

ORLEANS PARISH JUVENILE COURT
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To The Honorable Judges *En Banc*
Orleans Parish Juvenile Court
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information, and the related notes to the financial statements of **Orleans Parish Juvenile Court (OPJC)** as of and for the year ended December 31, 2017, which collectively comprise OPJC'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.

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To The Honorable Judges *En Banc*
Orleans Parish Juvenile Court
New Orleans, Louisiana

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to **OPJC'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 **OPJC's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the governmental activities, the major fund and the aggregate remaining fund information of **OPJC** as of December 31, 2017 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To The Honorable Judges *En Banc*
Orleans Parish Juvenile Court
New Orleans, Louisiana

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, and budgetary comparison information on pages 35 through 37 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise **OPJC's** basic financial statements. Schedules III through VI as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To The Honorable Judges *En Banc*
Orleans Parish Juvenile Court
New Orleans, Louisiana

Other Matters, Continued

Other Supplementary Information, Continued

The schedules referred to 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, Schedules III through VI 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 June 20, 2018, on our consideration of OPJC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OPJC's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 20, 2018

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction to the Two Types of Financial Statements

As financial managers for **Orleans Parish Juvenile Court (OPJC)**, we offer readers of these financial statements an overview and analysis of the financial activities of **OPJC**. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in **OPJC**'s financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns. **OPJC** uses governmental and fiduciary funds. The fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary activities are reported in a Statement of Fiduciary Net Position. The fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance), show the results of operations and financial position using the *current financial resources* measurement focus and the *modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Position and Statement of Activities), show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual* basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

OPJC is the fiduciary for ensuring that the assets reported in the fiduciary fund are used for their intended purposes. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from **OPJC**'s government-wide financial statements because **OPJC** cannot use these assets to *finance* its operations.

The difference in *measurement focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund* statements are concerned with only *current* financial resources, noncurrent assets and liabilities, as applicable are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statements; *government-wide* financial statements *include* noncurrent assets and liabilities and their related expenses. Because the fund level statements reflect current financial resources, the full purchase price of capital assets in 2017 and 2016 for **OPJC** was \$21,171 and \$75,513, respectively. In contrast, since the *government-wide* statements focus on *total* economic resources, capital assets are shown as noncurrent assets on the Statement of Net Position (with their related accumulated depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund-level Balance Sheet and the government-wide Statement of Net Position have no long-term obligations at December 31, 2017 and 2016.

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Introduction to the Two Types of Financial Statements, Continued

The second difference between fund and government-wide financial statements is the basis of accounting, or the timing of the recognition of transactions and events. *Fund* statements use the *modified accrual* basis of accounting, which recognizes revenues when they are earned, only so long as they are collectible within the fiscal period, and expenditures when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements and the fiduciary fund use the *full accrual* basis of accounting: revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long term. Chart 1 summarizes these differences.

CHART 1:

Overview of Difference in Funds and Government-Wide Financial Statements

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Government (except fiduciary funds)	The activities of OPJC that are not fiduciary	Instances in which OPJC is the agent for someone else's resources
Required financial statements	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues expenditures, and changes in fund balance	

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CHART 1:, CONTINUED

Overview of Difference in Funds and Government-Wide Financial Statements, Continued

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long term; the fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received	All agency funds received or paid during the year

The *presentation* of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and *Fund Balance*, with a reconciliation to the net position figure which appears at the bottom of the government-wide Statement of Net Position. All assets and liabilities on the Balance Sheet are current. Fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The accounting used for fiduciary funds is much like that used for proprietary funds. The government-wide Statement of Net Position shows assets and liabilities, are separated into current and noncurrent, and *Net Position* (the difference between the two). All of **OPJC's** net position balance is unrestricted.

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CHART 1:, CONTINUED

**Overview of Difference in Funds and Government-Wide Financial Statements,
Continued**

A significant difference lies in the presentation of the operating statement. The fund Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the *fund balance reconciliation*. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" so it begins with the expenses of each function, followed by *program revenues* (the specific revenues provided by users of the services), to derive at net (expense) revenue (the difference between program revenues and expenses). Reading down the net column, general revenues are added to calculate the change in net position, which is reconciled to net position at the end of the year.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, the report also presents certain required and other supplementary information.

Using This Annual Report

Our auditors have provided assurance in their independent auditors' report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditors regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS AND ANALYSIS

How 2017 Compares with 2016 - Statement of Net Position

Chart 2 provides condensed information from the Statement of Net Position for 2017 and 2016.

CHART 2:

**Statement of Net Position Comparative Data
December 31,**

	<u>2017</u>	<u>2016</u>
Current assets	\$1,371,857	\$1,421,533
Capital assets, net	<u>115,771</u>	<u>157,311</u>
Total assets	<u>1,487,628</u>	<u>1,578,844</u>
Current liabilities	<u>470,329</u>	<u>443,857</u>
Total liabilities	<u>470,329</u>	<u>443,857</u>
Net position:		
Net investment in capital assets	115,771	157,311
Unrestricted	<u>901,528</u>	<u>977,676</u>
Total net position	<u>\$1,017,299</u>	<u>\$1,134,987</u>

For 2017, net position decreased from \$1,134,987 in 2016 to \$1,017,299 in 2017, representing a change in net position of \$(117,688). The net change was the result of depreciation expense and write-off in leasehold improvements cost from its previous office building. Furthermore, net position was affected through the use of fund balance to support court programs.

For 2016, net position increased from \$1,024,463 in 2015 to \$1,134,987 in 2016 primarily due to a change in net position of \$76,498 and the impact of a prior period adjustment of \$33,925.

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS AND ANALYSIS, CONTINUED

How 2017 compares with 2016 - Statement of Activities

Chart 3 below gives comparative data from the Statement of Activities for the years ended December 31, 2017 and 2016:

CHART 3:

Statement of Activities Comparative Data

For the Years Ended December 31,

	<u>2017</u>	<u>2016</u>
Revenues:		
Charges for services	\$ 90,861	\$ 71,056
Operating grants	1,635,248	1,497,561
On-behalf payments	2,331,019	2,378,267
Other income	<u>38,197</u>	<u>13,395</u>
Total revenues	<u>4,095,325</u>	<u>3,960,279</u>
Expenses:		
Juvenile Court	<u>4,213,013</u>	<u>3,883,781</u>
Total expenses	<u>4,213,013</u>	<u>3,883,781</u>
Change in net position	(117,688)	76,498
Net position, beginning of year	<u>1,134,987</u>	<u>1,058,489</u>
Net position, end of year	<u>\$1,017,299</u>	<u>\$1,134,987</u>

For the year ended December 31, 2017, total revenues increased from \$3,960,279 in 2016 to \$4,095,325 in 2017. The change was primarily due to additional operating funds granted to further the course of **OPJC's** juvenile activities.

For the year ended December 31, 2016, total revenues increased from \$3,000,116 in 2015 to \$3,960,279 in 2016. The increase was primarily due to the level of funding obtained from on-behalf payments from the City of New Orleans and grants from other agencies.

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS AND ANALYSIS, CONTINUED

Total expenses for the year ended December 31, 2017 increased from \$3,883,781 in 2016 to \$4,195,978 in 2017 due to payroll and benefits adjustments and overall inflationary costs associated with service delivery.

Comparatively, total expenses for the year ended December 31, 2016, increased from \$3,678,367 in 2015 to \$3,883,781 in 2016 due to the level of funding available to cover the delivery of juvenile court services in the areas of personnel and related benefit costs and professional services.

Budgetary Comparison Information

OPJC adopts an annual budget for its General and Special Revenue Funds.

Chart 4 below shows the amounts for the original budget, final budget, and actual results for 2017 and 2016.

CHART 4:

2017 and 2016 Budgetary Comparison Data

For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ <u>3,896,546</u>	\$ <u>4,155,916</u>	\$ <u>4,095,325</u>
Total revenues	<u>3,896,546</u>	<u>4,155,916</u>	<u>4,095,325</u>
Operating expenditures	<u>3,998,546</u>	<u>4,333,163</u>	<u>4,171,473</u>
Total expenditures	<u>3,998,546</u>	<u>4,333,163</u>	<u>4,171,473</u>
Total other financing sources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	\$ <u>(102,000)</u>	\$ <u>(177,247)</u>	<u>(76,148)</u>
Fund balance, beginning of year			<u>977,676</u>
Fund balance, end of year			\$ <u>901,528</u>

**ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Budgetary Comparison Information, Continued

The original budget adopted for the General and Special Revenue Funds by **OPJC** for 2017 was amended to reflect additional grant funds acquired during the fiscal year, increase in projections for current revenues, and increases in areas of related costs, and professional services. See page 37 for notes to the budgetary data information.

CHART 4:

2017 and 2016 Budgetary Comparison Data, Continued

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ <u>3,711,307</u>	\$ <u>3,925,800</u>	\$ <u>3,960,279</u>
Total revenues	<u>3,711,307</u>	<u>3,925,800</u>	<u>3,960,279</u>
Operating expenditures	<u>3,711,307</u>	<u>3,925,800</u>	<u>3,904,878</u>
Total expenditures	<u>3,711,307</u>	<u>3,925,800</u>	<u>3,904,878</u>
Total other financing sources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>55,401</u>
Fund balance, beginning of year			<u>922,275</u>
Fund balance, end of year			\$ <u>977,676</u>

ORLEANS PARISH JUVENILE COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Overall Analysis

The net decrease in capital assets of \$26,471 results from purchases of capital assets of \$21,171 less depreciation expense of \$47,642 and loss on disposal of capital assets of \$15,069. The change in net position of \$(117,688) resulted primarily from utilization of fund balance to support court programs.

Overall increase in cash of \$29,534 at December 31, 2016 was due to a combination of factors resulting from a change in net position to include the amounts in receivables and payables. The net increase in capital assets of \$21,097 results from purchases of capital assets of \$75,513 less depreciation expense of \$54,416 for the year ended December 31, 2016. The change in net position of \$76,498 results primarily from growth in the level of on-behalf of payments and grants net of expenses for the year ended December 31, 2016.

Requests for Information

This financial report is designed to provide a general overview of the finances of **OPJC** for all interested parties in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fiscal Administrator for **OPJC**, 1100 Milton Street, New Orleans, LA 70112.

ORLEANS PARISH JUVENILE COURT
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash (NOTE 2)	\$ 864,427
Restricted cash (NOTE 3)	344,341
Grants receivable	154,963
Prepaid items and other assets	<u>8,126</u>
Total current assets	<u>1,371,857</u>
Noncurrent Assets:	
Capital assets, net (NOTE 5)	<u>115,771</u>
Total noncurrent assets	<u>115,771</u>
Total assets	<u>1,487,628</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	62,677
Salaries and benefits payable	37,075
Interfund payables, net (NOTE 4)	<u>370,577</u>
Total current liabilities	<u>470,329</u>
Total liabilities	<u>470,329</u>
<u>NET POSITION</u>	
Net investment in capital assets (NOTE 5)	115,771
Unrestricted	<u>901,528</u>
Total net position	<u>\$ 1,017,299</u>

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

ORLEANS PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<u>Governmental activities:</u>				
Juvenile Court	\$ 4,213,013	\$ 90,861	\$ 1,635,248	\$ (2,486,904)
Total governmental activities	<u>\$ 4,213,013</u>	<u>\$ 90,861</u>	<u>\$ 1,635,248</u>	(2,486,904)
 General Revenues:				
On-behalf payments				2,331,019
Other income				<u>38,197</u>
Total general revenues				<u>2,369,216</u>
Change in net position				<u>(117,688)</u>
Net position, beginning of year				<u>1,134,987</u>
Net position, end of year				<u>\$ 1,017,299</u>

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

ORLEANS PARISH JUVENILE COURT
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2017

ASSETS

	<u>General</u> Fund	<u>Special Revenue</u> Fund	<u>Total</u> Governmental
Cash	\$ 624,294	\$ 240,133	\$ 864,427
Restricted cash	344,341	-0-	344,341
Grants receivable	154,963	-0-	154,963
Interfund receivables	837	99,585	100,422
Prepaid items and other assets	<u>8,126</u>	<u>-0-</u>	<u>8,126</u>
 Total assets	 <u>1,132,561</u>	 <u>339,718</u>	 <u>1,472,279</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 62,608	\$ 69	\$ 62,677
Salaries and benefits payable	37,075	-0-	37,075
Compensated absences payable	-0-	-0-	-0-
Interfund payables	<u>470,964</u>	<u>35</u>	<u>470,999</u>
 Total liabilities	 <u>570,647</u>	 <u>104</u>	 <u>570,751</u>

FUND BALANCES

Nonspendable	8,126	-0-	8,126
Committed	-0-	339,614	339,614
Unassigned	<u>553,788</u>	<u>-0-</u>	<u>553,788</u>
 Total fund balance	 <u>561,914</u>	 <u>339,614</u>	 <u>901,528</u>

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

Capital assets used in governmental
activities are not financial resources
and therefore are not reported
in the governmental fund at the fund level.

Governmental capital assets	1,304,100	-0-	1,304,100
Less: accumulated depreciation	<u>(1,188,329)</u>	<u>-0-</u>	<u>(1,188,329)</u>
 Net position	 <u>\$ 677,685</u>	 <u>\$ 339,614</u>	 <u>\$ 1,017,299</u>

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

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

	General Fund	Special Revenue Fund	Total Governmental
REVENUES			
On-behalf payments for salaries and fringe benefits	\$ 2,331,019	\$ -0-	\$ 2,331,019
Grant income	692,645	-0-	692,645
Contractual services	942,603	-0-	942,603
Court costs	22,584	-0-	22,584
Fines and fees	47,075	21,202	68,277
Other income	38,197	-0-	38,197
Total revenues	4,074,123	21,202	4,095,325
EXPENDITURES			
Direct:			
Salaries and fringe benefits through on-behalf payments	2,331,019	-0-	2,331,019
Salaries	192,508	-0-	192,508
Fringe benefits	94,958	-0-	94,958
Court reporter and interpreter fees	25,652	-0-	25,652
Juvenile transportation and drug testing	8,325	-0-	8,325
Total direct expenditures	2,652,462	-0-	2,652,462
Indirect:			
Books, printing and copying	12,757	-0-	12,757
Communication	24,877	-0-	24,877
Equipment rental and maintenance	117,883	-0-	117,883
Insurance	20,169	-0-	20,169
Office supplies and expenditures	43,270	-0-	43,270
Professional services	1,137,676	-0-	1,137,676
Professional education and dues	82,632	-0-	82,632
Record storage	33,007	-0-	33,007
Capital outlays	21,171	-0-	21,171
Other expenditures	25,569	-0-	25,569
Total indirect expenditures	1,519,011	-0-	1,519,011
Total expenditures	4,171,473	-0-	4,171,473
OTHER FINANCING SOURCES (USES)			
Transfers in	-0-	-0-	-0-
Transfers out	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-
Change in fund balances	(97,350)	21,202	(76,148)
Fund balances, beginning of year	659,264	318,412	977,676
Fund balances, end of year	\$ 561,914	\$ 339,614	\$ 901,528

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

ORLEANS PARISH JUVENILE COURT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balance - Governmental Funds \$ (76,148)

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$47,642 and loss on disposal of capital assets of \$15,069 exceeded capital outlays of \$21,171 in the current period.

(41,540)

Change in net position of governmental activities \$ (117,688)

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

ORLEANS PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

ASSETS

Cash	\$ 114,136
Interfund receivables	395,577
Other Receivables	<u>6,821</u>
Total assets	<u>516,534</u>

LIABILITIES

Fines collections payable	51,541
Interfund payables	22,525
Bonds outstanding	333,996
Unprocessed payments	<u>108,472</u>
Total liabilities	<u>516,534</u>
Net position	<u>\$ -0-</u>

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

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES :

Background

The Louisiana Constitution of 1921 provided the foundation for the **Orleans Parish Juvenile Court (OPJC)** as it exists today. Five (5) elected judges serve as the governing body of **OPJC**. **OPJC** has exclusive juvenile jurisdiction in Orleans Parish including, but not limited to abuse, neglect, delinquency, traffic, non-support issues, and all other administrative and judicial matters involving juveniles in Orleans Parish, Louisiana.

Basis of Presentation

The accompanying basic financial statements of **OPJC** 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 No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999 and as amended.

Reporting Entity

GASB Statement No. 14, as subsequently amended by GASB Statement Nos. 39 and 61, *The Financial Reporting Entity*, established standards for defining and reporting on the financial entity. GASB Statement No. 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Reporting Entity, Continued

In addition, **OPJC** is financially independent of other governments. Although **OPJC** conducts its business from a building provided by the City of New Orleans as discussed in NOTE 5, this support is considered incidental in relation to **OPJC**'s total revenues and expenditures.

Accordingly, management has concluded that **OPJC** is the financial reporting entity within the meaning of the provisions of GASB Statement Nos. 14, 39 and 61.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of **OPJC**. **OPJC** is considered to be a governmental activity of a special purpose government.

OPJC's Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in expenses reported by function. Program revenues include charges for services and operating grants.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Government-Wide and Fund Financial Statements, Continued

Separate financial statements are provided for **OPJC**'s governmental funds. **OPJC**'s government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, **OPJC** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

OPJC reports its governmental funds as follows:

General Fund

The General Fund is used to account for all financial resources of **OPJC**.

The operations of the General Fund are comprised of the General Fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of **OPJC**.

Fund balance is reported as spendable and nonspendable. The unassigned classification represents amounts not restricted, assigned or committed. The nonspendable represents amounts not in a spendable form.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Government-Wide and Fund Financial Statements, Continued

Net Position

OPJC has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, effective fiscal year 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflows represent the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets - This component of net position consists of capital assets, net accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the position of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion is included in the same component of net position as the unspent proceeds.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Government-Wide and Fund Financial Statements, Continued

General Fund, Continued

Restricted - This component reports those net position with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

Salaries of the Judges of **OPJC**, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective Judges for serving in their capacities as State Judges and not for compensation in their roles as management of **OPJC**.

The Judges receive no compensation for serving in their capacity as Judges *En Banc* of **OPJC**.

Additionally, **OPJC** has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as State Judges. For the same reasons, certain expenditures incurred by these Judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements.

Special Revenue Fund

Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Because the restriction is for specified purposes, the fund balance is reported as committed.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Government-Wide and Fund Financial Statements, Continued

Fiduciary Fund

Fiduciary Fund reporting focuses on net position and changes in net position.

OPJC's Fiduciary Fund accounts for assets held by **OPJC** as an agent. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, **OPJC's** Fiduciary Fund has no measurement focus, but uses the accrual basis of accounting.

Budgets

At a public meeting on December 21, 2016, the Judges *En Banc* adopted a budget for the year ended December 31, 2017. Further, in compliance with the Budget Act, the Judges *En Banc* adopted a budget for the year ending December 31, 2018 on December 20, 2017.

As further described in NOTE 10, salary and fringe benefit payments made by the City of New Orleans and the Louisiana Supreme Court on behalf of **OPJC** are included as revenues and personnel costs in the accompanying financial statements for the General Fund. These on-behalf payments are budgeted for, and controlled by the City of New Orleans and the Louisiana Supreme Court. As previously described, because the City of New Orleans and the Louisiana Supreme Court have responsibility for the referenced budgets, any budget variances resulting from on-behalf payments do not constitute violations of Louisiana statutes.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Cash

Cash includes amounts in demand deposits. Under state law, **OPJC** 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 of America.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as interfund receivables and payables on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position for a resulting net interfund receivable or payable.

Prepaid Items and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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. **OPJC** maintains a threshold level of \$2,500 or more for capitalizing capital assets.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Capital Assets, Continued

Capital assets are recorded in the Statement of Net Position and depreciation is recorded in the Statement of Activities. Since assets are scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles	5 years
Computer equipment	5 years
Office equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	15 years

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

Compensated Absences

Contract employees compensated under various grants earn "paid time off" only on a semi-monthly basis. At year end, accrued leave earned but unused by those contract employees, if any, is rolled over and paid, or expires within six months after year end. At December 31, 2017 there were no contract employees who had earned "paid time off" that was unpaid.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

Use of Estimates

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

Fund Balance Reporting

OPJC has adopted GASB Statement No. 54. The reporting standard established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. **OPJC** has prepaid items and other assets that are considered nonspendable.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Fund Balance Reporting, Continued

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

OPJC has classified its fund balance with the following hierarchy:

Nonspendable: **OPJC's** prepaid expenses are classified as nonspendable.

Spendable: **OPJC** currently has no funds classified as restricted or assigned. Committed fund balance represents legally restricted expenses while the remaining fund balance is unassigned.

NOTE 2 - CASH:

At December 31, 2017, **OPJC's** total cash in demand deposit accounts was \$1,205,496, composed of \$965,363 of cash and restricted cash in the General Fund and \$240,133 in the Special Revenue Fund. These deposits are stated at cost, which approximates market.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH, CONTINUED:

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 the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

OPJC maintains non-interest bearing accounts at a local bank. At December 31, 2017, **OPJC** has a carrying balance of \$1,205,496 and \$1,226,094 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and unsecured from risk by \$2,452,126 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, **OPJC** would not be able to recover its deposits, investments, or collateral securities that are in the possession of an outside party.

NOTE 3 - RESTRICTED CASH:

Restricted cash at December 31, 2017 in the amount of \$344,341 represents funds held on behalf of others.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivables and payables at December 31, 2017 consisted of interfund advances between the General Fund, Special Revenue Fund and Fiduciary Fund as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 837	\$470,964
Special Revenue Fund	99,585	35
Fiduciary Fund	<u>395,577</u>	<u>25,000</u>
	<u>\$495,999</u>	<u>\$495,999</u>

The net of the interfund activities between the General and Special Revenue Funds results in a net interfund payable of \$370,577 at December 31, 2017.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - CAPITAL ASSETS, NET:

The following is a summary of changes in capital assets and accumulated depreciation and amortization, at December 31, 2017:

	<u>Balance</u> <u>December 31, 2016</u>	<u>Additions/</u> <u>Changes</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2017</u>
Vehicles	\$ 111,893	\$ -0-	\$ -0-	\$ 111,893
Computer equipment and software	922,590	-0-	-0-	922,590
Office equipment	205,861	14,989	(3,444)	217,406
Furniture and fixtures	44,167	5,102	-0-	49,269
Leasehold improvements	<u>43,070</u>	<u>1,080</u>	<u>(41,208)</u>	<u>2,942</u>
Total capital assets	1,327,581	21,171	(44,652)	1,304,100
Less: accumulated depreciation	<u>(1,170,270)</u>	<u>(47,642)</u>	<u>29,583</u>	<u>(1,188,329)</u>
Capital assets, net	<u>\$ 157,311</u>	<u>\$(26,471)</u>	<u>\$(15,069)</u>	<u>\$ 115,771</u>

Depreciation and amortization expense charged for the year ended December 31, 2017 was \$47,642.

The building which **OPJC** occupies and uses to conduct its operations is owned by the City of New Orleans. However, **OPJC** does not pay rent to the City.

NOTE 6 - BONDS OUTSTANDING:

Bonds outstanding represent monies paid by defendants for their release from court custody. The amount of each bond will be reimbursed to the defendant upon his/her appearance for trial and/or will be forfeited towards arrearage due for fines, fees, or non-support. Management would endeavor to have on hand up to \$250,000 for any unclaimed bonds payable.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - UNPROCESSED PAYMENTS:

Unprocessed payments represent monies received from individuals which includes, but is not limited to, restitution, unclaimed bonds and child support.

NOTE 8 - OPERATING LEASES:

OPJC leases office equipment under two (2) non-cancellable operating leases terminating April 15, 2019. Lease expense for the year ended December 31, 2017 was \$23,124.

At December 31, 2017, future minimum rental payments under the above leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2018	\$20,064
2019	20,064
2020	20,064
2021	20,064
2022	<u>18,392</u>
	<u>\$98,648</u>

NOTE 9 - RISK MANAGEMENT:

OPJC is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets. The City of New Orleans provides commercial insurance for **OPJC** in amounts sufficient to insure **OPJC** against claims resulting from any of those risks. In addition, **OPJC** provides its own insurance coverage for crime and property.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - EXPENSES OF THE COURT PAID BY OTHERS:

The accompanying financial statements do not include certain portions of **OPJC**'s expenses paid directly by other governmental entities. Expenses for **OPJC** paid by the City of New Orleans include courtroom space, office space, utilities, insurance, and certain capital improvements. The Louisiana Supreme Court provides for the services of the Judges of **OPJC**.

Major portions of the salaries and related benefits of **OPJC**'s administrative and support staff are also paid by other governmental entities. Salary and fringe benefit payments made by the City of New Orleans and the Louisiana Supreme Court, in the amounts of \$1,764,122 and \$566,897, respectively, are included in the accompanying financial statements for the General Fund as revenues and personnel costs. The fringe benefit payments noted above, made by the City of New Orleans on behalf of **OPJC** include contributions of \$245,179 to the Municipal Employees' Retirement System of the City of New Orleans.

In addition to the expenses mentioned above, **OPJC** received \$942,603 of funding from city appropriations, which is included in contractual services in the statement of revenues, expenditures, and changes in fund balances.

NOTE 11 - CONCENTRATION OF CREDIT RISK:

OPJC receives on behalf payments and appropriations from the City of New Orleans. If the amount of revenues received from the City of New Orleans falls below planned levels, **OPJC**'s operating results could be adversely affected.

ORLEANS PARISH JUVENILE COURT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - FEDERALLY ASSISTED PROGRAMS:

OPJC participates in a number of federally assisted programs. **OPJC's** programs have been audited in prior years in accordance with the *Uniform Guidance*. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for future examinations. **OPJC's** management believes that future examinations would not result in any significant disallowed costs.

NOTE 13 - PER DIEM:

The Judges serving in their capacity as the governing board for the **OPJC** received no per diem payments.

**REQUIRED
SUPPLEMENTARY INFORMATION**

SCHEDULE I

ORLEANS PARISH JUVENILE COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund			Special Revenue Fund		
	Budgeted Amounts	Actual Amounts	Variance with Budget Over (Under)	Budgeted Amounts	Actual Amounts	Variance with Budget Over (Under)
REVENUES:						
On-behalf payments	\$ 2,349,444	\$2,331,019	\$ (18,425)	\$ -0-	\$ -0-	\$ -0-
Grant income	762,269	692,645	(69,624)	-0-	-0-	-0-
Contractual services	942,603	942,603	-0-	-0-	-0-	-0-
Court costs	-0-	22,584	22,584	1,000	-0-	\$ (1,000)
Fines and fees	39,500	47,075	7,575	31,600	21,202	\$ (10,398)
Other income	29,500	38,197	8,697	-0-	-0-	-0-
Total revenues	4,123,316	4,074,123	(49,193)	32,600	21,202	(11,398)
EXPENDITURES:						
Salaries and fringe benefits through on-behalf payments	2,388,153	2,331,019	(57,134)	-0-	-0-	-0-
Salaries	773,712	192,508	(581,204)	-0-	-0-	-0-
Fringe benefits	217,961	94,958	(123,003)	-0-	-0-	-0-
Court reporter and interpreter fees	38,302	25,652	(12,650)	-0-	-0-	-0-
Juvenile transportation and drug testing	525	8,325	7,800	-0-	-0-	-0-
Books, printing and copying	-0-	12,757	12,757	-0-	-0-	-0-
Communication	25,000	24,877	(123)	-0-	-0-	-0-
Equipment rental and maintenance	24,810	117,883	93,073	-0-	-0-	-0-
Insurance	25,970	20,169	(5,801)	-0-	-0-	-0-
Office supplies and materials	53,414	43,270	(10,144)	-0-	-0-	-0-
Professional services	636,607	1,137,676	501,069	-0-	-0-	-0-
Professional education and dues	69,077	82,632	13,555	-0-	-0-	-0-
Record storage	25,000	33,007	8,007	-0-	-0-	-0-
Capital outlays	-0-	21,171	21,171	-0-	-0-	-0-
Other expenditures	54,632	25,569	(29,063)	-0-	-0-	-0-
Total expenditures	4,333,163	4,171,473	(161,690)	-0-	-0-	-0-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(209,847)	(97,350)	112,497	32,600	\$ 21,202	(11,398)
OTHER FINANCING SOURCES:						
Transfer from other funds	-0-	-0-	-0-	-0-	-0-	-0-
Total financing sources	-0-	-0-	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (209,847)</u>	<u>(97,350)</u>	<u>\$ 112,497</u>	<u>\$ 32,600</u>	<u>\$ 21,202</u>	<u>\$ (11,398)</u>
Fund balances, beginning of year		<u>659,264</u>			<u>318,412</u>	
Fund balances, end of year		<u>\$ 561,914</u>			<u>\$ 339,614</u>	

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

ORLEANS PARISH JUVENILE COURT
SCHEDULE OF BUDGETARY TO GAAP RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual presents comparison of **OPJC's** legally adopted original budget and final (non-GAAP basis) with actual data on a budgetary basis. The accounting principles applied by **OPJC** for the purposes of developing data for its budget differs from those used to present the basic financial statements (GAAP Basis).

A reconciliation of the previously described basis follows:

Excess of expenditures over revenues (budgetary basis)	\$ (76,148)
Adjustments:	
Amount by which capital outlays exceeds accumulated depreciation	<u>(41,540)</u>
Change in net position	<u>\$ (117,688)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II, CONTINUED

ORLEANS PARISH JUVENILE COURT NOTES TO BUDGETARY DATA INFORMATION

In mid-October, preparation of the future year's budget begins with a meeting which includes the Chief Judge, the Judicial Administrator and the Fiscal Administrator to discuss any guidance that has been provided by the City and to assess the current year's budget as it might inform projections for the upcoming year. Based on the results of that meeting, the Fiscal Administrator then prepares a draft. After review and input from the Judges, the final draft is put on hold until the City finalizes and approves its budget which details what funds will be available to **OPJC** for its operations in the upcoming year. The final draft may need to be amended to reflect the actual amount appropriated to **OPJC**.

Any needed amendments are discussed with the Chief Judge and the Judicial Administrator and an amended final budget is prepared for presentation to the Judges En banc for final review and approval.

Once the budget is approved by the Judges En banc, the steps outlined in LSA-R.S. 39:1301 et seq. are implemented. Those provisions require **OPJC** to advertise, thirty days in advance thereof, the date, place and time of a public hearing for the adoption of the future year's budget. The proposed budget is available for inspection by members of the public prior to the hearing. At the hearing the proceedings are recorded and the Judges are available to address any issues or concerns raised by any members of the public.

The **OPJC** budget is generally approved and adopted in December of the preceding year.

The Fiscal Administrator is charged with the responsibility of supervising staff in the monitoring of revenues and expenditures to insure that **OPJC** operates within its approved budget.

See Independent Auditors' Report on Supplementary Information.

**OTHER
SUPPLEMENTARY INFORMATION**

**ORLEANS PARISH JUVENILE COURT
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Case Processing Fund	Bond Escrow Fund	Special Probation Fund	Traffic Fund	Total
ASSETS:					
Cash	\$ 47,893	\$ 15,316	\$ 79,587	\$ 97,337	\$ 240,133
Interfund receivables	13,610	4,800	37,475	43,700	99,585
Total assets	<u>\$ 61,503</u>	<u>\$ 20,116</u>	<u>\$ 117,062</u>	<u>\$ 141,037</u>	<u>\$ 339,718</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Fine collections payable	64	5	-0-	-0-	69
Interfund payables	35	-0-	-0-	-0-	35
Total liabilities	<u>99</u>	<u>5</u>	<u>-0-</u>	<u>-0-</u>	<u>104</u>
FUND BALANCES:					
Committed	<u>61,404</u>	<u>20,111</u>	<u>117,062</u>	<u>141,037</u>	<u>339,614</u>
Total liabilities and fund balances	<u>\$ 61,503</u>	<u>\$ 20,116</u>	<u>\$ 117,062</u>	<u>\$ 141,037</u>	<u>\$ 339,718</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

ORLEANS PARISH JUVENILE COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Case Processing Fund	Bond Escrow Fund	Special Probation Fund	Traffic Fund	Total
REVENUES:					
Fines and fees	\$ 653	\$ 1,625	\$ 136	\$ 18,788	\$ 21,202
Total revenues	<u>653</u>	<u>1,625</u>	<u>136</u>	<u>18,788</u>	<u>21,202</u>
EXPENDITURES:					
Administrative costs	-0-	-0-	-0-	-0-	-0-
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TRANSFERS:					
Transfers to other funds	-0-	-0-	-0-	-0-	-0-
Total transfers	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	653	1,625	136	18,788	21,202
Fund balances, beginning of year	<u>60,751</u>	<u>18,486</u>	<u>116,926</u>	<u>122,249</u>	<u>318,412</u>
Fund balances, end of year	<u>\$ 61,404</u>	<u>\$ 20,111</u>	<u>\$ 117,062</u>	<u>\$ 141,037</u>	<u>\$ 339,614</u>

See Independent Auditors' Report on Supplementary Information.

ORLEANS PARISH JUVENILE COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2017

	Non- support Fund	Restitution Fund	Orleans Public Defender Program Fund	Bond Fund	Total Agency
ASSETS:					
Cash	\$ 11,500	\$ 9,736	\$ 2,001	\$ 90,899	\$ 114,136
Interfund receivables	134,866	22,318	1,906	236,487	395,577
Other receivables	-0-	-0-	212	6,610	\$ 6,822
Total assets	<u>146,366</u>	<u>32,054</u>	<u>4,119</u>	<u>333,996</u>	<u>516,535</u>
LIABILITIES:					
Fines collections payable	15,100	32,054	1,913	-0-	49,067
Interfund payables	22,794	-0-	2,206	-0-	25,000
Bonds outstanding	-0-	-0-	-0-	333,996	333,996
Unprocessed payments	108,472	-0-	-0-	-0-	108,472
Total liabilities	<u>146,366</u>	<u>32,054</u>	<u>4,119</u>	<u>333,996</u>	<u>516,535</u>
Net position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

**ORLEANS PARISH JUVENILE COURT
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF JUDGE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Chief Judge Name: Honorable Judge Candice Bates-Anderson

<u>Purpose</u>	<u>Amount</u>
Benefits - insurance	\$ 501
Benefits - other	5,132
Per diem	472
Registration fees	1,150
Conference travel	4,358
Dues	<u>1,056</u>
	<u>\$12,669</u>

NOTE: The salary and related benefits for the Chief Judge is paid directly by the Supreme Court of Louisiana. As such, the judge receives no compensation for serving in her capacity on the En Banc.

See Independent Auditors' Report on Supplementary Information.

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

To The Honorable Judges *En Banc*
Orleans Parish Juvenile Court
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 Controller General of the United States of America the financial statements of the governmental activities, major fund and the aggregate remaining fund information and the related notes to the financial statements of **Orleans Parish Juvenile Court (OPJC)** as of and for the year ended December 31, 2017, and have issued our report thereon dated June 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **OPJC's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of **OPJC's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **OPJC's** internal control over financial reporting.

INDEPENDENT AUDITORS' 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

(CONTINUED)

Internal Control Over Financial Reporting, Continued

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

We did identify a certain deficiency in internal control over financial reporting described in the accompanying Summary Schedule of Findings and Response as item 2017-001 that we consider to be a significant deficiency.

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 **OPJC**'s financial statements will not be prevented, or detected and corrected by **OPJC** on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control over financial reporting that is less severe than a material weaknesses, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

INDEPENDENT AUDITORS' 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

(CONTINUED)

OPJC's Response to Finding

OPJC's response to the internal control over financial reporting finding identified in our audit is described in the accompanying Summary Schedule of Finding and Response under the caption "Management's Response and Planned Corrective Action" and/or "Current Status." OPJC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of OPJC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering OPJC's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 20, 2018

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Not Applicable
- Significant deficiency (ies) identified? Not applicable

Type of auditor's report issued on compliance for major programs: Not Applicable

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of *the Uniform Guidance*? Not Applicable

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs: Not Applicable

Dollar threshold used to distinguish
between Type A and Type B programs: Not Applicable

Auditee qualified as low-risk auditee? Not Applicable

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section II - Financial Statement Finding and Response

Reference Number

2017-001

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions.

Condition

Our review of restitution payable, support payments due, and bonds outstanding in the Fiduciary Fund revealed significant rolling balances for a number of years without the benefit of any activity.

In addition, **OPJC** is unable to produce an accurate detail of the balances in these accounts.

This condition is similar to prior year's finding reference number 2015-002.

Context

Total liabilities for the Fiduciary Fund at December 31, 2017 were \$516,534.

Effect or Potential Effect

Potential for misstatement in prepared financial statements.

Cause

Lack of an established system to ensure the accumulation of required data to include the periodic analysis and reconciliation of all significant general ledger control accounts.

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section II - Financial Statement Finding and Response, Continued

Reference Number, Continued

2017-001

Recommendation

The fiscal administrator has initiated a review and we recommend that **OPJC** investigates the nature of these balances and that any invalid payables be disposed of. We also recommend that **OPJC** began reconciling these accounts on a timely basis to ensure that all activity is being appropriately accounted for on a current basis. Such a process should provide for a timely assessment of data needed for all court ordered collections.

Management's Response and Corrective Action Plan

Partially resolved. A detailed listing of all participants for the restitution and bond accounts has been prepared. **OPJC** is still in the process of locating files and establishing a procedure to move forward with the full resolution of this matter.

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2017.

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section IV - Status of Prior Year's Finding and Response

Reference Number

2016-001

Criteria

Management is responsible for the design, implementation and operation of internal controls to safeguard assets of **OPJC**. Further the design and operation of **OPJC**'s internal control should ensure that employees and management are able to prevent, or detect and correct misstatements in a timely manner in the course of performing their assigned functions.

Condition

During the course of the audit, we continued to note that the financial statements as prepared by **OPJC** required several audit adjustments to fairly state account balances.

Furthermore, we noted the absence of a formalized practice to evidence the periodic analysis and review of significant general ledger accounts.

This condition is similar to a prior year's finding reference number 2015-001.

Context

Total amount of expenses for the year ended December 31, 2016 were \$3,883,781.

Effect or Potential Effect

Potential impact of the referenced condition includes incomplete financial statements from which management and the en banc will rely on to make informed decisions.

Cause

Lack of a formalized process to ensure the monthly analysis and review of general ledger accounts.

ORLEANS PARISH JUVENILE COURT
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section IV - Status of Prior Year's Finding and Response, Continued

Reference Number, Continued

2016-001

Recommendation

We recommend that management develop and implement policies and procedures to ensure that significant general ledger accounts and related subledgers are reconciled monthly.

Current Status

Partially resolved.

ORLEANS PARISH JUVENILE COURT

EXIT CONFERENCE

An exit conference and other meetings were held with representatives of **Orleans Parish Juvenile Court**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

ORLEANS PARISH JUVENILE COURT

Yolanda Johnson

-- Fiscal Administrator

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA

-- Partner

Sherina Clavier, CPA

-- Manager

Clyde Hunter, CPA

-- Senior

ORLEANS PARISH JUVENILE COURT
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Judges En Banc
Orleans Parish Juvenile Court
New Orleans, Louisiana

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

This agreed-upon procedures engagement was performed 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 the report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and related findings to the SAUP are as follows:

Written Policies and Procedures

1. Procedure

We obtained **OPJC's** written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

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

Finding

No exceptions noted.

- 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.

Finding

OPJC's current purchasing Policies and Procedures Manual addresses the initiation, preparation and approval of purchases. However, the policy does not specifically address how vendors are added to the vendor list to include the required documentation retention for all bids and price quotes.

Management's Response

The referenced condition will be evaluated as **OPJC** undertakes its new general ledger software conversion during 2018.

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

Finding

OPJC's current disbursement Policies and Procedures Manual addresses reviewing, and approval for cash disbursement transactions, but does not specifically address in writing the processing of cash disbursements.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

Management's Response

Management is in the process of upgrading its accounting software and will consider this condition as a part of the "set-up" process.

- d) Receipts including receiving, recording, and preparing deposits.

Finding

No exceptions noted.

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

Finding

OPJC's personnel are employees of the City of New Orleans and therefore follows the dictates of "Policy Memorandum" No. 72 to include updates.

- 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.

Finding

OPJC's policy and procedures regarding the procurement of contracts does not specifically address in writing the types of services regarding written contracts, standard terms and conditions, legal review, to include approval and monitoring.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

Management's Response

Management will revisit with its current procurement policy to develop and implementation revisions, where necessary.

- g) Credit cards including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Finding

No exceptions noted.

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

Finding

No exceptions noted.

- 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 OPJC's ethics policy.

Finding

OPJC follows the dictates of the City of New Orleans' ethics policy as its staff are employees of the City of New Orleans.

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

Finding

Not applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board or Finance Committee

2. Procedure

We obtained and reviewed Board minutes for the fiscal period to determine whether:

- a) the Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

Finding

The Judges En Banc met with a quorum within the dictates of Louisiana statute and its adopted practice.

- b) the Board minutes referenced or included monthly budget-to-actual comparisons on **OPJC's** funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Finding

For selected En Banc meetings, we noted discussion of budgets to include budget to actuals comparisons. While selected meeting agendas listed financials, we noted no discussion within the content of the minutes.

Management's Response

Monthly financials are distributed for review to the Judges prior to the en banc meeting. No discussion is noted unless there are specific questions.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board or Finance Committee, Continued

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

Finding

For at least one (1) meeting, we noted non-budgetary financial information to include contract approval and policy adoption.

Bank Reconciliations

3. Procedure

We obtained a listing of **OPJC's** bank accounts from management and management's representation that the listing is complete.

Finding

No exceptions noted.

4. Procedure

From the listing provided by management, we selected six (6) of **OPJC's** bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

Finding

No exceptions noted.

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

Cash Collections

5. Procedure

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

Finding

No exceptions noted.

6. Procedure

From the listing provided by management, we selected **OPJC's** only cash collection location and:

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Cash Collections, Continued

Finding

No exceptions noted.

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

Finding

Currently, OPJC issues manual receipts outside of its computerized receipts systems. Those manual receipts are not issued in sequence or reconciled to cash collections for completeness.

Management's Response

The collected fees for juveniles ordered for testing and disposition/copying fees do not require issuance of a case number as such, the transactions cannot be entered into the 1JJ1S system.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - 1) Using **OPJC's** collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Cash Collections, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

7. Procedure

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

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Disbursements – General (excluding credit card, debit, fuel, and P-cards purchases or payments)

8. Procedure

We obtained OPJC's check register for the year ended December 31, 2017. We obtained management's representation that its check register population was complete.

Finding

No exceptions noted.

9. Procedure

Using the disbursement population from #8, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Finding

No exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Disbursements – General (excluding credit card, debit, fuel, and P-cards purchases or payments), Continued

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Finding

No exceptions noted.

10. Procedure

We reviewed **OPJC's** documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the person responsible for processing payments is prohibited from adding vendors to **OPJC's** purchasing/disbursement system.

Finding

The OPJC personnel who processes payments under OPJC's current accounts payable module has access to adding new vendors to the purchasing/disbursement system.

Management's Response

It has not been **OPJC's** practice to not allow permission for adding vendors to the A/P personnel. Going forward the A/P personnel will no longer have access to add vendors under the A/P module in Solomon.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Disbursements – General (excluding credit card, debit, fuel, and P-cards purchases or payments), Continued

11. Procedure

We reviewed OPJC's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who makes the final authorization for disbursements have no responsibility for initiating or recording purchases.

Finding

No exceptions noted.

12. Procedure

We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

Finding

No exceptions noted.

13. Procedure

We inquired of the individual with a signature stamp whether his or her signature is maintained under his or her control or is used only with his or her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards

14. Procedure

We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

Finding

No exceptions noted.

15. Procedure

Using the listing prepared by management, we selected the only two (2) credit cards maintained and used during the fiscal period, and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for the card to determine whether:

- a) there is evidence that the monthly statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Finding

No exceptions noted.

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

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards, Continued

16. Procedure

Using the monthly statements selected under #15, we obtained supporting documentation for all transactions for the selected card.

a) We reviewed each transaction to determine whether the transaction is supported by:

1) An original itemized receipt (i.e., identifies precisely what was purchased)

Finding

No exceptions noted.

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

Finding

No exceptions noted.

3) Other documentation that may be required by written policy (e.g. purchase order, written authorization).

Finding

No exceptions noted.

b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with **OPJC's** written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards, Continued

Finding

No exceptions noted.

- c) For each transaction, we compared **OPJC's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Finding

No exceptions noted.

Travel and Expense Reimbursement

17. Procedure

We obtained the check register for the year ended December 31, 2017 and filtered for travel and expense reimbursements. We obtained management's representation that the check register population is complete.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Expense Reimbursement, Continued

18. Procedure

We obtained OPJC's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) to determine whether there are any amounts that exceed GSA rates.

Finding

No exceptions noted.

19. Procedure

Using the preceding transactions from #17, we selected the three individuals who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of the selected persons, including the supporting documentation, and chose the largest travel expense for the selected persons to review in detail. For the travel expenses selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Expense Reimbursement, Continued

Finding

The following exceptions were noted:

- a) One (1) reimbursement included a breakfast allowance for four (4) days that breakfast was provided by the conference hotel. In addition, hotel and meals were claimed for one additional day outside of conference and travel days.**
- b) One (1) reimbursement included hotel charges that exceeded the maximum rate by \$19.83 per day or \$118.98 total.**
- c) One (1) reimbursement included hotel charges that exceeded the state rate by \$13.32 per day or \$53.23 total.**

Management's Response

OPJC follows the dictates under Policy and Procedure Memorandum No. 49 issued by the State of Louisiana Division of Administration.

In the instance of the one additional day outside of the conference and travel days, **OPJC** realized a cost savings for travel expenses as the individuals traveling attended meetings regarding a new court initiative (human and sex trafficking) and also conducted a site visit prior to the start of the conference. This information was not properly documented on the reimbursement form.

All expenses incurred for hotels are paid to conference hotels who have set fees and are not subject to be adjusted to the state rates.

- b) We determined whether each expense is supported by:
 - 1) An original itemized receipt that identifies precisely what was purchased.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Expense Reimbursement, Continued

Procedure, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

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

Finding

One (1) reimbursement did not include documentation of conference attendance as required by Policy and Procedure Memorandum No. 49.

Management's Response

OPJC's policy requires submission of the conference agenda upon return. In this particular case, the agenda available online was attached to the request for payment of per diem.

- c) We compared OPJC's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Expense Reimbursement, Continued

Finding

One (1) reimbursement included hotel and meal allowance for one (1) additional day outside of conference and travel days.

Management's Response

See 19a for response.

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

Finding

No exceptions noted.

Contracts

20. Procedure

We obtained a listing of all contracts in effect during the fiscal period and obtained the check register for the year ended December 31, 2017 and filtered for contract payments. We obtained management's representation that the check register population is complete.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts, Continued

21. Procedure

Using the listing above, we selected five (5) contract vendors that were paid the most money during the fiscal period, and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

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

Finding

No exceptions noted.

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether **OPJC** complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Finding

Not applicable.

- 2) If no, we obtained supporting contract documentation to determine whether **OPJC** solicited quotes as a best practice.

Finding

Contract award amount was determined by OPJC.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts, Continued

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

Finding

No exceptions noted.

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

Finding

No exceptions noted.

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Finding

Not applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel

22. Procedure

We obtained a listing of employees with their related salaries and obtained management's representation that the listing is complete. We randomly selected five (5) employees, obtained their personnel files, and:

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

Finding

No exceptions noted. Because staff of OPJC are employees of the City of New Orleans, we reviewed information through the shared "ADP" payroll software used by the City of New Orleans.

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

Finding

No exceptions noted.

23. Procedure

We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee. Within that pay period, we randomly selected all five (5) employees on payroll to determine whether:

- a) all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

Finding

No exceptions noted.

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

Finding

Fourteen (14) employees had no evidence of supervisory approval of the attendance and leave as applicable.

Management's Response

Management will work with the City of New Orleans to ensure completeness in documented payroll files.

- c) there is written documentation that **OPJC** maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

Finding

No exceptions noted.

24. Procedure

We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the employees. We reviewed the termination payments to determine whether they were made in strict accordance with policy and/or contract and approved by management.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

Finding

No exceptions noted through the processed phase. Final check was disbursed by the City of New Orleans.

25. Procedure

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

Finding

OPJC personnel are employees of the City of New Orleans. All payroll taxes and retirement contributions are disbursed by the City of New Orleans.

Ethics

26. Procedure

Using the five (5) randomly selected employees from procedure #22 under "Payroll and Personnel" caption, we obtained ethics compliance documentation from management to determine whether OPJC maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Ethics, Continued

27. Procedure

We inquired of management whether any alleged ethics violations were reported to **OPJC** during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with **OPJC**'s ethics policy.

Finding

No ethics violations were reported to management during the year ended December 31, 2017.

Debt Service

28. Procedure

If debt was issued during the fiscal period, we obtained supporting documentation from **OPJC** to determine whether State Bond Commission approval was obtained.

Finding

Not applicable.

29. Procedure

If **OPJC** had outstanding debt during the fiscal period, we obtained supporting documentation from **OPJC** and report whether **OPJC** made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Finding

Not applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Debt Service, Continued

30. Procedure

If OPJC had tax millages relating to debt service, we obtained supporting documentation to determine whether millage collections exceeded debt service payments by more than 10% during the fiscal period.

Finding

Not applicable.

Other

31. Procedure

We inquired of management whether OPJC had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether OPJC reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

Finding

No exceptions noted.

32. Procedure

We observed OPJC's premises and website to determine whether OPJC posted the notice required by R.S. 24:523.1.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Other, Continued

33. Procedure

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

Finding

No exceptions noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the SAUP. 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 compliance and control areas identified in the SAUP, 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana**

June 20, 2018



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

To the Honorable Judges *En Banc*
Orleans Parish Juvenile Court
New Orleans, Louisiana

Management of **Orleans Parish Juvenile Court (OPJC)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **OPJC** as of and for the year ended December 31, 2017, we considered **OPJC's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **OPJC's** internal control. Accordingly, we do not express an opinion on the effectiveness of **OPJC's** internal control.

We discussed with management, the current status of prior year's other matters. We previously reported on **OPJC's** internal control in our report dated June 20, 2018. This letter does not affect our report dated June 20, 2018 on the financial statements of **OPJC**.

We will review the status of this other matters during our next engagement. We have already discussed this other matter with **OPJC's** personnel, and we will be pleased to discuss this other matter in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matter
2017

No current year's other matter reported for the year ended December 31, 2017.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matter
2016

Our discussion of prior year's other matters follows:

Reference Number

OM 2016-001

Criteria

Management of **OPJC** is responsible for the design, implementation and operation of internal control to safeguard the assets of **OPJC**. Further the design and operation of **OPJC's** internal control should ensure that employees and management are able to prevent, or detect and correct misstatements in a timely manner in the normal course of performing their assigned functions.

Condition

Our testwork performed on sampled cash receipts and disbursements transactions revealed the following conditions:

- In four (4) of sixteen (16) disbursement transactions tested, we noted the lack of documented evidence to support the mathematical verification of the invoice.
- A review of reconciling items an **OPJC's** bank account reconciliation revealed an instance where a check dated October 19, 2015 remained outstanding.
- In six (6) of the sixteen (16) disbursement transactions referenced above, we noted the absence of a "paid" stamp inscription on the invoice to prevent further use.

Context

Total revenues including on behalf of payments for the year ended December 31, 2016 were \$3,960,279 to total expenses of \$3,883,781.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matter, Continued
2016

Reference Number, Continued

OM 2016-001

Effect or Potential Effect

Potential for misstatement in prepared financial statements.

Cause

Lack of established procedures and processes to ensure the completeness in recorded transactions.

Recommendation

We recommend that management enhance its oversight over compliance with established policies and practices on a continuous basis.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

OPJC's response to the other matters identified in our audit is described in the accompanying report on other matters related to internal control under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". We did not audit OPJC's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of OPJC, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 20, 2018