



Luther Speight & Company
Certified Public Accountants and Consultants

**CRIMINAL DISTRICT COURT
FOR THE PARISH OF ORLEANS
NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

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CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENTAL WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

Continued,

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

FINANCIAL HIGHLIGHTS

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

- As a result of this year's operations, total net position for the Court was (\$7,399,225). Net position improved by \$1 million representing a reduction in the deficit as compared to the previous year's balance. The change is primarily due to pension expenses related to implementation of GASB Statement No. 68.
- Total Court revenues decreased by \$400,000, reporting \$9.1 million in 2018 compared to \$8.7 million in the previous year.

Total net position was comprised of the following:

- Invested in capital assets of \$640,371, the net book value of property and equipment.
- Restricted Net Position recorded at \$2.1 million.
- Unrestricted net position reflected a balance of (\$11.8) million which reflects a \$1.2 million decrease compared to the prior year reported at (\$10.6) million. This balance represents the net position balance available to maintain continuing obligations to citizens and creditors for the unrestricted fund. The deficit is primarily caused by pension obligations in accordance with GASB 68.

FINANCIAL ANALYSIS OF THE CRIMINAL DISTRICT COURT AS A WHOLE

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

Condensed Statement of Net Position

ASSETS	2018	2017
Cash and cash equivalents	\$2,282,289	\$1,758,915
Due from other governments	582,286	1,232,465
Due from other funds	537,771	206,280
Furniture and equipment, net	640,371	663,721
Total Assets	4,042,717	3,861,381
Deferred Outflows:		
Pension Related	243,161	433,330
Total Assets & Deferred Outflows	4,285,878	4,294,711
 LIABILITIES		
Accounts payable	100,145	322,858
Other liabilities	187,590	386,620
Due to other funds	537,771	206,280
Compensated absences	234,648	225,036
Net Pension Liability	11,874,477	11,395,060
Total Liabilities	12,934,631	12,535,854
Deferred Inflows:		
Pension Related	117,827	218,025
Total Liabilities & Deferred Inflows	13,052,458	12,753,879
 NET POSITION		
Investment in capital assets, net	640,371	663,721
Restricted net position	2,149,744	1,540,427
Total restricted net position	2,790,115	2,204,148
Unrestricted net position	(11,556,696)	(11,150,505)
Total unrestricted net position	(11,556,696)	(11,150,505)
Total Net Position	\$ (8,766,581)	\$ (8,946,357)

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

Continued,

As a result of this year's operations, net position decreased by \$1.2. The total balance in net position, (\$8,459,168) represents the accumulated results of the current and all past years' operations as of December 31, 2018.

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

	Condensed Statement of Activities		Change
	2018	2017	
Total Program Revenues	\$9,359,199	\$8,714,943	\$644,256
Total Program Expenses	(9,697,467)	(9,969,733)	272,266
Net Program Income	(338,268)	(1,254,790)	916,522
General Revenues	30,856	27,662	3,194
Change in Net Position	\$ (307,412)	\$ (1,227,128)	\$ 919,716

The total program revenues for the year in governmental activities were \$9.3 million. The components of the revenues were \$1.4 million in charges for services and \$7.9 million in operating and grant revenues. The resulting change in net position for the year ended December 31, 2018 was (\$307,412).

BUDGETARY HIGHLIGHTS

The total of unrestricted fund budgeted revenues was \$4.2 million with actual revenues reported at \$5.0 million. Salaries and benefits accounted for a substantial portion of the budgeted and actual expenses for the governmental fund reflecting actual expense totaling \$5.1 million with a budgeted amount of \$5.6 million.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2018 and 2017 was \$640,371 and \$663,721 respectively. The decrease in capital assets were primarily due to depreciation expense and adjustments to the accumulated depreciation accounts.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

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

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



Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Continued,

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-5 and 33-34, schedule of proportionate share of the net pension liability and schedule of contributions and the related notes to required supplemental information on pages on pages 35 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Registrar's basic financial statements. The schedule of compensation, benefits, and other payments to agency head (the schedule) is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been 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, schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Continued,

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of X, State Y's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 6, 2019, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 6, 2019

BASIC FINANCIAL STATEMENTS

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 2,282,289
Due from other governments	582,286
Due from other funds	537,771
Furniture, fixtures and equipment	640,371
Deferred Outflows:	
Pension Related	243,161
Total Assets and Deferred Outflows	<u>4,285,878</u>

LIABILITIES

Accounts Payables	100,145
Benefits Payable	187,590
Compensated Abscenses	234,648
Due to other funds	537,771
Net Pension Liability	11,874,477
Deferred Inflows:	
Pension Related	117,827
Total Liabilities and Deferred Inflows	<u>13,052,459</u>

NET POSITION

Investment in Capital Assets	640,371
Restricted Net Position	2,149,744
Total Restricted Net Position	<u>2,790,115</u>
Unrestricted Net Position	(11,556,696)
TOTAL NET POSITION	<u><u>\$ (8,766,581)</u></u>

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

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

		Program Revenues			
	Expenses	Charges for Services	Grants & Intergovernmental Support	Net (Expenses)/Revenues	
Governmental activities:					
General government	\$ 9,697,467	\$ 1,417,599	\$ 7,941,600	\$ (338,268)	
Total governmental activities:				(338,268)	
General revenues:					
Interest income				30,856	
Total general revenues				30,856	
Changes in net position				(307,412)	
Net position - beginning				(8,459,168)	
Net position - ending				\$ (8,766,581)	

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted Fund	Restricted Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,393,492	\$ 888,798	\$ 2,282,290
Accounts Receivable	202,911	-	202,911
Due from other governments	90,543	121,071	211,614
Grants receivable	307,336	350,314	657,650
Due from other funds	47,882	-	47,882
Total Assets	<u>2,042,164</u>	<u>1,360,183</u>	<u>3,402,347</u>
LIABILITIES			
Accounts Payables	34,127	66,018	100,145
Benefits Payable	187,590	489,889	677,480
Other Payables	0	-	0
Due to other funds	47,882	-	47,882
Total Liabilities	<u>269,599</u>	<u>555,907</u>	<u>825,506</u>
FUND BALANCE			
Assigned:			
Restricted Funds	192,449	804,276	996,725
Total Assigned Fund Balances	<u>192,449</u>	<u>804,276</u>	<u>996,725</u>
Unassigned:			
General Fund	1,580,116	-	1,580,116
Total Fund Balances	<u>1,580,116</u>	<u>804,276</u>	<u>2,576,841</u>
Total Liabilities and Fund Balances	<u>\$ 2,042,164</u>	<u>\$ 1,360,183</u>	<u>\$ 3,402,345</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted Fund	Restricted Fund	Governmental Funds
Revenues			
Charges for Services	\$ 1,247,515	\$ 170,084	\$ 1,417,599
Grants and Intergovernmental Funds	3,786,819	3,854,738	7,641,557
Interest	18,639	12,217	30,856
Total Revenues	<u>5,052,973</u>	<u>4,037,040</u>	<u>9,090,013</u>
Expenditures			
Salaries	2,587,222	1,586,836	4,174,058
Fringe Benefits	1,020,870	620,002	1,640,872
Travel-Transportation	8,190	2,195	10,385
Travel-Lodging	17,015	4,047	21,061
Travel-Per Diem	8,094	7,880	15,974
Conference Registration	15,103	9,079	24,182
Meetings - Internal/Local	7,998	-	7,998
Ceremonies	327	101	427
Office	3,720	9,468	13,188
Office Supplies	45,672	-	45,672
Cleaning Supplies	1,193	1,331	2,524
Bottle Water	2,008	13,661	15,669
Jury Expenses	84	79,997	80,081
Telephone	32,458	12,497	44,955
Postage	6,179	18,300	24,479
Pest Control	-	900	900
Dues and Subscriptions	8,606	-	8,606
Paper Supplies	22,448	11,860	34,308
Advertising	3,382	2,750	6,132
Building Maintenance & Repairs	16,947	1,939	18,887
Cleaning Services	203	1,500	1,703
Capital Outlay	63,151	-	63,151
Software Access Programs	178,618	-	178,618
Equipment Maint & Repairs	1,618	4,172	5,790
Lease Payment	26,752	223,650	250,401
Equipment Rentals	3,520	2,200	5,720
Professional & Contractual	213,193	1,075,859	1,289,052
Coffee	1,689	8,285	9,974
Drug Testing Supplies	40,542	233,492	274,034
Law Books	74,358	-	74,358
Miscellaneous	312	-	312
Insurance - Professional Liability	101,120	-	101,120
Total Expenditures	<u>4,512,592</u>	<u>3,932,001</u>	<u>8,444,593</u>
Net Change in Fund Balances	<u>540,382</u>	<u>105,039</u>	<u>645,421</u>
Fund Transfers (In/(Out))	300,042	(300,042)	-
Fund Balance Beginning of Year	1,042,703	1,058,685	2,101,388
Fund Balance Adjustments	(303,010)	(59,406)	(362,416)
Fund Balance End of Year	<u>\$ 1,580,116</u>	<u>\$ 804,276</u>	<u>\$ 2,384,393</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO
GOVERNMENTAL NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

Total Governmental Fund Balance	\$ 2,576,841
Amounts reported in governmental activities in the statement of net position are different because:	
Deferred Outflows - Pension Related	243,161
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	640,371
Long-term liabilities are not due and payable in the current period and therefore are not reported in Governmental Fund Balance Sheet	
Net Pension Liability	(10,507,121)
Compensated absences liability	(234,648)
Deferred Inflows - Pension related	(117,827)
Other reconciling differences	-
Net Position of Governmental Activities	<u><u>\$ (7,399,225)</u></u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 RECONCILIATION OF CHANGE IN GOVERNMENTAL FUND BALANCE AND
 CHANGE IN GOVERNMENTAL NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds \$ 645,421
 (fund financial statements)

Amount reported for governmental activities in the statement of activities
 are different because:

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

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

Depreciation expense	86,501	
Capital outlay	(63,151)	23,350

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

Change in compensated absence expense		(9,612)
Pension expense		(966,571)
Change in net position of governmental activities		\$ (307,412)

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY FUND BALANCE
AS OF DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 588,269
Accounts receivable	19,996
Due from defendants	1,300
Total Assets	<u>609,565</u>

LIABILITIES

Accounts payable	3,142
Due to victims	606,423
Total Liabilities	<u>\$ 609,565</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

ADDITIONS:

Deposits on behalf of Victims	\$ 801,431
Total Additions	<u>\$801,431</u>

DEDUCTIONS:

Disbursements to Victims	706,335
Other disbursements	<u>1,450</u>
Total Deductions	<u>707,785</u>
Change in Fiduciary Fund Balance	<u>93,645</u>

FIDUCIARY FUND BALANCE:

Beginning of Year	563,763
Fund Balance Adjustments	<u>(50,985)</u>
Ending of Year	<u><u>\$ 606,423</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. FUND ACCOUNTING

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Continued,

GOVERNMENTAL FUNDS

Unrestricted Fund

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

Restricted Fund

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

FIDUCIARY FUNDS

Probation Assessment, Restitution and Court Cost Agency Funds

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

B. Basic Financial Statements – Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

FUND FINANCIAL STATEMENTS

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

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

C. Measurement Focus and Basis of Accounting

Accrual Basis of Accounting

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

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

Modified Accrual Basis of Accounting

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

D. Budgets

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

E. SALARIES, OFFICE SUPPLIES AND TRAVEL OF JUDGES

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

F. COMPENSATED ABSENCES

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

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

The liability for unused vacation leave payable at December 31, 2018 was \$234,648.

G. RISK MANAGEMENT

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

H. NET POSITION AND FUND BALANCE ADJUSTMENTS

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

I. TOTAL COLUMNS OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

J. ESTIMATES

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

K. INCOME TAXES

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

NOTE 2: CHANGES IN CAPITAL ASSET BALANCES

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

CAPITAL ASSET ACTIVITY	<u>Amounts</u>
Net Fixed Asset beginning balance January 1, 2018	\$663,721
Additions	63,151
Disposals	<u>-</u>
Subtotal	<u>726,872</u>
Less: Current year depreciation	<u>(86,501)</u>
Ending balance, December 31, 2018	<u>\$640,371</u>

Depreciation expense is computed on a straight-line basis and is recorded at \$86,501 for the year ended December 31, 2018.

NOTE 3: SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2019 and advised us that no reportable matters existed.

NOTE 4: LEASES

The Criminal District Court for the Parish of Orleans records items under capital leases as assets and obligations in the accompanying financial statements. Capital leases at December 31, 2018, consist of office equipment such as copiers, which are included in the fixed assets. No additional leases were acquired in the year 2018. The lease agreements provide for renewal and purchase options at the end of the lease term. The Court exercised its purchase option on capital leases at the end of the lease term. Accordingly, there were no future minimum lease payments due.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 5: CHANGES IN DUE TO VICTIM CASH BALANCE

A summary of changes in amounts Due to Victims cash balance are as follows:

ADDITIONS:

Deposits on behalf of Victims	\$ 801,431
Total Additions	\$801,431

DEDUCTIONS:

Disbursements to Victims	706,335
Other disbursements	1,450
Total Deductions	707,785
Change in Fiduciary Fund Balance	93,645

FIDUCIARY FUND BALANCE:

Beginning of Year	563,763
Fund Balance Adjustments	(50,985)
Ending of Year	\$ 606,423

NOTE 7: COLLATERALIZATION OF DEPOSITS

At December 31, 2018, the Criminal Court had cash balances totaling \$2,282,289. These deposits were secured from risk by federal deposit insurance at two financial institutions. Balances in excess of FDIC insurance limits were collateralized by the depository institution with pledged securities of the respective depository institutions. The pledged securities are held by the depository institution, in the name of the Criminal District Court.

NOTE 8: PROBATION ASSESSMENT, RESTITUTION AND COURT COST

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

NOTE 9: PENSIONS

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

A. Plan Description

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

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

1. Retirement Benefits

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

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

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Continued,

Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate.

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

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

2. Deferred Benefits

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

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

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

3. Disability Benefits

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

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

4. Survivor's Benefits

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

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

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

B. Employer Contribution Rates

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The employer contribution rate applicable to the employees of the Court include Judges and regular employees. The applicable contribution rates for the for the LASERS plan year ended June 30, 2018 was as follows:

Employee Category	Contribution Rate
Judges hired before 1/1/2011	40.10%
Judges hired after 12/31/2010	39.60%
Judges hired on or after 7/1/2015	39.60%
Regular employees hired before 7/6/2006	37.90%
Regular employees hired on or after 7/1/2006	37.90%
Regular employees hired on or after 1/1/2011	37.90%
Regular employees hired on or after 7/1/2015	37.90%

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

At December 31, 2018, the Court reported a liability of \$9,896,593 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2018 and included a reduction of (\$610,528) related to contributions to the Plan subsequent to the measurement date. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court's proportion share of the net pension liability was based on a projection of the Court's long-term share of contributions to the pension plans relative to the project contributions of all participating employers, actuarially determined. At June 30, 2018, the Court's proportion was .15407%. The Court recognized pension expense of \$857,786 representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

For the year ended June 30, 2018 the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	(\$117,827)
Changes in assumptions	106,918	
Difference between expected and actual experience	-	-
Net difference between projected and actual earnings on pension plan investments	136,243	-
Employer contributions subsequent to the measurement date	565,002	
	<u>\$ 808,163</u>	<u>(\$117,827)</u>

The deferred outflows related to employer contributions subsequent to the measurement date reported at \$565,002 will be recognized as a reduction of the net pension liability in the Court's fiscal year ended December 31, 2019 financial statements.

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

<u>Fiscal Year Ended June 30</u>	<u>Amount of Amortization</u>
2019	\$ 298,345
2020	122,220
2021	(256,777)
2022	(38,454)
	<u>\$ 125,334</u>

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

D. Schedule of Employer Allocations

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required projected employer contributions are the basis used to determine the proportionate relationship of each employer to all employers of Louisiana State Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for 2019 as compared to the total of all employers' projected contribution effort to the plan for the 2019.

The employers' projected contribution effort was calculated by multiplying the eligible base compensation of active members in the System on June 30, 2018 by 2019 employers' actuarially required contribution rates. Generally, eligible base compensation was based on the last month's payroll of the fiscal year ended June 30, 2018 multiplied by twelve. For active members not on the last month's payroll of the fiscal year the first month of the next fiscal year's payroll was used. The employers' projected contribution effort was actuarially determined by the System's actuary, Foster and Foster.

E. Actuarial Methods and Assumptions

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

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	6/30/2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 Years
Rate of Investment Return	7.75%
Inflation Rate	3%
Mortality	<p>Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.</p> <p>Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Termination, Disability and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Salary Increases

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

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

F. Cost of Living Adjustments

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

G. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.96% for 2017. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Expected Long Term Real Rates of Return	
<u>Asset Class</u>	<u>2018</u>
Cash	0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total Fund	5.40%

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

H. The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

I. Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.65%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease (6.65%)	Current 7.65%	1% Increase (8.65%)
2018 Employer's net pension liability	\$13,260,684	\$10,507,121	\$8,135,624

J. Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2018 were recognized as pension expense or benefit in the current reporting period except as follows:

1. Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$ 0 for the year ended June 30, 2018. Remaining deferred inflows resulting from this difference was (\$117,827) as of June 30, 2018.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

K. Contributions – Proportionate Share/Change in Proportionate Share

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 BUDGET COMPARISON SCHEDULE - RESTRICTED FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

Revenue	<u>Restricted Budget</u>	<u>Restricted Actual</u>
	\$ 4,462,100	\$ 3,355,219
Expenditures		
Salaries and Related Benefits	2,357,600	1,545,996
Travel	200	8,415
Legislative Expenses	-	-
Conferences and Legal Ed.	26,800	9,079
Internal Conferences	-	-
Ceremonies	-	101
Office Supplies	29,500	7,404
Fines and Fees	-	-
Cleaning Supplies	-	1,331
Law Books	-	-
Bottle Water	11,000	13,661
Jury Expenses	242,500	79,997
Telephone	3,000	9,135
Postage	20,000	18,300
Pest Control	1,100	900
Dues and subscriptions	-	-
Paper Supplies	21,200	9,587
Advertising	-	2,750
Building Maintenance & Repairs	3,600	1,939
Cleaning Services	-	1,500
Capital Outlay	3,000	-
Equipment Maintenance/Repairs	5,500	1,140
Lease Payments	144,500	223,650
Equipment Rentals	-	2,200
Professional & Contractual	1,328,800	1,075,859
Drug Testing Supplies	252,000	223,496
Coffee	7,500	8,285
Transcripts	-	-
Revolving Loan	-	-
Insurance	-	-
Miscellaneous	4,300	-
TOTAL EXPENDITURES	<u>\$ 4,462,100</u>	<u>\$ 3,244,725</u>

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
 BUDGET COMPARISON SCHEDULE - UNRESTRICTED FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues	Unrestricted Budget	Unrestricted Actual
Charges for Services	\$ 869,100	1,247,515
Grants and Intergovernmental Funds	3,307,752	3,786,819
Interest	12,000	18,639
Total Revenues	4,188,852	5,052,973
EXPENDITURES		
Salaries & Benefits	3,370,000	3,608,092
A-I Smart Bench/Scanning	201,752	-
Professional & Contractual	150,000	213,193
Conferences & Legal Education	50,000	15,103
Travel	500	33,299
Internal Conference	8,500	7,998
Office Supplies	51,000	49,392
Law Books	75,000	74,358
Coffee & Water	3,500	3,697
Telecommunications	36,000	32,458
Postage	7,000	6,179
Dues Subscriptions	9,000	8,606
Paper Supplies & Printing	30,000	22,448
Building & Equipment Maintenance	16,000	18,565
Lease Payments	36,000	26,752
Equipment Rentals	4,500	3,520
Drug Testing Supplies	112,000	40,542
Ceremonies	600	327
Advertising	1,000	3,382
Cleaning Service & Supplies	1,500	1,395
Insurance - Professional Liability	25,000	101,120
TOTAL EXPENDITURES	\$ 4,188,852	\$ 4,270,425

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

**CRIMINAL COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Criminal Court's Proportion of the Net Pension Liability	0.15407%	0.168810%	0.141830%	0.13801%
Criminal Court's Proportionate Share of the Net Pension Liability	\$ 10,507,121	11,882,248	11,137,196	9,386,491
Criminal Court's Covered-Employee Payroll	\$ 4,181,282	5,054,157	5,099,260	5,487,217
Criminal Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	251%	235%	218%	171%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.51%	64.79%	60.63%	27.52%

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

**CRIMINAL COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Contractually Required Contribution	\$ 1,123,873.00	1,019,192	1,140,453	1,002,859
Contributions in Relation to the Contractually Required Contribution	51,006	53,605	62,167	65,106
Contribution Deficiency/(Excess)	\$ 1,072,867	\$ 965,587	\$ 1,078,286	\$ 937,753
Covered-Employee Payroll	\$ 4,181,282	5,054,157	5,099,260	5,487,217
Contributions as a Percentage of Covered-Employee Payroll	1.22%	1.06%	1.22%	1.19%

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
Summary of Auditors' Results
Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness (es) identified?	<u> X </u> yes	___ no
Significant deficiency(s) identified not considered to be material weaknesses?	<u> X </u> yes	___ no

Noncompliance material to financial statements noted? X yes ___ no

Federal Awards

Internal control over major programs:

Material weakness (es) identified?	___ yes	<u> X </u> no
Significant deficiency(s) identified not considered to be material weaknesses?	___ yes	<u> X </u> no

An unqualified opinion was issued on compliance.

Any audit findings disclosed that are required to be

Reported in accordance with *Uniform Guidance* ___ yes X no

The major program for the year ended December 31, 2018 was as follows:

1. Temporary Assistance to Needy Families (TANF) - CFDA 93.558

Auditee did not qualify as a low-risk auditee.



Luther Speight & Company
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Criminal District Court for the Parish of Orleans (the Court), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements and have issued our report thereon dated June 6, 2019.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 18-01 and 18-03 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 18-02 and 18-04 to be significant deficiencies.

Continued,

Compliance and Other Matters

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

Management's Response to Findings

The Court's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Luther Speight & Company CPAs

New Orleans, Louisiana

June 6, 2019



Luther Speight & Company
Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Federal Program

We have audited the Criminal District Court for the Parish of Orleans' (the Court) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Court's major federal programs for the year ended December 31, 2018. The Court's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Court, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Continued,

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

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

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

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

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



Luther Speight & Company CPAs

New Orleans, Louisiana

June 6, 2019

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass through Grantor	CFDA No.	Name of Program	Grant No.	Name of Grant	Total Awards Expended
U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Substance Abuse & Mental Health Services Administration	93.243	Substance Abuse & Mental Health Services	5H79TI026056-03	SAMSHA	\$ 157,488
U.S.DEPARTMENT OF JUSTICE					
Passed through: State of Louisiana - Louisiana Commission on Law Enforcement and Administration	93.558	Supreme Court Drug Court	N/A	Temporary Assistance to Needy Families (TANF)	1,475,874
Victim Assistance Program	16.575	VOCA via LCLE	2016-VA-02-3906	Domestic Violence Program 9	158,791
Victim Assistance Program	16.575	VOCA via LCLE	2017-VA-02-4259	Domestic Violence Program 9	37,748
TOTAL					<u><u>\$ 1,829,901</u></u>

The accompanying notes are an integral part of this statement.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
DECEMBER 31, 2018**

NOTE 1 – BASIS OF ACCOUNTING

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

**FINDING #2018-01 AGING RESTITUTION FUNDS NOT RECONCILED AND
UNABLE TO BE DISBURSED TO UNLOCATED VICTIMS**

CRITERIA:

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

CONDITION:

As of December 31, 2018 the Court reported cash on hand that represented amounts "Due to Victims" totaling \$598,923. The Court maintains a computerized database that includes the funds that have been ordered by the Judges as "Due to Victims". The software program was outdated and did not have adequate capabilities to allow for proper reconciliation of the cash on hand to the total of the amounts due to victims.

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

MANAGEMENT RESPONSE:

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

**FINDING #2018-02 TIMESHEETS NOT MAINTAINED FOR EMPLOYEES ASSIGNED
TO SECTIONS OF COURT**

CRITERIA:

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

CONDITION:

The employees assigned to the various Sections of the Court did not prepare timesheets indicating their time and attendance. These employees work under the supervision of the respective Judges. Of the sample of 40 payroll transactions we tested during the audit, we were not provided timesheets for 18 of the employees.

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

MANAGEMENT'S RESPONSE:

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

**FINDING #2018-03 CONTROLS OVER CAPITAL ASSET INVENTORY NOT
ADEQUATE**

CRITERIA:

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

CONDITION:

The Court implemented a new general ledger software program during 2018, however the capital asset module was not implemented. We were provided capital asset subsidiary records, however the Court did not perform a capital asset inventory to determine the accuracy and completeness of the inventory reports.

CAUSE:

The Court had not completed its implementation of the financial management software to include the capital asset module. The Court's administrative procedures did not include periodic physical inventory of capital assets.

EFFECT:

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

RECOMMENDATION:

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

MANAGEMENT'S RESPONSE:

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

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FINDING NO. 2018-04: IMPROPER BANK RECONCILIATION PROCEDURES

CRITERIA:

Generally accepted accounting principles and accounting best practices require that bank reconciliations be performed monthly for all cash accounts. Proper bank reconciliation preparation requires outstanding transactions to be researched and resolved on a timely basis.

CONDITION:

During our review of the entity's bank reconciliations, we noted one bank account included 116 checks totaling \$3,434 that remained outstanding in excess of one (1) year.

CAUSE:

The entity's bank reconciliation procedures did not provide for adequate review, research and resolution of aged outstanding transactions.

EFFECT:

The financial statement balances may be misstated as a result of adjustments required to resolve the aged outstanding checks.

RECOMMENDATION:

We recommend that the entity research and resolve bank reconciling items that have not cleared on a timely basis.

MANAGEMENT RESPONSE:

The Court will void all checks that have aged more than 90 days.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS

**STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Finding #	Description	Resolved/Unresolved
2017-01	Aging Restitution Funds Not Reconciled and Unable to be Disbursed to Unlocated Victims	Unresolved
2017-02	Timesheets Not Maintained for Employees Assigned to Sections of Court	Unresolved
2017-03	Controls Over Capital Asset Inventory Not Adequate	Unresolved
2017-04	General Ledger Conversion Not Fully Implemented	Unresolved

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF AGENCY HEAD COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2018

Purpose	Judge White	Judge Flemings-Davillier	Judge Willard	Judge Bonin	Judge Landrum-Johnson	Judge Pittman	Judge Williams	Judge Buras	Judge Herman	Judge Derbigny	Judge Hunter	Judge Ziblich	Judge Cantrell
Salary	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82	\$150,380.82
Benefits- Medical	\$10,637.76	\$11,108.16	\$11,108.16	\$6,321.84	\$2,197.92	\$11,108.16	\$0.00	\$11,108.16	\$7,352.74	\$6,081.36	\$10,637.76	\$0.00	\$6,081.36
Benefits - Life (OGB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$0.00	\$0.00	\$267.12	\$0.00	\$0.00	\$0.00
Benefits- Retirement	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$58,740.12	\$57,392.94	\$0.00	\$58,740.12	\$58,740.12	\$20,309.76	\$57,392.94	\$58,740.12
Benefits-Liability Ins.	\$10,409.51	\$3,531.35	\$3,531.35	\$2,616.01	\$2,616.01	\$9,562.32	\$12,450.94	\$7,620.50	\$3,139.21	\$13,745.84	\$7,534.52	\$2,616.01	\$2,591.89
Medicare	\$2,085.06	\$2,078.28	\$2,078.28	\$2,149.98	\$2,161.92	\$2,066.16	\$2,179.79	\$2,079.96	\$2,132.89	\$2,108.87	\$2,085.06	\$2,180.52	\$2,151.12
Travel	0	0	0	0	0	0	0	0	0	0	0	0	0
Car Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	20	25	0
Registration Fees & Continuing Education Travel	4,137	340	5,270	582	489	2,493	1,703	4,733	1,100	3,776	3,375	4,664	5,110
Cell Phones	2,025	667	0	1,274	2,648	577	470	577	577	1,823	0	523	1,443
Special Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
Dues	931	850	375	50	350	830	250	0	0	390	830	630	915
	\$239,345	\$227,696	\$231,484	\$222,115	\$219,584	\$235,758	\$224,877	\$176,500	\$223,423	\$237,313	\$195,173	\$218,413	\$227,413

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

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



Luther Speight & Company
Certified Public Accountants and Consultants

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

**AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**



Luther Speight & Company
Certified Public Accountants and Consultants

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

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

Results: *We noted no findings in this section for the year ended December 31, 2017. Therefore, we determined this section was not necessary for the year ended December 31, 2018.*

Board or Finance Committee

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

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

Management's Response: *The Court does not maintain minutes of its Executive Sessions.*

Bank Reconciliations

- 2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: *All bank reconciliations have been prepared within 2 months of the statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: From the sample of 5 bank accounts, we noted the preparer's initials on each bank reconciliation.

Management's Response: Management often prepares the bank reconciliations and thus you may see a single signature. In other instances where staff is preparing the bank reconciliations, management will sign off to indicate that those have been reviewed.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: We noted one of the bank accounts in the sample had 116 checks that were dated over 12 months, for a total of \$ 3,433.89. We noted in our review of the reconciling items for each bank account that some stale checks have been voided, which shows evidence that they are researching older reconciliations.

Management's Response: Management will continue to review stale dated checks on all accounts in a timely manner and eliminate those stale dated checks from our outstanding check records.

Collections

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

Results: Listing of locations and managements' representation were obtained. (1st floor of courthouse building and main office)

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Results: We noted that the employees that collect cash do not share cash drawers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: *We noted that the employees that collect cash do not make the bank deposits.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: *We noted that the employees that collect cash do not post entries to the general ledger. All entries are posted by the accounting department.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: *We noted that the employees that collect cash do not reconcile the bank accounts. All reconciliations are performed by the accounting department.*

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

Results: *We noted that the employees that collect cash are not bonded.*

Management's Response: Management feels that our system of checks and balances in our cash collections department allows us to detect in a timely manner any discrepancies within the department. We will, however, consider the cost benefit of adding bonding insurance on the employees in our cash collection department.

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: *No exceptions noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: *No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

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

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: We noted the Court has adequate segregation of duties in their purchasing process.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: We noted the Court has adequate segregation of duties in their purchasing process.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: *We noted the Court's new accounting system allows management to determine individual user access. The Court worked with the software representative to make sure the employee that processes the payment is not able to add new vendors.*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: *We noted the Court has adequate segregation of duties in their purchasing process.*

9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

Results: *We noted in our testing that the recorded disbursements matched the supporting invoice/billing statement for the entire sample.*

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *We noted evidence of adequate segregation of duties in the Court's purchasing process.*

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

Results: *We noted no exceptions in the credit card testing for the year ended December 31, 2017. Therefore, we determined that testing credit cards for the year ended December 31, 2018 was not necessary.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

10. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Results: *Listing of all travel expenses and management's representation was obtained.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: *Per diems were not used in our sample selection.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: *All travel costs were supported by itemized receipts. No exceptions noted.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: *Business purpose was documented for each transaction in the sample. No findings noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *All travel expense reimbursements were approved by appropriate personnel.*

Contracts

11. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: *We noted that all contracts selected were not subject to the Louisiana Public Bid Law.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Results: *The Court does not maintain minutes of its Executive Sessions so evidence of approval was not obtained.*

Management's Response: The judges of the Court meet monthly but does not record minutes of its meetings.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Results: *We noted that of the one contract that was amended, the original contract terms provided for an amendment.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *No findings noted.*

Payroll and Personnel

Results: *We noted no exceptions in the Payroll testing for the year ended December 31, 2017. Therefore, we determined that testing Payroll for the year ended December 31, 2018 was not required.*

Ethics

Results: *We noted no exceptions in the Ethics testing for the year ended December 31, 2017. Therefore, we determined that testing Ethics for the year ended December 31, 2018 was not required.*

Debt Service

Results: *The Court does not have debt. Section is not applicable for the year ended December 31, 2018.*

Other

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

Results: No misappropriations of public funds and assets were noted.

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

Results: No exceptions noted.

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

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



Luther Speight & Company CPAs
New Orleans, Louisiana
June 6, 2019