Liabilities	<u>28,750</u>

Total Current Liabilities	<u>44,622</u>
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## Long-term Liabilities:

Net Pension Liability	<u>4,704,179</u>
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Total Liabilities	<u>4,748,801</u>
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Total Deferred Inflows of Resources	<u>350,150</u>
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**NET POSITION:**

Net Investment in Capital Assets	77,625
Restricted	28,750
Unrestricted	<u>(3,223,106)</u>

Total Net Position	<u>\$(3,116,731)</u>
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The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

**EXPENSES**

Salaries and Fringe Benefits	\$ 3,838,459
Election Salaries and Fringe Benefits	222,977
Professional Services	96,090
Repairs and Maintenance	6,764
Election Expenses	25,108
Expungement Costs	65,250
Office Supplies	99,997
Office Expense	93,587
Rent - Land & Building	69,000
Equipment Rental	92
Printing	44,714
Postage	12,413
Telephone	25,628
Conventions, Meetings and Travel	36,718
Miscellaneous	148,013
Interest and Bank Charges	2,303
Depreciation	23,730
Total Program Expenses	<u>4,810,843</u>

**PROGRAM REVENUES**

On-behalf Payments	4,035,605
Service Fees	172,985
State Reimbursement-election Expenses	241,410
Bond Fees	70,935
Reimbursed Expenses	12,252
Miscellaneous	205,957
Interest	9,150
Total Program Revenues	<u>4,748,294</u>

Change in Net Position (62,549)

Net Position - January 1, 2018 (3,054,182)

Net Position - December 31, 2018 \$ (3,116,731)

The notes to the financial statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
GOVERNMENTAL FUND  
BALANCE SHEET  
DECEMBER 31, 2018

**ASSETS**

Cash and Cash Equivalents	\$ 447,483
Accounts receivable	<u>69,000</u>
Total Assets	<u><u>516,483</u></u>

**LIABILITIES AND FUND BALANCE**

## Liabilities

Accounts Payable	15,874
Other Current Payables	<u>28,750</u>
Total Liabilities	<u>44,624</u>

## Fund Balance

Restricted	28,750
Unassigned	<u>443,109</u>

Total Fund Balance	<u>471,859</u>
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Total Liabilities and Fund Balance	<u><u>\$ 516,483</u></u>
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The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT – ORLEANS PARISH  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2018

Total Fund Balance at December 31, 2018 - Governmental Fund	\$ 471,859
Amounts reported for governmental activities in the Statement of Net Position is different because of:	
Cost of capital assets at December 31, 2018	651,837
Less: Accumulated depreciation as of December 31, 2018	
Furniture and Equipment	(574,213)
Deferred Outflows of Resources	1,388,113
Net Pension Liability	(4,704,179)
Deferred Inflows of Resources	<u>(350,148)</u>
Net Position at December 31, 2018	<u>\$ (3,116,731)</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES	
On-behalf payments	\$ 4,035,605
Service fees	172,985
State reimbursement-election expenses	241,410
Bond Fees	70,935
Reimbursed Expenses	12,252
Miscellaneous	5,441
Interest	9,150
Total Revenues	<u>4,547,778</u>
EXPENDITURES	
Salaries and fringe benefits	3,838,459
Election salaries and fringe benefits	222,977
Professional services	96,090
Repairs and maintenance	6,764
Election expenses	25,108
Expungement Costs	65,250
Office supplies	99,998
Office expense	93,587
Rent - Land & Building	69,000
Equipment Rental	92
Printing	44,714
Postage	12,413
Telephone	25,628
Convention, meeting and travel	36,718
Miscellaneous	2,098
Interest and Bank Charges	2,303
Capital Outlay	5,678
Total Expenditures	<u>4,646,877</u>
Net Change in Fund Balance	<u>(99,099)</u>
Fund Balance - January 1, 2018	570,958
Fund Balance - December 31, 2018	<u>\$ 471,859</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 RECONCILIATION OF THE GOVERNMENTAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - General Fund (Statement E) \$ (99,099)

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

Capital outlays are reported in governmental funds as expenditures,  
 however, in the Statement of Activities, the cost of those  
 assets are allocated over their estimated useful lives as depreciation  
 expense. This is the amount by which depreciation exceeds  
 capital outlays in the current period:

Depreciation expense	(23,730)
Capital outlays	5,678

Governmental funds report employer contributions to its pension plans as  
 expenditures; however, in the Statement of Activities, pension expense represents  
 the Clerk's proportionate share of the Clerks' change in net pension liability (145,917)

Revenue reported in the Statement of Activities for the Clerks' proportionate share  
 of non-employer contributions to the pension plans does not provide current  
 financial resources and, therefore, is not reported as revenue in the governmental  
 funds. 200,519

Change in Net Position of governmental activities (Statement B) \$ (62,549)

The notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUND STATEMENT  
AGENCY FUNDS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF NET POSITION - AGENCY FUND  
DECEMBER 31, 2018

	<u>Total Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>1,178,446</u>
Total Assets	<u>1,178,446</u>
<b>LIABILITIES</b>	
Bonds Payable	<u>1,178,446</u>
Total Liabilities	\$ <u>1,178,446</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**INTRODUCTION**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) serves as ex-officio custodian of voting machines and performs other election duties. The Clerk of Court is also a member of the Parish Jury Commission, which impanels persons for jury duty. The Clerk of Court is elected for a four-year term.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the City of New Orleans (the City). The City maintains and operates the parish courthouse in which the Clerk of Court's office is located, provides funds for equipment, furniture, and payroll of the Clerk of Court's office. Although the Clerk of Court is fiscally dependent on the City, the Clerk of Court is not considered to be a component unit of the City. The most recently issued Comprehensive Annual Financial Report (CAFR) of the City of New Orleans stated that the Clerk of Court's office is an independently elected official, prepares their own budget, and operates independently from the City of New Orleans, and therefore is not included in the CAFR of the City.

The accompanying financial statements present information on the Clerk of Court's Expense Fund, as established by Louisiana Revised Statute, Section 1381.3, and agency funds for assets held in trust for others. The on-behalf payments as described in the accompanying notes do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise that financial reporting entity.

**C. FINANCIAL STATEMENT REPORTING**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The government-wide financial statements of the Clerk of Court consist of the Statement of Net Position and the Statement of Activities. Funds that are fiduciary in nature are not included in the Government-Wide Financial Statements.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. FINANCIAL STATEMENT REPORTING (continued)**

Deferred Outflows/Inflows of Resources

Within the statement of net position, in addition to assets, the statement will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FUND FINANCIAL STATEMENTS:

The Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The Clerk of Court's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Fund

The governmental fund accounts for all of the Clerk of Court's general activities. This fund focuses on the sources, uses, and balances of current financial resources. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk of Court. The Clerk of Court maintains one governmental fund which is the expense fund. The expense fund is the primary operating fund of the Clerk of Court. It accounts for all financial resources, except those required to be accounted for in other funds. The expense fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk of Court policy.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The funds accounted for in this category are agency funds for cash bonds held for litigants pending court action. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements included all the financial activities of the Clerk. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the Clerk of Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk of Court's general revenues. Program revenues also include On-behalf of payments made by the City of New Orleans, election expense reimbursements from the State of Louisiana and grant revenue.

Fund Financial Statements (FFS)

The amounts reflected in the governmental fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in net positions reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court operations.

The amounts reflected in the governmental fund financial statements use 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 the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk of Court considers all revenue available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from charges for services are recorded when earned. Expenditure-driven grants are recorded when the reimbursable expenditure has been incurred. Interest earnings are recorded when the investments have matured and the interest is available.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)**

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

Deferred revenues arise when resources are received by the Clerk of Court before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Clerk of Court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. The Clerk of Court had no transactions of this nature.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**F. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**G. BUDGETS**

The proposed budget, which is prepared on the modified accrual basis of accounting, must be approved by the City Council of the City of New Orleans. The budget is legally adopted and amended, as necessary, by the Clerk of Court. All appropriations lapse at year-end. For the expense fund, the Clerk of Court has established a budget for service fees, court allocation-fines and costs revenues, state reimbursements, interest, evidence revenues and grant revenues. Budget amounts included in the accompanying budgetary comparison schedule included the original adopted budget. The Clerk of Court amended its original budget during the 2018 fiscal year. The original and amended budget of the Clerk of Court include the amounts adopted by the City of New Orleans for 2018 to fund this office.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful life:

<u>Description</u>	<u>Estimated Life</u>
Furniture and Equipment	5 years
Vehicles	5 years
Building Improvements	15 years

**I. NET POSITION CLASSIFICATIONS**

In the government-wide financial statements, equity is classified as net position, and displayed in three components:

1. Net Investment in Capital Assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation. At December 31, 2018 the net position for investment in capital assets was \$77,625.
2. Restricted Net Position - Net position is reported as restricted when constraints placed on use are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. At December 31, 2018 the restricted net position was \$28,750.
3. Unrestricted Net Position - All other net position that does not meet the definition of "net investment in capital assets" or "restricted". At December 31, 2018 the unrestricted net position was \$(3,223,106).

**J. FUND BALANCE CLASSIFICATION**

In 2011, the Clerk of Court implemented the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are now classified into one of five categories - Nonspendable, Restricted, Committed, Assigned or Unassigned. The classifications describe the relative strength of the spending constraints placed on the purposes for which resources are used:

- (a) Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. FUND BALANCE CLASSIFICATION (continued)**

- (b) Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- (c) Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- (d) Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- (e) Unassigned fund balance - amounts that are available for any purpose that have not been restricted, committed or assigned to specific purposes within the general fund.

While the Clerk of Court has not established a policy for its use of unassigned fund balance, it does consider a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unassigned fund balance classifications could be used.

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2018, the restricted fund balance was \$28,750, and the unassigned was \$443,109.

**K. ESTIMATES**

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

**L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund, and the City of New Orleans Municipal Employees' Retirement System (hereafter "Pension Funds"), and additions to/deductions from the Pension Funds fiduciary net position have been determined on the same basis as they are reported by the Pension Funds. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**2. CASH AND EQUIVALENTS**

At December 31, 2018, the Clerk of Court has cash and cash equivalents (book balances) including fiduciary fund cash totaling \$1,625,929 as follows:

Demand deposits	\$ 957,785
Interest-bearing demand deposits	163,530
Certificates of deposit	<u>504,614</u>
Total	<u>\$ 1,625,929</u>

These deposits are stated at cost, which approximates market.

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana R.S. 39:1224 states that securities held by a third party shall be deemed to be held in the Clerk of Court's name.

At December 31, 2018, the Clerk of Court has \$1,695,967 in deposits (bank balances) which include the fiduciary fund deposits. These deposits were secured from risk by \$923,122 of federal deposit insurance coverage and by a pledge of securities owned by the fiscal agent bank in the amount of \$772,845.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is to its fair value to changes in market interest rates. The Clerk of Court does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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**3. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

<u>Government Activities</u>	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Furniture and equipment	\$ 566,687	\$ 5,678	\$ -	\$ 572,365
Vehicles	42,458	-	-	42,458
Building Improvements	37,215	-	-	37,215
Less accumulated depreciation	<u>(550,483)</u>	<u>(23,730)</u>	<u>-</u>	<u>(574,213)</u>
Capital assets, net	<u>\$ 95,877</u>	<u>\$ (18,052)</u>	<u>\$ -</u>	<u>\$ 77,825</u>

Depreciation expense for the year ended December 31, 2018 is \$23,730.

**4. LEASES**

The Clerk of Court leases office equipment on a month to month basis.

**5. ON-BEHALF PAYMENTS**

Fringe benefits and salaries of the employees of the Clerk of Court are paid by the City of New Orleans. As such, GASB Statement 24 requires that on-behalf payments for fringe benefits and salaries be recognized as revenue and expenditures. In addition to salaries and fringe benefits, the City pays a portion of the Clerks supplemental pay and certain other office expenses. The amount of on-behalf payments reported in the financial statements of the Clerk of Court as salaries and benefits at December 31, 2018 are as follows:

Salaries	\$ 2,559,449
Pension Plan Payments	508,688
Other Fringe Benefits	<u>770,322</u>
Total	<u>\$ 3,838,459</u>

The City provides in the budget for the Clerk of Court, an amount to cover certain office expenses such as rent and office supplies. These expenditures are ordered by the Clerk of Court's office through the City's requisition system and paid for by the City. The amounts of these on-behalf payments at December 31, 2018 are as follows:

Postage & Delivery	\$ 3,479
Records Storage	43,150
Building Rental	69,000
Office Equipment (not capital)	14,153
Office Supplies	<u>67,364</u>
Total	<u>\$ 197,146</u>

The total on-behalf payments from the City of New Orleans recorded as revenue and expenses for the year ended December 31, 2018 is \$4,035,605.

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**6. PENSION PLANS**

**Louisiana Clerks' of Court Retirement and Relief Fund**

**Plan Description:**

The Clerk of Court and other eligible employees are members of the Louisiana Clerks' of Court Retirement and Relief Fund (LACRF). LACRF is a cost-sharing multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11:1501 to provide retirement, disability and survivor benefits for clerks of court and their assistants in each parish throughout the State of Louisiana. It is administered and controlled by a board of trustees. LACRF issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana Legislative Auditor's website at [www.la.la.gov](http://www.la.la.gov).

**Benefits Provided**

**Retirement benefits:**

Members who became eligible for membership before July 1, 2006

Normal Retirement Age: 12 years of service and age 55  
Normal Retirement Benefit: 3 1/3% of the member's average final compensation multiplied by the number of years of credited service  
Monthly Average Final Compensation: Highest compensated 36 consecutive months, with a limit of increase of 10% in each of the last three years of measurement

Members hired on or after July 1, 2006

Normal Retirement Age: 12 years of service and age 55  
Normal Retirement Benefit: 3 1/3% of the member's average final compensation multiplied by the number of years of credited service  
Monthly Average Final Compensation: Highest compensated 60 consecutive months, with a limit of increase of 10% in each of the last six years of measurement

Members hired on or after January 1, 2011

Normal Retirement Age: 12 years of service and age 60  
Normal Retirement Benefit: 3% of the member's average final compensation multiplied by the number of years of credited service  
Monthly Average Final Compensation: Highest compensated 60 consecutive months, with a limit of increase of 10% in each of the last six years of measurement

Act 273 of the 2010 regular session applied the 60 consecutive months to all members.

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**6. PENSION PLANS (continued)**

Retirement benefits may not exceed 100% of final average compensation. A member leaving covered employment before attaining the early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Disability benefits:

A member is eligible to receive disability benefits if he has been officially certified as totally and permanently disabled by the State Medical Disability Board. Disability retirement benefits are determined and computed as follows:

Effective through June 30, 2008:

1. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of 1/2 of his monthly average final compensation or, at the option of the disability retiree, 2 1/2% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$25 for each year of his credited service or 2/3 of his monthly average final compensation, whichever is less.
2. A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to 3% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$35 for each year of his credited service or 80% of his monthly average final compensation, whichever is less.

Effective on or after July 1, 2008:

A member who is totally and permanently disabled pursuant to R.S.11:218 and one of the following applies:

1. Disability caused solely as a result of injuries sustained in the performance of their official duties.
2. A member has 10 or more years of credited service.

Monthly disability retirement benefits equal the greater of 40% of monthly average final compensation or 75% of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

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**6. PENSION PLANS (continued)**

*Survivor benefits:*

Upon the death of a member with less than five years of creditable service, the accumulated contributions and interest thereon are paid to the designated beneficiary. Upon the death of any active, contributing member with five or more years of service, automatic Option 2 benefits are payable to the surviving spouse. These benefits are based on retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by which payments commence in advance of the member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under eighteen or disabled children are paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic Option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date.

In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

*Deferred Retirement Option Plan (DROP):*

In lieu of terminating employment and accepting a service retirement allowance, any member of LACRF who has more than sufficient service for normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in LACRF terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in DROP. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP account.

Upon termination of employment at the end of the specified period of participation, a participant in DROP may receive, at his option, a lump sum payment from LACRF. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in LACRF. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. Interest accruals cease upon termination of employment. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to LACRF on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into DROP are paid to the retiree and an additional benefit based on additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless the period of additional service is at least 36 months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit.

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**6. PENSION PLANS (continued)**

If a participant dies during the period of participation in DROP, a lump sum payment equal to the account balance is paid to the named beneficiary or, if none, to the member's estate.

*Cost of Living Adjustments:*

The board of trustees of LACRF are authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of \$40 per month. The Louisiana statutes allows the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later. However, in order to grant any cost of living increase, LACRF must meet criteria as detailed in the Louisiana statutes related to funding status.

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board of trustees to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

**Contributions (Employer and Non-employer)**

According to state statute, contribution requirements for all employers are actuarially determined each year. The Clerk of Court was required to contribute 19.0% of annual covered payroll since July 1, 2014. Employees are required to contribute 8.25% of their annual pay. In addition, LACRF also receives non-employer contributions including ad valorem taxes and state revenue sharing funds. The Clerk of Court's allocation percentage of these additional sources of income, which are not considered special funding situations, are recognized as revenue and excluded from pension expense.

The Clerk of Court's proportionate share of employer contributions for the measurement period July 1, 2017 through June 30, 2018 was \$322,548 and the proportionate share of non-employer contributions was \$200,518.

The Clerk of Court's actual contributions to the LACRF pension for the year ended December 31, 2018 was \$310,631.

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**6. PENSION PLANS (continued)**

**The Employees' Retirement System of the City of New Orleans**

**Plan Description**

The clerical and administrative employees of the Clerk of Court, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans are members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provides that the Retirement Ordinance (Chapter 114 of the Code) governs and controls the Retirement System under the management of a board of trustees. The Retirement System is a cost-sharing multiple-employer defined benefit pension plan established on July 1, 1947 to provide retirement, death, disability and survivor benefits to all employees of the parish, except those who are already or may hereafter be included in the benefits of any other pension or retirement system of the city, the state or any political subdivision of the state. The Retirement System issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana legislative Auditor's website at [www.la.gov](http://www.la.gov).

**Benefits Provided**

**Retirement benefits:**

Members who became eligible for membership on or before January 1, 2018:

Normal Retirement Age:	5 years of service and age 65
	10 years of service and age 60
	30 years of service, regardless of age
	Any member whose age and service total 80

Members who became eligible for membership after January 1, 2018:

Normal Retirement Age:	5 years of service and age 65
	20 years of service and age 62
	30 years of service, regardless of age

Retirement benefits consist of the following:

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus
2. For active members who commenced employment after January 1, 2018, the retirement allowance shall equal 1.9% of pensionable compensation multiplied by the member's creditable service.
3. For active members who commenced employment before January 1, 2018, the retirement allowance shall equal to 2.5% of pensionable compensation times the first twenty-five years, plus 4% of pensionable compensation times creditable service over twenty-five years.
4. Effective for members retiring before December 31, 2017, but on or after January 1, 2002, an annual pension, which, together either the above annuity, provides total retirement allowance equal to 2.5% of pensionable compensation times the first twenty-five years, plus 4% of average compensation times creditable service over twenty-five years.

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**6. PENSION PLANS (continued)**

5. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of pensionable compensation times the first ten years, plus 2.5% of pensionable compensation times the next ten years, plus 3% of pensionable compensation times the next ten years, plus 4% of pensionable compensation times creditable service over thirty years.
6. Effective January 1, 1983, additional pension equal to 2% of \$1,200 times first 10 years, plus 2 1/2% of \$1,200 times next 10 years, plus 3% of \$1,200 times next 10 years, plus 4% of \$1,200 times service over 30 years. Ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the \$1,200 exclusion will not apply.
7. Additional pension for member who reaches age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than \$1,200 per year; to produce total retirement allowance of \$1,200 per year.
8. Effective January 1, 1982, for service retirement prior to age 62 with less than 30 years of service, (3) and (4) above are reduced by 3% for each year below 62. However, effective January 1, 1996, this reduction is not made if the employee has at least thirty years of service. Effective January 1, 2002 no reduction if age and service total at least 80.
9. Maximum benefit may not be greater than 100% of average compensation, unless the member has already accrued a larger benefit as of April 1978.
10. Effective June 1, 1999, minimum benefit of \$300 per month for retirees with ten years of service at retirement.

If a member dies after retirement and before receiving the amount of their accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to his beneficiary.

*Pensionable compensation* for any calendar year cannot exceed \$200,000 or the greater limit then permitted under Tax Code Section 401 (a)(17). For members employed after January 1, 2018, pensionable compensation for any calendar year cannot exceed \$100,000, adjusted for inflation as determined by the trustees from time to time.

*Disability benefits:*

Ordinary disability retirement benefits are awarded to active members with ten or more years of creditable service if a physician nominated by the board of trustees certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive a disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension, which, together with (1), equals 75% of service allowance that would have been payable at age 65, had a member continued in service to age 65, computed on the average compensation.
3. The minimum annual benefit is \$300 per year.

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**6. PENSION PLANS (continued)**

Accidental disability retirement benefits are award to members whom the board of trustees finds has been totally and permanently incapacitated as a result of an accident sustained in service as a member and occurring while in performance of his duty if a physician nominated by the board certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive an accidental disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension equal to the difference between his annuity and 65% of earnable compensation for the year preceding the date of the accident.

Medical examinations are required every three years for those disability retirees under sixty. Accidental disability benefits are offset by Workmen's Compensation payments, if any.

Survivor benefits:

Upon the death of a member during active service, the member's accumulated plan contributions are paid to the member's beneficiary. In addition, if a member has three years of creditable service, an additional lump sum benefit equal to 25% of earnable compensation for the year preceding death, plus 5% of such earnable compensation for each additional year of creditable service (benefit not to exceed compensation made before death) is paid. Also, if at the date of death, the member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option 2 or Lump Sum refund of employee's contributions. If, at date of death, the member was ineligible for retirement, but was at least 55 years of age and had ten or more years of creditable service or was under age 55 and had at least twenty years of creditable service, then the surviving spouse may elect to receive benefits equal to an actuarially reduced amount based upon the members' age and years of creditable service. The benefit will cease when surviving spouse reaches age of eligibility for Social Security. Any death benefit will be offset by Worker's Compensation benefits.

Optional forms of benefits:

1. If a member dies before receiving, in annuity payments, the value of his annuity at the time of his retirement, then the balance is payable to his beneficiary
2. 100% survivor's benefits - reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
3. 50% survivor's benefits - 50% of reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
4. Other benefits of equal actuarial value may be available upon approval of the board of trustees.

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**6. PENSION PLANS (continued)**

*Withdrawal from Service:*

Upon withdrawal from service, members are entitled to:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 65.
2. Prior to January 1, 2002, withdrawal with ten years of creditable service prior to withdrawal from service, member may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 60 (subject to reduction if retirement is elected before age 62). If death occurs before retirement, return of accumulated contributions with interest.
3. Upon withdrawal without five years of creditable service, employee is entitled to return of his accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. In the case of employee's death, then accumulated contribution plus interest are paid to their beneficiary
4. If employee re-enters after receipt of refund and continues service thereafter for at least six months, they may repay the amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

*Deferred Retirement Option Plan (DROP):*

In lieu of receiving a service retirement allowance, any member of the Retirement System who has more than sufficient service for a regular service retirement may elect to participate in the DROP program. However, members who commenced employment after January 1, 2018 and members with less than ten years of service as of January 1, 2018 cannot exceed three years. Other members may participate for up to five years. When a member joins DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement begins being paid into his DROP account.

Interest is earned on the DROP account at an annual rate set by the board of trustees. Members of the DROP receive cost of living increases, as they would have received as a retiree. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After the DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation. If at the end of a members' period of DROP participation he does not terminate employment, payments in DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated.

*Cost of Living Adjustments:*

Cost of living provisions for the Retirement System allows the board of trustees to provide an annual cost of living increase. The board of trustees retains trust earnings or gains in excess of an average 3.5% to provide cost of living increases in benefits to retirees (past or future) not to exceed 3% of the initial benefit per each year of retirement, provided that the Retirement System's funded ratio is at least 95%. Such benefit shall be awarded and paid only when funds are available from this source as determined by the board of trustees.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. PENSION PLANS (continued)**

**Contributions (Employer)**

Contribution requirements for all employers are determined on the basis of regular interest and mortality tables adopted by the board of trustees, and additional percentage of earnable compensation, known as "Accrued Liability Contributions," determined by an actuary on basis of the amortization period adopted by the board of trustees. The Clerk of Court was required to contribute 23.252% from January 1, 2018 through December 1, 2018 of annual covered payroll. Employees are required to contribute 6% of their annual pay. The Retirement System does not receive non-employer contributions.

The Clerk of Court's proportionate share of employer contributions for the measurement period (January 1, 2017 through December 31, 2017) was \$189,968.

The Clerk of Court's actual contributions to the Retirement System for the year ended December 31, 2018 was \$198,057.

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

At December 31, 2018, the Clerk of Court's net pension liability is comprised of its proportional share of the net pension liabilities of the Louisiana Clerks of Court Retirement and Relief Fund and the Employees' Retirement System of the City of New Orleans as follows:

	<u>LACRF</u>	<u>Retirement System CNO</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	3,040,542	1,663,637	4,704,179
Measurement Date	6/30/2018	12/31/2017	
Proportion (%) of Net Pension Liability	1.83%	.70%	
Prior Year Proportionate Share of Net Pension Liability	2,920,760	1,786,211	4,706,971
Increase (Decrease) From Prior Measurement Date	119,782	(122,574)	(2,792)
Proportion of Net Pension Liability	1.93%	.70%	
Increase (Decrease in Proportion (%) of the Net Pension Liability	(0.10)%	-	%
Pension Expense	408,899	245,704	654,603

The total pension liability for each pension plan used to calculate the net pension liability was determined by an actuarial valuation as of the reported measurement date. In addition, the Clerk of Court's allocation of the net pension liability was based on the Clerk of Court's projected contribution effort to the plan for the next fiscal year as compared to the total of projected contributions of all participants, actuarially determined.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
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**6. PENSION PLANS (continued)**

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

**Louisiana Clerks' of Court Retirement and Relief Fund:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 80,693	\$ 30,037
Changes of Assumptions	315,902	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	58,039	-
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	60,902	127,231
Contributions Made Subsequent to the Measurement Date	<u>153,703</u>	<u>-</u>
	<u>\$ 669,239</u>	<u>\$ 157,268</u>

**Employees' Retirement System of the City of New Orleans:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 402,537	\$ 32,660
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	132,186	160,422
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	(13,907)	-
Contributions Made Subsequent to the Measurement Date	<u>198,057</u>	<u>-</u>
	<u>\$ 718,873</u>	<u>\$ 193,082</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**6. PENSION PLANS (continued)**

**Total All Pension Plans:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 483,230	\$ 62,697
Changes of Assumptions	315,902	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	190,225	160,422
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	46,995	127,231
Contributions Made Subsequent to the Measurement Date	<u>351,760</u>	<u>-</u>
	<u>\$ 1,388,112</u>	<u>\$ 350,350</u>

The Clerk of Court's office recognized in pension expense its proportionate share of the Plans' change in net pension liability as follows:

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 each pension plan.

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes in assumptions about future economic demographic factors or of other inputs 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 plans.

Changes in the Clerk of Court'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 were recognized in Clerk of Court'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 with pensions through the pension plans.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**6. PENSION PLANS (continued)**

Differences between contributions remitted to the Plan during the measurement period and the employer's proportionate share of contributions 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 pensions through the pension plans.

Deferred outflows of resources related to pensions resulting from the Clerk of Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31st</u>	<u>Amount</u>
2019	\$ 308,895
2020	222,354
2021	(29,676)
2022	63,402
2023	59,031
Thereafter	61,651
	<u>\$ 685,657</u>

**Actuarial Assumptions:**

**Louisiana Clerks of Court Retirement and Relief Fund**

The total net pension liability in the June 30, 2018 actuarial valuation of LACRF was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% Net of Investment Expense, Including Inflation
Projected Salary Increases	5.00%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males and projected to 2030 using Scale AA for males and females)
Expected Remaining Service Lives	5 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values 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 OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**6. PENSION PLANS (continued)**

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, unless otherwise specified.

The mortality rate assumptions used in the June 30, 2018 valuations were set after combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period of July 1, 2009 through June 30, 2014.

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of LACRF's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce reliable values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 6.75%. 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 taking into consideration the recommendation of LACRF's actuary. Based on these assumptions, LACRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on LACRF's investments was determined using a building-block method in which best-estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term rate of return is 7.10% for the measurement period ended June 30, 2018.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. PENSION PLANS (continued)**

The best estimates of geometric real rates of return for each major asset class based on LACRF's target asset allocation as of June 30, 2018 were as follows:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Large Cap Domestic Equities	21.00%	4.50%
Other Domestic Equities	7.00%	4.75%
Large Cap International Equities	14.00%	4.75%
Small Cap International Equities	6.50%	4.50%
Emerging Markets International Equities	6.50%	6.25%
Core Fixed Income	5.00%	1.75%
Core-plus Fixed Income	15.00%	2.00%
Master Limited Partnerships	5.00%	6.00%
Hedge Funds	10.00%	3.50%
Real Estate	<u>10.00%</u>	4.00%
Total	<u>100.00%</u>	

*Sensitivity of the Clerk of Court's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Clerk of Court's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Clerk of Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
\$ 4,648,312	\$ 3,040,542	\$ 1,707,841

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana Clerks' of Court Retirement and Relief Fund's financial report.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**6. PENSION PLANS (continued)**

**Actuarial Assumptions:**

**Employees’ Retirement System of the City of New Orleans**

The total net pension liability in the January 1, 2018 (for measurement period December 31, 2017) actuarial valuation of the Retirement System was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Adjusted Market Value using 7 year smoothing
Investment Rate of Return	7.5% net of Investment Expense
Projected Salary Increases	5.00% compounded annually
Mortality Rates	RP-2000 Combined Healthy Mortality Table (Sex Distinct) without Projection, with ages set forward six years below age 70 for males and four years below age 65 for females RP-2000 Disability Mortality Table (Sex Distinct) without Projection
Retirement Age Assumptions	Based on Results of 2006-2010 Periodic Actuarial Experience Study
Expected Remaining Service Lives	8 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values 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 the Retirement System’s investments was determined using a building-block method in which best-estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class based on the Retirement System’s target asset allocation as of December 31, 2017 were as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Rate of Return</u>
Cash Equivalents	2.00 %	1.41 %
Equity Securities	58.00 %	6.79 %
Fixed Income	25.00 %	2.65 %
Real Estate	5.00 %	4.08 %
Other Alternative Investments	10.00 %	7.37 %
Total	<u>100.00 %</u>	<u>22.30 %</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
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DECEMBER 31, 2018

**6. PENSION PLANS (continued)**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the Retirement System’s actuary. Based on these assumptions the Retirement 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.

Sensitivity of the Clerk of Court’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Clerk of Court’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Clerk of Court’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
\$ 2,108,587	\$ 1,663,637	\$ 1,291,250

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Employees’ Retirement System of the City of New Orleans’ financial report.

**7. LITIGATION AND CONTINGENCY**

On August 7, 2014 the State of Louisiana, Governor’s Office of Homeland Security and Emergency Preparedness ("GOHSEP"), informed the Clerk of Court that an overpayment had been made to the Clerk of Court in the amount of \$358,491. In 2015 an overpayment was made to the Clerk of Court in the amount of \$9,270. The overpayments were related to the Clerk being a participant in the FEMA Public Assistance Grant Program in which they received disaster-related grants for expenses incurred from hurricane Katrina in 2005. The overpayment was a result of FEMA paying 100% of the claim on which insurance proceeds were thought to be available to offset a portion of the costs. On June 26, 2017 the Office of Risk Management (hereafter "ORM") for the State of Louisiana, entered into a Cooperative Endeavor Agreement with GOHSEP and the Clerk of Criminal District Court, whereas, ORM agreed to pay \$365,979.20 to GOHSEP per the Clerk of Court. The parties agreed to cooperate in order for all reconciled insurance overpayments to be paid. The Clerk of Court is responsible for the administrative fees. However, the Clerk of Court has outstanding credits with GOHSEP from pending claims. When GOHSEP completes closure of all claims to the Clerk of Court, the credits will be applied to any outstanding balance. As of June 20, 2018 it was determined that the liability of the Clerk was \$204.96 for these balances, which was immediately paid. The Clerk considers this issue settled.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**7. LITIGATION AND CONTINGENCY (continued)**

The Office of the Clerk of the Criminal District Court - Orleans Parish has been represented by outside council in its lawsuit against the City of New Orleans regarding the obligation of the City to provide funding for the Clerk's office as mandated by state law. The lawsuit came about due to the City reducing funding to the Clerk's office by 3.8% for the year 2012. This reduction caused the Clerk to have 5 vacancies in staff which the City refused to replace and fund. According to outside council, negotiations to resolve the issue were to no avail, and the Clerk had no recourse other than to sue the City, as the withheld funding put the Clerk's office at extreme risk of curtailed operations. On June 25, 2015, the Civil District Court for the Parish of Orleans ruled in favor of the The Office of the Clerk of the Criminal District Court - Orleans Parish and awarded the Clerk \$141,600 for funding withheld by the City related to the Clerk's operations for calendar year 2012. The City appealed the decision, and on June 3, 2016, the Louisiana Supreme Court refused to hear arguments on the appeal. In July of 2016, the Clerk received a check from the City in the amount of \$163,429 in payment of the above mentioned lawsuit, which included interest in the amount of \$21,828, recorded as income in the subsequent calendar year. The Clerk appealed a decision by the Civil District Court - Orleans Parish which ruled against the Clerk and in favor of the City of New Orleans regarding the obligation of the City to provide funding for the Clerk's office as mandated by state law for the years 2013 through 2016. On February 20, 2019 the Court of Appeal reversed and remanded the Civil District Court, providing a declaratory relief that was sought by the Clerk. It is estimated by the Clerk's office that the CNO owes the Clerk for audit fees and other operating expenses for prior years in the amount of \$159,185. As this amount has not been ruled on by the Court, a litigation settlement receivable has not been recorded in the accompanying financial statements dated December 31, 2018.

**8. SUBSEQUENT EVENTS**

GASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date, and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued.

Management evaluated the activity of The Office of the Clerk of the Criminal District Court - Orleans Parish through July 31, 2019, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT-ORLEANS PARISH  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Personal Services	\$ 3,696,231	\$ 4,164,497	\$ 4,061,436	\$ 103,061
Other Operating Expenses	<u>400,466</u>	<u>598,550</u>	<u>585,441</u>	<u>13,109</u>
Total Expenditures	<u>\$ 4,096,697</u>	<u>\$ 4,763,047</u>	<u>\$ 4,646,877</u>	<u>\$ 116,170</u>
Revenues	<u>\$ 4,183,338</u>	<u>\$ 4,661,472</u>	<u>\$ 4,547,778</u>	<u>\$ (113,694)</u>
Total Revenues	<u>\$ 4,183,338</u>	<u>\$ 4,661,472</u>	<u>\$ 4,547,778</u>	<u>\$ (113,694)</u>
Net Change in Fund Balance	<u>\$ 86,641</u>	<u>\$ (101,575)</u>	<u>\$ (99,099)</u>	<u>\$ 2,476</u>
Fund Balance, Beginning of Year	<u>\$ 570,958</u>	<u>\$ 570,958</u>	<u>\$ 570,958</u>	<u>\$ -</u>
Fund Balance, End of Year	<u>\$ 657,599</u>	<u>\$ 469,383</u>	<u>\$ 471,859</u>	<u>\$ 2,476</u>

See independent auditor's report

THE OFFICE OF THE CLERK OF COURT  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Louisiana Clerks' of Court Retirement and Relief Fund</b>				
Proportion of the net pension liability	1.828017 %	1.930527 %	1.897761 %	1.761811 %
Proportionate share of the net pension liability	3,040,542	2,920,760	3,510,809	2,642,772
Covered-employee payroll during measurement period	1,641,863	1,600,821	1,539,889	1,364,737
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.19 %	182.45 %	227.99 %	193.65 %
Plan fiduciary net position as a percentage of the total pension liability	79.07 %	76.69 %	74.17 %	78.13 %
<b>Employees' Retirement System of the City of New Orleans</b>				
Proportion of the net pension liability	0.699186 %	0.699186 %	0.741081 %	0.741081 %
Proportionate share of the net pension liability	1,663,637	1,786,211	1,656,966	1,255,580
Covered-employee payroll during measurement period	858,678	873,250	857,804	908,701
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	193.74 %	204.55 %	193.16 %	138.17 %
Plan fiduciary net position as a percentage of the total pension liability	62.22 %	58.06 %	60.26 %	68.64 %

**Notes:**

The measurement period for the net pension liability for the Louisiana Clerks' of Court Retirement and Relief Fund for calendar years 2018, 2017, 2016 and 2015 are July 1, 2017 through June 30, 2018, July 1, 2016 through June 30, 2017, July 1, 2015 through June 30, 2016 and July 1, 2014 through June 30, 2015, respectively.

The measurement period for the net pension liability for the Employees' Retirement System of the City of New Orleans for calendar years 2018, 2017, 2016 and 2015 are January 1, 2017 through December 31, 2017, January 1, 2016 through December 31, 2016, January 1, 2015 through December 31, 2015 and January 1, 2014 through December 31, 2014, respectively.

The reports for the Louisiana Clerks' of Court Retirement and Relief Fund and the Employees' Retirement System of the City of New Orleans are available on the Louisiana Legislative Auditor's website at [www.la.gov](http://www.la.gov).

Information related to 2014 through 2009 is not available.

See independent auditor's report

THE OFFICE OF THE CLERK OF COURT  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 3

	2018	2017	2016	2015	2014
<b><u>Louisiana Clerks' of Court Retirement and Relief Fund</u></b>					
Statutorily required contributions	\$ 310,631	\$ 311,282	\$ 300,442	\$ 280,946	\$ 256,528
Contributions in relation to the statutorily required contributions	(310,631)	(311,282)	(300,442)	(280,946)	(256,528)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll during calendar year	1,634,900	1,638,326	1,581,274	1,478,663	1,368,951
Contributions as a percentage of covered-employee payroll	19.00 %	19.00 %	19.00 %	19.00 %	18.74 %

**Notes:**

According to state statute, contribution requirements for all employees are actuarially determined each year.

Information related to 2013 through 2009 is not available.

See independent auditor's report

THE OFFICE OF THE CLERK OF COURT  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 3

	2018	2017	2016	2015	2014
<b><u>Employees' Retirement System of the City of New Orleans</u></b>					
Statutorily required contributions	\$ 198,057	\$ 184,530	\$ 196,586	\$ 193,675	\$ 197,897
Contributions in relation to the statutorily required contributions	(198,057)	(184,530)	(196,586)	(193,675)	(197,897)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll during calendar year	851,785	858,678	873,250	857,804	908,701
Contributions as a percentage of covered-employee payroll	23.252 %	21.490 %	22.512 %	22.578 %	21.778 %

**Notes:**

According to state statute, contribution requirements for all employees are actuarially determined each year.

Information related to 2013 through 2007 is not available.

**OTHER SUPPLEMENTARY INFORMATION**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD  
OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 4

AGENCY HEAD NAME: **Arthur Morrell**

<b><u>PURPOSE</u></b>	<b>AMOUNT</b>
Base Salary & Certification - CNO	135,189
Supplemental - CNO	15,829
Supplemental - Clerks Assoc.	23,400
CNO on behalf of benefits - retirement	33,082
Travel Expenses	3,975
Registration Fees	1,803
Continuing Professional Education	646
Per diem reimbursements	1,876
Meals	380

See independent auditor's report

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

The Office of the Clerk of the  
Criminal District Court - Orleans Parish  
2700 Tulane Avenue  
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, the major fund, and the fiduciary fund information of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements, and have issued our report thereon dated July 31, 2019.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two (2) 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 responses. [2018-001 and 2018-002].

## 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*LeBlanc & Associates CPAs, L.L.C.*

Metairie, LA  
July 31, 2019

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I –SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- A. The auditor’s report expresses an unmodified opinion on the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish.
- B. There were no instances of material weaknesses or significant deficiencies disclosed during the audit of the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish.
- C. There were two (2) instances of noncompliance material to the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish which would be required to be reported in accordance with Government Auditing Standards and were disclosed during the audit.

Federal Awards

- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-13: N/ A
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: Yes

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

**The following noncompliance issues were found during the audit:**

**2018-001. Audit reporting package not submitted by the due date of June 30, 2019**

*Statement of Condition:* The audit reporting package was not timely filed on June 30, 2019.

*Criteria:* According to R.S. 24:513 an audit is to be completed within six months of the close of the entity's fiscal year.

*Cause:* The information to prepare the adjusting journal entries, related disclosures and supplemental information regarding the New Orleans Municipal Employees Retirement System (NOMERS) in accordance with GASB 68 was not available in time to prepare the financial reporting package by the due date of June 30, 2019.

*Effect or Potential Effect:* The financial reporting package was submitted to the Louisiana Legislative Auditor late.

*Recommendations:* Management should begin the process of gathering the applicable information needed to correctly report in accordance with GASB 68 well in advance of the reporting deadline. Management should be in contact with those charged with the administration of the pension plan to determine whether the information will be provided to the plan participants in a timely fashion.

***Management's Corrective Action Plan:***

See page 63 of this report

**2018-002. Capital Assets Inventory Not Maintained in Accordance with Policy:**

*Statement of Condition:* A capital asset inventory is maintained, however not all capital assets have been tagged for identification purposes, nor does the capital asset inventory include the cost of all asset for the purpose of reconciliation to the financial records.

*Criteria:* Revised Statute 24:515.B.1 requires the municipality to maintain records of its capital assets. The clerk is responsible for recording, tagging (for identification purposes), and coordinating the annual inventory of all capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed.

*Cause:* The capital asset inventory has been a work in process for a number of years; however, a complete listing is still not available. The listing does not include older purchased assets that the purchase date and cost have not yet been identified, and therefore cannot be cross referenced to the capital asset spreadsheet maintained for financial reporting purposes and tied to the general ledger.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-002. Capital Assets Inventory Not Maintained in Accordance with Policy (continued):

*Effect or Potential Effect:* Failure to identify and periodically account for municipality assets/property exposes the municipality to possible loss, theft, and misuse of its assets.

*Recommendations:* All purchases above the capitalization policy of \$1,000 should be given an identification number and tagged with a sticker containing the identification number and the municipality in accordance with the Clerk's policy. The capital asset inventory should include the asset identification number, the date purchased and cost of the asset. This should be a cumulative document where new additions are added and assets disposed of are removed. By starting with the current year and including the cost of new assets purchased would improve the ability to verify the asset inventory with the financial records.

The entity should review best practices for capital assets as indicated on the LLA website. A physical inventory should be taken annually in accordance with best practices, and the documentation of the inventory process maintained in the Clerk's records to provide to the auditors upon request.

***Management's Corrective Action Plan:***

See page 63 of this report

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**NOT APPLICABLE**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION III - FINANCIAL STATEMENT FINDINGS

**The following noncompliance issues were found in the prior year audit:**

**2017-001. Audit reporting package not submitted by the due date of June 30, 2018**

*Statement of Condition:* The audit reporting package was not timely filed on June 30, 2018.

**STATUS:** Finding not resolved, see current year finding # 2018-001.

**2017-002. Capital Assets Inventory Not Maintained in Accordance with Policy:**

*Statement of Condition:* A capital asset inventory is maintained, however not all capital assets have been tagged for identification purposes, nor does the capital asset inventory include the cost of the asset for the purpose of reconciliation to the financial records.

**STATUS:** Finding not resolved, see current year finding # 2018-002.

July 31, 2019

**MANAGEMENT LETTER**

The Office of the Clerk of the  
Criminal District Court - Orleans Parish  
2700 Tulane Avenue  
New Orleans, Louisiana

We have audited the basic financial statements of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) as and for the year ended December 31, 2018 and have issued our report thereon dated July 31, 2019. 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.

As part of our examination, we have issued our report on the financial statements, dated July 31, 2019 and our report on internal control and compliance with laws, regulation, contracts, and grants, dated July 31, 2019.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

**Suggestion 2018-1. Cash Receipts**

*Statement of Condition:* We reviewed sixty-six (66) cash receipt transactions and found there were six (6) instances where deposits were not being made timely. One deposit was made 8 days after receipt, one deposit made 10 days after receipt, three deposits were made 7 days after receipt, and one deposit made six days after receipt.

*Criteria:* Deposits for cash receipts should be made in a timely manner, usually within 1-3 days, or within a week if there is an occurrence of a major holiday or prolonged weekend.

*Cause:* Deposits are not being made timely.

*Effect or Potential Effect:* Cash is vulnerable to theft or potential misstatement on the financials when not deposited timely.

*Recommendations:* Management should increase efforts to make timely deposits daily after receipt of cash, and should wait no longer than two days to initiate cash depositing procedures.

**Management's Corrective Action Plan:**

See Management's Response Letter

### **Suggestion 2018-2 Cash Disbursements**

*Statement of Condition:* There was one (1) instance of a check request not being signed. There was one (1) instance of no approvals noted on an invoice.

*Criteria:* All check requests should be signed by a supervisor. All invoices should have proper approvals noted.

*Cause:* Payments processed without proper review of check request forms and invoices.

*Effect or Potential Effect:* Unauthorized payments could occur which could potentially put the entity at risk for fraud or theft.

*Recommendations:* Make sure all check request forms are reviewed and signed. Make sure all invoices are reviewed and noted for approval.

### **Management's Corrective Action Plan:**

See Management's Response Letter

### **Suggestion 2018-3 Bonds Payable**

*Statement of Condition:* There were three (3) instances of a cash bond being deposited greater than two (2) days after receipt.

*Criteria:* All cash bonds should be deposited the following day, with the deposit date no greater than two (2) days after receipt and no greater than three (3) days if receipt occurs on a Friday or holiday.

*Cause:* Cash bonds were not deposited in a timely manner.

*Effect or Potential Effect:* Cash Bonds not being deposited in a timely manner could be subject to theft and may cause the cash account for bonds and bonds payable portions of the financial statements to possibly be misstated.

*Recommendations:* Clerk should make all cash bond deposits in a timely manner, the day after the bond is received.

### **Management's Corrective Action Plan:**

See Management's Response Letter

The Office of the Clerk of the  
Criminal District Court - Orleans Parish  
Management Letter  
July 31, 2019

**Conclusion:**

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

*LeBlanc & Associates CPAs, L.L.C.*

Metairie, LA  
July 31, 2019



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

July 31, 2019

LeBlanc & Associates  
3421 N. Causeway, Ste 701  
Metairie, LA 70002

Re: Corrective Action 2018 Audit  
Management Responses

2018-001 Audit reporting package not submitted by the due date of June 30, 2018

The Clerk's Office was unable to secure the necessary reports from the City of New Orleans for GASB 68 early to give to our auditor Bruno and Tervalon LLP. This delayed our ability to file in a timely manner. The Clerk's office will begin the process as early as possible.

2018-002 Capital Assets Inventory Not Maintained in Accordance with Policy

A detailed spreadsheet for depreciation schedule was received, and the Accounting staff will utilize throughout the year.

  
Arthur A. Morrell, Clerk of Criminal  
District Court, Orleans Parish



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

July 31, 2019

LeBlanc & Associates  
3421 N. Causeway, Ste 701  
Metairie, LA 70002

Re: Management Letter Suggestions  
Management Responses

Suggestion 2018-1 Cash Receipts

The Accounting staff experienced turn over in personnel throughout the year. The current staff has been informed of the proper protocol of daily bank trips. Several employees have been designated to ensure deposits are made timely. Management has addressed the issue of the closing of the building and still maintaining daily deposits.

Suggestion 2018-2 Cash Disbursements

A thorough review will be performed of all check request documentation and signatures transactions before being off by Accounting the supervisor.

Suggestion 2018-3 Bonds Payable

The Accounting staff experienced turn over in personnel throughout the year. The current staff has been informed of the proper protocol. Several employees have been designated to ensure cash bond deposits are made timely. Management has addressed the issue of the closing of the building and still maintaining daily cash bond deposits.

Arthur A. Morrell, Clerk of Criminal  
District Court, Orleans Parish

**The Office of the Clerk of the Criminal District Court**  
**Statewide Agreed-Upon Procedures Report**  
**For the period January 1, 2018 through December 31, 2018**

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

**For the Period of January 1, 2018 – December 31, 2018**

**To the Honorable Arthur Morrell**

**and to the Louisiana Legislative Auditor:**

We have performed the procedures enumerated below, which were agreed to by the Office of the Clerk of the Criminal District Court (hereafter "CCOC"), and the Louisiana Legislative Auditor (hereafter "LLA") on the control and compliance (hereafter "C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures (hereafter "SAUPs") for the fiscal period January 1, 2018 through December 31, 2018. The CCOC'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**

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- 1) Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - (a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - (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/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

## **WRITTEN POLICIES AND PROCEDURES (continued)**

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- (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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- (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) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements (*not applicable to CCOC*).

***Results 1(b): We obtained the CCOC written policies and procedures directly from the Judicial Administrator, and found that under the purchasing requirement, there were no policies and procedures for the following: (1) how vendors are added to the vendor list, and (2) controls to ensure compliance with the public bid law.***

***Results 1(i): Under the ethics requirement, there were no policies and procedures for the following: (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) system to monitor possible ethics violations, and (3) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policies.***

### **Management's response on procedure 1:**

See attached letter from the CCOC dated July 30, 2019.

## **BOARD OR FINANCE COMMITTEE**

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

## BOARD OR FINANCE COMMITTEE (continued)

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- (b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- (c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Results:** *This section is not applicable to this Agency.*

## BANK RECONCILIATIONS

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- 3) Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - (a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - (b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - (c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** *We obtained a listing of all CCOC's bank accounts and management's representation that the listing is complete. Bank reconciliations have been prepared on all bank accounts reviewed.*

*The CCOC's policy is that monthly bank reconciliations are to be done by the accounting clerk within 10 days of receipt of the bank statements, and are to be signed and dated by the preparer and the reviewer. We found no evidence of review, nor signoff by the preparer on the bank reconciliations. One of the bank reconciliations appear to have been prepared greater than two months after financial close. Also, one of the bank accounts reviewed included reconciling items that have been outstanding for more than 12 months, with no indication that these items have been researched.*

## **BANK RECONCILIATIONS (continued)**

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### **Management's response on procedure 3:**

See attached letter from the CCOC dated July 30, 2019.

## **COLLECTIONS**

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- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results: Management has represented that there is the only one deposit site for the agency.**

- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- (a) Employees that are responsible for cash collections do not share cash drawers/registers.
- (b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- (c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- (d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Results: Management represents that there are two collection locations: (1) the Magistrate's office (receipts collected by cashiers processing transactions) and (2) the administrative office of the CCOC (administrative staff that process mail in the CCOC's administrative office). At the end of the day all receipts collected at the Magistrate and Administrative offices are brought to the accounting department (deposit site) where bank deposits are prepared. An individual not associated with any accounting functions takes the deposits to the bank.**

**The CCOC does have a written policy for reconciling cash collections to the general ledger by revenue source. Based upon the written policy and observation of procedures, we have found that (a) There is only one cash register in the Magistrate's office for all persons collecting cash; however, each individual has a log in to the system and logs out when leaving the register, providing an accounting of collections by clerk, (b) employees responsible for cash collections are not responsible for reconciling cash collections to the general ledger, (c) employees who**

## COLLECTIONS (continued)

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*collect cash have no responsibility for posting entries to the general ledger, and (d) employees responsible for reconciling cash to the general ledger are not responsible for collecting cash.*

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

**Results:** *All CCOC employees are bonded through State Farm Insurance Company.*

- 7) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- (a) Observe that receipts are sequentially pre-numbered.
  - (b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - (c) Trace the deposit slip total to the actual deposit per the bank statement.
  - (d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - (e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** *We obtained supporting documentation for 10 deposits and have found the (a) receipts are sequentially pre-numbered, (b) supporting documentation could be traced to the deposit slip with no exceptions, (c) selected deposits reviewed could be traced to the corresponding bank statement with no exceptions, (d) all of the deposits reviewed were made timely, and (e) the actual deposit per the bank statement could be traced to the general ledger with no exceptions.*

## NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

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- 8) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** *We obtained a listing of all locations that process payments and management's representation that the listing is complete.*

- 9) For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) - CONTINUED**

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- (a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- (b) At least two employees are involved in processing and approving payments to vendors.
- (c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- (d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***Results: We have determined that the agency is properly segregating the duties of purchasing and processing and approving payments to vendors.***

***The policy manual does not specifically address whether or not the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing / disbursement system, however; the Judicial Administrator is responsible for processing payments and the Chief Deputy approves all check requests and corresponding invoices prior to payment. Dual signatures are required from authorized personnel for the processing of payments to be complete. The Judicial Administrator is not a signor on the general operating bank account.***

- 10) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- (a) Observe that the disbursement matched the related original invoice/billing statement.
  - (b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Results: We randomly selected 5 transactions and found that all transactions did have the related original invoice/billing statement and included proper segregation of duties on disbursement documentation.***

**CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS**

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CCOC did not have any exceptions in this category when applying the agreed-upon procedures during year 1, therefore this category is excluded from testing in year 2.

## **TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

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CCOC did not have any exceptions in this category when applying the agreed-upon procedures during year 1, therefore this category is excluded from testing in year 2.

## **CONTRACTS**

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CCOC did not have any exceptions in this category when applying the agreed-upon procedures during year 1, therefore this category is excluded from testing in year 2.

## **PAYROLL AND PERSONNEL**

---

CCOC did not have any exceptions in this category when applying the agreed-upon procedures during year 1, therefore this category is excluded from testing in year 2.

## **ETHICS**

---

CCOC did not have any exceptions in this category when applying the agreed-upon procedures during year 1, therefore this category is excluded from testing in year 2.

## **DEBT SERVICE**

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- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Results: The Agency does not have any debt and therefore, this section is not applicable.***

## **OTHER**

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

**OTHER (continued)**

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**Results:** *Per our discussion with management, there were no misappropriations of public funds or assets during the fiscal period.*

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

**Results:** *We observed that the entity has posted the required fraud poster as required by R.S. 24:523.1.*

**CONCLUSION**

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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.

*LeBlanc & Associates CPAs, L.L.C.*

Metairie, Louisiana  
July 31, 2019



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

July 30, 2019

LeBlanc & Associates  
3421 N. Causeway, Ste 701  
Metairie, LA 70002

Re: Agreed Upon Procedures  
Management Responses

Written Policies and Procedures #1

Management is updating accounting and ethics policies in detail, to ensure compliance with R.S. 42:1111-1121.

Bank Reconciliations Procedures #3

A review will be performed of all reconciliations and signed off by the preparer and the supervisor each month

A handwritten signature in cursive script, appearing to read "A. Morrell".

Arthur A. Morrell, Clerk of Criminal  
District Court, Orleans Parish