

This information is intended solely for the use of Legislative Auditor and management of Criminal District Court for the Parish of Orleans and should not be used for any other purpose.



Henry L. Ellis,  
Certified Public Accountant

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Criminal District Court for the Parish of Orleans that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Criminal District Court for the Parish of Orleans's financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Consultations with Other Independent Accountants

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 30, "Reports on the Application of Accounting Principles".

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year to retention as the Criminal District Court for the Parish of Orleans auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

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June 24, 1997

Honorable Frank A. Morallo, Jr., Chief Judge  
Criminal District Court for the Parish of Orleans  
New Orleans, Louisiana

MANAGEMENT LETTER

We have audited the general purpose financial statement of Criminal District Court for the Parish of Orleans for the year ended December 31, 1996, and have issued our Report thereon dated June 24, 1997. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 22, 1996, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Criminal District Court for the Parish of Orleans. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Criminal District Court for the Parish of Orleans are described in Note 1 to the general purpose financial statement. No new accounting policies were adopted and the application of existing policies was not changed during 1996. We noted no transactions entered into by Criminal District Court for the Parish of Orleans during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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June 24, 1997

Honorable Frank A. Marullo, Chief Judge  
Criminal District Court for the Parish of Orleans  
New Orleans, Louisiana

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

We have audited the general purpose financial statements of the Criminal District Court for the Parish of Orleans, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 24, 1997.

In connection with our audit of the general purpose financial statements of the Criminal District Court for the Parish of Orleans, and with our consideration of the Criminal District Court for the Parish of Orleans' control structure used to administer federal financial assistance programs, as required by Office of Management and Budget, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996.

As required by OMB, we have performed auditing procedures to test compliance with the requirements governing types of service allowed or unallowed; eligibility; matching, level of effort, or cost-sharing; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Criminal District Court for the Parish of Orleans, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Criminal District Court for the Parish of Orleans, had not complied in all material respects with these requirements.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Certified Public Accountant  
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Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that reportable conditions described above are material weaknesses.

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We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Court's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

During our examination, we noted the following reportable conditions in the accounting records, system and the related internal accounting controls:

During compliance testing, the following exceptions were noted:

- a. Purchase orders are not always being utilized in the appropriate manner.

Management of the Criminal District Court for the Parish of Orleans has informed us that all judges authorized to sign purchase orders will be made aware of the proper policies and procedures associated with the use of purchase orders.

- b. During our physical examination of the General Fixed Assets (Property and Equipment items) we noted the following:

- (a) Numerous items were located without appropriate property and equipment number affixed thereon.
- (b) Some items were found to be off premise without notation of such fact, and
- (c) Unable to locate all selected items.
- (d) Subsidiary records not reconciled to control.

Management is currently updating systems so as to allow for "the bar code" system. Arrangements have also been made so as to appoint one responsible person from each different section of the court to work with the fixed asset clerk so as to maintain the accuracy of asset locations. Further, the fixed asset clerk, based upon installation of one of the earlier noted systems, will arrange for periodic inspection of each section so as to maintain accountability and reconciliation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The management of the Criminal District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements	Specific Requirements
- Political activity	- Matching, level of effort
- Civil rights	- Types of services
- Cash management	
- Allowable Costs/Cost Principles	
- Drug Free Workplace	

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1994, the Criminal District Court had no major federal financial assistance programs and expended 89 percent of its total federal financial assistance under the Special Narcotics Enforcement Project, a major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-119, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned major program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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CRIMINAL DISTRICT COURT  
NEW ORLEANS, LOUISIANA  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED DECEMBER 31, 1996

June 24, 1997

Honorable Frank A. Marullo, Jr., Chief Judge  
Criminal District Court for the Parish of Orleans  
New Orleans, Louisiana

We have audited the general purpose financial statements of the Criminal District Court as of and for the year ended December 31, 1996, and have issued our report thereon dated June 24, 1997. We have also audited the Criminal District Court's compliance with the general and specific requirements applicable to federal financial assistance programs and have issued our reports thereon dated June 24, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audits for the year ended December 31, 1996, we considered the internal control structure of the Criminal District Court in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated June 24, 1997.



SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Criminal District Court For  
The Parish of Orleans

For the year ended December 31, 1996

Federal grantor/ Pass-Through grantor/ Program Title	CSBA	Program or Award Amount	Federal Portion	Revenues	Expenditures
U.S. Department of Justice	14.579				
Passed through State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice:					
Intensive, Probation, Supervision, Program					
12/1/96-4/30/98		\$ 93,873.00	\$ 60,850.00	\$ 60,850.00	\$ 60,850.00
5/1/95-4/30/96		230,940.00	170,000.00	170,000.00	170,000.00
5/1/96-4/30/97		226,467.00	170,000.00	165,094.00	165,094.00
Drug Testing Enhancement (Court Delay)					
6/1/95-5/31/96		\$ 60,371.00	\$ 60,100.00	\$ 60,100.00	\$ 60,100.00
5/1/96-4/30/97		92,371.00	60,100.00	51,450.00	51,450.00

occasions. During the year ended December 31, 1984, the Criminal District Court for the Parish of Orleans has expensed \$264.70 for such flowers. Although considered immaterial to the overall general purpose financial statement, the court has agreed to discontinue this practice in the future.

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June 24, 1995

Honorable Frank A. Marullo, Jr.  
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New Orleans, Louisiana

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
LAW AND REGULATIONS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the combined financial statements of the Criminal District Court for the Parish of Orleans and the combining financial statements as of and for the year ended December 31, 1994, and have issued our report thereon dated June 24, 1995.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Criminal District Court for the Parish of Orleans, is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the court's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Legislative revised statutes require the Criminal District Court for the Parish of Orleans to comply with regulations relating to adoption of a budget. The Criminal Court has not complied with those regulations for the year ended December 31, 1994. Criminal District Court for the Parish of Orleans plans to comply in the future.

An interpretation issued by the attorney general's office indicates that governmental funds should not be utilized for the acquisitions of flowers associated with funerals and other

Management is currently updating systems so as to allow for "the bar code" system. Arrangements have also been made so as to appoint one responsible person from each different section of the court to work with the fixed asset clerk so as to maintain the accuracy of asset locations. Further, the fix asset clerk, based upon installation of the earlier noted system, will arrange for periodic inspection of each section so as to maintain accountability and reconciliation.

This report is intended for the information of management and the legislative Auditor of the State of Louisiana. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.



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we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

During our examination, we noted the following reportable conditions in the accounting records, system and the related internal accounting controls:

- a. Purchase orders are not always being utilized in the appropriate manner.

Management of the Criminal District Court for the Parish of Orleans has informed us that all judges authorized to sign purchase orders will be made aware of the proper policies and procedures associated with the use of purchase orders.

- b. During our physical examination of the General Fixed Assets (Property and Equipment items) we noted the following:
  - (a) Numerous items were located without appropriate property and equipment numbers affixed thereon.
  - (b) Some items were found to be off premise without notation of such fact, and
  - (c) Unable to locate all selected items.
  - (d) The subsidiary listing is not reconciled to the general ledger.

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**CRIMINAL DISTRICT COURT  
NEW ORLEANS, LOUISIANA  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 1996**

June 24, 1997

Honorable Frank A. Marallo, Jr., Chief Judge  
Criminal District Court for the Parish of Orleans  
New Orleans, Louisiana

We have audited the general purpose financial statements of the Criminal District Court as of and for the year ended December 31, 1996, and have issued our report thereon dated June 24, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Criminal District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Criminal District Court for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure,

SUPPLEMENTAL INFORMATION

Criminal District Court For  
The Parish of Orleans

December 13, 1990

PROBATIONAL ASSESSMENT, RESTITUTION AND  
COURT COST AGENCY FUND

The Probational Assessment and Restitution Agency 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. Probational assessments are paid upon collection to the criminal sheriff of Orleans Parish as provided by Louisiana Revised Statute 15:578.11 (D).

The Court Cost Agency Fund collects all costs assessed against defendants pursuant to Louisiana Revised Statute 15:577 (B) effective September 1, 1991. Payments are distributed monthly to the other agencies which participate in the amount of court costs assessed.

#### **INTENSIVE PROBATION**

The Intensive Probation Fund represents a federal grant from the U.S. Department of Justice passed through the State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice. The purpose of the funding is to provide a sentencing option in lieu of incarceration for those offenders who require greater supervision than regular probation.

#### **SOCIAL SERVICES**

The Social Services Fund represents a grant received from the State of Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse. The purpose of the Fund is to perform drug testing on criminal justice offenders.

#### **REPAIRS/FUNDS**

The Criminal Court's Restorations, Inc. Fund represents a non-profit corporation established exclusively for the purpose of restoring, preserving and maintaining the art work, sculptural relief and the architectural design and integrity of the Criminal Court's building.

#### **TARGET CITIZEN**

The Target Citizen Fund represents a grant received from the State of Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse. The purpose of the Fund is to give priority to pregnant women drug addicts as to outreach activities and counseling.

#### **STATE JUSTICE FUND**

The State Justice Fund represents a grant received from the State Justice Institute (a private foundation). The purpose of the fund is to perform specialized services for women in the adult criminal justice system by implementing screening, assessment and case management, targeting and managing women in the New Orleans Criminal Justice System, including drug testing and alternatives to incarceration.

#### **COURT DELAY**

The Court Delay Fund represents a federal grant from the U.S. Department of Justice passed through the State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice. The purpose of the funding is to enhance drug testing and support overall delay reduction efforts by lowering re-arrest rates, failure to appear rates and supporting the screening process.



SUPPLEMENTAL INFORMATION

Criminal District Court For  
The Parish of Orleans  
For the year ended December 31, 1996

SPECIAL REVENUE FUNDS

INDIGENT TRANSCRIPT FUND

As provided by Louisiana Revised Statute 13:1381.1, the Indigent Transcript Fund accounts for the costs assessed every non-indigent defendant who is convicted by trial or enters a plea of guilty or forfeits bond. The funds are collected by the Orleans Parish Criminal Sheriff's Office as a part of court costs and remitted to the Indigent Transcript Fund. The Proceeds are used solely to compensate court reporters for the preparation of transcripts for indigent defendants. Payments are made to court reporters when funds are available.

SANITY COMMISSION FUND

The Sanity Commission Fund was established by the chief judge to help pay the costs of determining certain defendant's mental condition. These costs are financed by grants from the State Supreme Court.

JUDICIAL EXPENSE FUND

As provided by Louisiana Revised Statute 13:1381.4, the Judicial Expense Fund accounts for the costs assessed every defendant who is convicted by trial or enters a plea of guilty or forfeits bond. Costs assessed in criminal cases are collected by the Orleans Parish Criminal Sheriff's Office as a part of court costs and remitted to the Judicial Expense Fund. The City of New Orleans collects costs assessed in civil and traffic courts and remits the funds to the Judicial Expense Fund. No salaries may be paid from the Judicial Expense Fund to any judges of the court.

BOARD OF JURY COMMISSIONERS

The Board of Jury Commissioners for the Parish of Orleans was established under the provisions of Article 401 of the Code of Criminal Procedure to provide for the administration of a central jury pool for the Orleans Parish Criminal District Court. This program is funded by the City of New Orleans and State of Louisiana grants.

**FINANCIAL FUNDS - PROBATIONARY  
ASSESSMENT, RESTITUTION, AND COURT COST ADOPT FUND**

Criminal District Court For  
The Parish of Orleans

Year ended December 31, 1998  
Schedule of Charges in Cash Balances

<b>BALANCE AT BEGINNING OF YEAR</b>	<b>\$ 8,728.07</b>
<b>ADDITIONS</b>	
Restitution	121,991.67
Probation assessments	1,155.00
Court Costs	188,202.43
Total additions	311,349.10
Total	320,077.17
<b>DEDUCTIONS</b>	
Payments to victims	218,981.50
Payments to other funds and agencies	292.21
Total deductions	219,273.71
<b>BALANCE AT END OF YEAR</b>	<b>\$ 14,998.46</b>







Supreme Court. The following amounts were paid to Judges from funds of Orleans Parish Criminal District Court for per diem.

Judge	Amount
Frank A. Marullo, Jr.	\$3000.00
Patrick G. Quinlan	400.00

**Note 3 CHANGES IN GENERAL LONG-TERM  
OBLIGATIONS**

The following is a summary of the long-term obligation transactions during the year:

	Capital Leases
Long-term obligations at January 1, 1994	\$30,919.94
Additions	31,400.00
Reductions	\$15,118,286
Long-term obligations at December 31, 1994	<u>\$47,201.70</u>

**Note 4 CONTINGENT LIABILITY**

Payments are made to court reporters from the Indigent Transcript Special Revenue Fund by the order of the judges of the Criminal Court for the preparation of indigent transcripts. These payments are contingent on funds being available. At December 31, 1994, court reporters have accumulated \$22,493.58 in unpaid invoices. This unpaid amount in the Indigent Transcript Special Revenue Fund has not been recognized as a liability at December 31, 1994, because as provided in Louisiana Revised Statute 13:1381.1(C) payments to court reporters will be determined by the judges of the Criminal Court.

The Criminal Court is a defendant in several separate pending litigation items, the outcome of which is uncertain. No provision has been made in the appended financial statements regarding these matters.

**Note 5 STATE SUPREME COURT BUILDING**

No. 92-EK-1503 date September 9, 1993 - attorneys are now entitled to fees for indigent defense.

No. 93-EK-2515 and 93-EK-2654 - consolidated with NO. 93-EK-2589 - a district court can order the local government of the parish where the cases are being tried to defray necessary defenses surrounding indigent defense, first through the Criminal Court Fund.

**Note 16**

During the year ended December 31, 1994, certain judges of criminal District Court for the Parish of Orleans were paid travel per diem from court funds. Other judges choose to receive travel reimbursement exclusively from funds of the State of Louisiana

**Note 4 POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Board of Jury Commissioners for the Parish of Orleans provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the board's employees become eligible for these benefits after they complete ten years of service and reach normal retirement age while working for the board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the board. The total cost of providing health care and life insurance benefits to both active and retired employees for the fiscal year ended December 31, 1996 was \$48,513.72.

**Note 5 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, 1996, consist of a copier and other office equipment which are included in the fixed assets at \$10,388.89.

The following is a summary of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of December 31, 1996.

Fiscal Year	Future Minimum Lease Payments	Interest	Present Value
1997	\$27,170.81	\$3,733.94	\$23,001.11
1998	6,328.44	848.38	5,378.34
1999-2001	3,580.88	2,718.31	4,342.86
Total	<u>\$37,080.13</u>	<u>\$ 6,485.72</u>	<u>\$ 30,594.41</u>

The lease agreements provide for renewal and purchase options at the end of the lease term. The lessee may renew the lease for one year at the same price as the original lease or the lessee may purchase the equipment for an amount as specified in the lease agreement.

**Note 6 CHANGES IN AGENCY FUND BALANCE**

A summary of changes in Probationary Assessment, Institution and Court Cost Agency Fund Cash Balances follows:

Balance at beginning of year	\$ 8,108.07
Additions	329,439.10
Reductions	<u>(217,189.72)</u>
Balance at end of year	<u>\$ 18,367.45</u>



statements are captioned Memorandum Only (overview) to indicate that they 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. Interfund eliminations have not been made in the aggregation of this data.

**Note 2 CARRIES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets, which consists of furniture and equipment follows:

Balance, January 1, 1996	\$ 794,243.76
Additions	131,784.82
Deletions	-
	<hr/>
Balance, December 31, 1996	<u>\$1,126,028.58</u>

**Note 3 PENSION PLANS**

**Plan description** The Criminal Court contributes to the Louisiana State Employees' Retirement System (LSERS) and Louisiana Clerks of Court Retirement and Relief Fund (LCCRF), a cost-sharing multiple-employer defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LSERS and LCCRF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LSERS and LCCRF. These reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70894-4213.

**Funding policy** Plan members are required to contribute a portion of their annual covered salary and Criminal Court is required to contribute at actuarially determined rates as follows:

	Employee	Employer
LSERS < thru June 30, 1996 >	7.58%	12.00%
LSERS < after June 30, 1996 >	7.58%	12.40%
LCCRF < thru June 30, 1996 >	8.25%	11.50%
LCCRF < after June 30, 1996 >	8.25%	11.00%

The contribution requirements of plan members and Criminal Court are established and may be amended by the LSERS and LCCRF. The Criminal Court contributions to LSERS and LCCRF for the year ending December 31, 1996 are as follows:

LSERS	\$34,334.38
LCCRF	\$87,933.66

#### **C. COMPENSATED ABSENCE**

Employees of the Criminal District Court for the Parish of Orleans and the Board of Jury Commissioners earn, depending on their years of service, from one to four weeks of vacation leave each year, which does not accumulate or vest. Sick leave is not earned, but is granted as needed. 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

Effective July 1, 1989, the employees of the Board of Jury Commissioners relinquished their civil service status in favor of annual raises. This action was concurred by the judges en banc. The result reduced employee accumulated leave for vacation and sick leave to zero and reduced the related liability for accrued leave payable to zero. Employees of the Board of Jury Commissioners currently abide by the compensated absence policy of the Criminal District Court for the Parish of Orleans.

#### **D. 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, excess coverage is provided by the risk pool through commercial insurance carriers.

Health and accident coverage is provided to employees of the Criminal District Court for the Parish of Orleans independent of the risk pool.

#### **1. TOTAL COLUINS ON GENERAL PURPOSE FINANCIAL STATEMENTS**

The total columns on the general purpose financial

**D. BUDGET PRACTICES**

The Criminal District Court for the Parish of Orleans did not adopt a budget for the year ended December 31, 1996.

**E. CASH AND CASH EQUIVALENTS**

Under state law, the original court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. As December 31, 1996, the Criminal District Court for the Parish of Orleans had cash and cash equivalents totaling \$890,839.64 as follows:

Demand deposits	\$ 37,352.08
Money market accounts	<u>853,487.56</u>
Total	<u>\$ 890,839.64</u>

These deposits are stated at cost, plus accrued interest which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at December 31, 1996, are secured as follows:

Bank balances	\$ 972,043.24
Federal deposit insurance	<100,000.00>
Pledged securities (Category 3)	<u>&lt;1,081,922.12&gt;</u>
Total excess collateral	<u>\$ &lt;209,908.53&gt;</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledge securities within 15 days of being notified by the criminal court that the fiscal agent has failed to pay deposited funds upon demand.

**F. 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.

**B. GENERAL FIXED ASSETS AND  
LONG-TERM OBLIGATIONS**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds. Approximately 80 per cent of fixed assets are valued at actual cost, while the remaining 20 per cent are valued at estimated biological cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group, not in the governmental funds. The general debt accounts for capital leases of the general fund in the general long-term obligations account group.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Governmental funds are accounted for using a flow of current financial resources measurement focus. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Court costs, fines and forfeitures, probation assessments, transcript fees, and grants are recorded in the year they are measurable and available. Interest earned is recorded when the interest is available.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term leases, which are recognized when due.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

Based on the previous criteria, the Criminal Court has determined that the Board of Jury Commissioners for the Parish of Orleans (Board) is a component unit of the criminal court. Although the governor appoints the jury commissioners, the criminal court is the designated management of the board, has the ability to significantly influence operations of the board, and is responsible for fiscal matters. In addition, the board's scope of public service is within the jurisdiction of the criminal court. The board's fiscal year ends on June 30.

Further, based upon the expanded criteria by GASB, beginning with December 31, 1999 it has been determined that the Criminal Court's Remissionco, Inc. is also a component unit of the criminal court system.

#### **A. FUND ACCOUNTING**

The accounts of the criminal court are organized on the basis of funds and account groups, 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 equity, 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 operating activities are controlled. The funds presented in the general purpose financial statements are described as follows:

##### General Fund

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

##### Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted in expenditures for specified purposes. In addition, the General Fund of the Board of Jury Commissioners and the Remissionco, Inc. (component units) are reported as special revenue funds.

##### Probational Assessment, Restitution and Court Cost Agency Funds

The Probational 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 operations.

## NOTE TO FINANCIAL STATEMENT

### Criminal District Court For The Parish of Orleans

December 31, 1990

#### 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 eleven 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 13:1336 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 eleven judges sitting on bench, 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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. GASB has issued a codification of governmental accounting and financial reporting standards (1992). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

GASB Codification Section 2100 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, the Criminal District Court for the Parish of Orleans included all funds, account groups, activities, clusters, that are controlled by the judges as well 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

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

Criminal District Court for  
the Parish of Orleans

FOR THE YEAR ENDED DECEMBER 31, 1984  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1983

REVENUES	General Fund	Special Revenue Fund	Totals (Interim/Book Only)	
			1984	1983
Court Costs	\$ 16,948.84	\$ 13,614.53	\$ 30,563.37	\$ 30,563.37
Fines & Penalties	874,863.29	570,528.12	1,445,391.41	1,349,148.17
PROBATION ADMINISTRATIVE	210,564.71	210,861.54	421,426.25	814,380.16
Trademark fees	-	84,588.28	84,588.28	71,113.00
Grants:				
CITY of New Orleans	894,510.00	-	894,510.00	894,426.00
State of Louisiana	41,388.88	955,871.80	1,397,260.68	888,526.45
State Supreme Court	163,168.24	129,888.88	293,057.12	133,807.50
Private Foundation	-	4,824.93	4,824.93	160,812.80
Interest earnings	17,592.83	25,762.18	43,355.01	40,561.71
Misc Income	-	2,528.58	2,528.58	1,220.80
Total Revenues	2,262,902.69	1,982,935.97	4,245,838.66	4,078,485.98
EXPENDITURES				
Salaries and related benefits	2,189,246.71	789,340.90	2,978,587.61	2,822,186.25
Travel	20,873.64	5,488.83	26,362.47	8,682.87
Contractual services	318,344.85	174,889.25	493,234.10	478,981.75
Materials & supplies	384,124.88	83,439.81	467,564.69	332,828.43
Telephone	80,788.50	387,564.30	468,352.80	88,473.80
Capital outlay	187,872.48	95,813.88	283,686.36	83,514.81
Conferences	22,328.81	4,812.84	27,141.65	188,511.82
Total expenditures	2,912,147.82	1,361,840.61	4,273,988.43	3,850,828.93
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>350,754.87</u>	<u>621,095.36</u>	<u>971,850.23</u>	<u>227,657.05</u>
OTHER FINANCIAL SOURCE (USE)				
Operating				
Transfers in	888,838.80	448,285.40	1,337,124.20	428,988.25
Operating	<u>548,744.81</u>	<u>674,278.80</u>	<u>1,223,023.61</u>	<u>648,686.50</u>
Transfers and misc other				
financing sources (uses)	<u>381,878.00</u>	<u>631,215.00</u>	<u>1,013,093.00</u>	<u>1,218.25</u>
ENDING DEFICIENCY OF REVENUES OVER OTHER FINANCIAL SOURCE (USE)	<u>464,863.47</u>	<u>84,438.89</u>	<u>549,302.36</u>	<u>329,728.21</u>
FUND BALANCES, BEGINNING OF YEAR	<u>548,135.87</u>	<u>120,262.63</u>	<u>668,398.50</u>	<u>984,426.89</u>
FUND BALANCES, END OF YEAR	<u>1,013,028.94</u>	<u>204,701.52</u>	<u>1,217,730.46</u>	<u>1,314,154.90</u>

The accompanying notes are an integral part of this statement.



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

December 31, 1896

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 30 1987



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# HENRY SILVIA

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State of Louisiana, Parish of Orleans  
Notary Public  
My Comm. Expires 12/31/97

## INDEPENDENT AUDITOR'S REPORT

June 24, 1997

Honorable Frank A. Marullo, Jr., Chief Judge  
Criminal District Court for the Parish of Orleans  
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the Criminal District Court for the Parish of Orleans as of December 31, 1996 and for the year ended, as listed in the table of contents. These financial statements are the responsibility of management of the Criminal District Court for the Parish of Orleans. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully discussed in the appended notes, the Criminal District Court for the Parish of Orleans has a contingent liability of \$22,493.30 for unpaid invoices due to the court reporters for the preparation of transcripts for indigent. The payments of these unpaid invoices is contingent on funds being available and approval of the Judges, and, accordingly, no provisions for any liability that may result has been made in the accompanying general purpose financial statements.

We were unable to obtain the audited financial statements supporting the financial activities of the general fixed asset account group, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the general fixed asset account group and represent 100 percent of such asset. The Criminal District Court for the Parish of Orleans has discontinued its manual accounting system regarding the general fixed asset account group and is in the process of implementing a computerized bar code system, at the time of this audit, neither system was available for

audit. The court does continue to implement the new system and expects such system to be available for the next year audit.

Additionally, because of the lack of response by the Louisiana Attorney General's Office to our confirmation, regarding, contingent liabilities, we are unable to disclose all potential contingent liabilities.

Further, The Criminal District Court for the Parish of Orleans has not complied with revised statutes regarding the budget process. Therefore, we were unable to disclose budget comparison to actual performance.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been in possession of the above noted items or had been able to satisfy ourselves as to those exceptions by other auditing procedures, the general purpose financial statement referred to above present fairly, in all material respects, the financial position of the Criminal District Court for the Parish of Orleans, as of December 31, 1996 and results of its operations for the year then ended in conformity with generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The combining balance sheets and statements of revenues, expenditures and changes in fund balances of the individual special revenue and fiduciary funds, together with the schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Criminal District Court for the Parish of Orleans. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Governmental Auditing Standards, we have also issued a report dated June 24, 1997 on our consideration of the Criminal District Court for the Parish of Orleans internal control structure and on its compliance with laws and regulations.

Respectfully submitted,

Receipt Acknowledged  
Legislative Auditor

By *K. Alcock*

  
Certified Public Accountant  
A Professional Corporation

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1953

Original figures shown for the period of January 1, 1953 through December 31, 1953

ACCOUNTS	REVENUE		EXPENSES		NET REVENUE	NET EXPENSE	NET INCOME
	AMOUNT	PERCENT	AMOUNT	PERCENT			
REVENUE FROM SALES	100,000.00	100.00%	80,000.00	80.00%	20,000.00	20.00%	18,000.00
REVENUE FROM SERVICE	10,000.00	10.00%	8,000.00	8.00%	2,000.00	2.00%	1,800.00
REVENUE FROM INVESTMENTS	5,000.00	5.00%	4,000.00	4.00%	1,000.00	1.00%	900.00
REVENUE FROM OTHER SOURCES	5,000.00	5.00%	4,000.00	4.00%	1,000.00	1.00%	900.00
<b>TOTAL REVENUE</b>	<b>120,000.00</b>	<b>120.00%</b>	<b>96,000.00</b>	<b>96.00%</b>	<b>24,000.00</b>	<b>24.00%</b>	<b>21,600.00</b>
EXPENSES FOR SALARIES	40,000.00	40.00%	35,000.00	35.00%	5,000.00	5.00%	4,500.00
EXPENSES FOR RENT	20,000.00	20.00%	18,000.00	18.00%	2,000.00	2.00%	1,800.00
EXPENSES FOR UTILITIES	10,000.00	10.00%	9,000.00	9.00%	1,000.00	1.00%	900.00
EXPENSES FOR DEPRECIATION	5,000.00	5.00%	4,500.00	4.50%	500.00	0.50%	450.00
EXPENSES FOR ADVERTISING	3,000.00	3.00%	2,700.00	2.70%	300.00	0.30%	270.00
EXPENSES FOR TRAVEL	2,000.00	2.00%	1,800.00	1.80%	200.00	0.20%	180.00
EXPENSES FOR OTHER OPERATING	15,000.00	15.00%	13,500.00	13.50%	1,500.00	1.50%	1,350.00
<b>TOTAL EXPENSES</b>	<b>95,000.00</b>	<b>95.00%</b>	<b>87,500.00</b>	<b>87.50%</b>	<b>7,500.00</b>	<b>7.50%</b>	<b>6,750.00</b>
<b>NET INCOME</b>	<b>25,000.00</b>	<b>25.00%</b>	<b>8,500.00</b>	<b>8.50%</b>	<b>15,500.00</b>	<b>15.50%</b>	<b>14,100.00</b>

The accompanying notes are an integral part of this statement.