

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

December 31, 1998

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Release Date Jan 2 1999

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INDEPENDENT AUDITOR'S REPORT

June 17, 1999

Honorable Leon A. Cannizzaro, 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, 1998 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Criminal District Court for the Parish of Orleans disclosures with respect to the year 2000 issue. Further, we do not provide assurance that Criminal District Court for the Parish of Orleans is or will be year 2000 ready, that Criminal District Court for the Parish of Orleans year 2000 remediation efforts will be successful in whole or in part, or that parties with which Criminal District Court for the Parish of Orleans does business will be year 2000 ready.

As more fully discussed in the appended notes, the Criminal District Court for the Parish of Orleans has a contingent liability of \$9,115.63 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.

On June 22, 1993, revised statute 13:1381.5 was enacted appointing the Orleans Parish Criminal District Court as administrator for the purpose of collecting and distributing proceeds received from annual licensing fee pursuant to revised statute 22:1065.1 (E) a portion of such fees collected are to be retained by Orleans Parish Criminal Court, with a portion of such fees to be disbursed to Orleans Parish Criminal Sheriff, Orleans Parish District Attorney and Orleans Parish Indigent Defender Program. Through the misinterpretation of such fee division, the Criminal District Court for the Parish of Orleans has retained \$625,653.12 more than they were entitled too. Therefore, the Criminal District Court for the Parish of Orleans currently is indebted to Orleans Parish District Attorney Office in the amount of \$208,550.98, Orleans Parish Indigent Defender Program in the amount of \$208,550.98 and the Orleans Parish Criminal Sheriff Office in the amount of \$208,551.16. The court is in the process of negotiating with these other agencies and feels that the ultimate liability will be reduced substantially and, accordingly, no provisions for any liability that may result has been made in the accompanying general purpose financial statements. Further, any resulting liability will be associated with the general fund.

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.

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.

Additionally, during the first six months of the year, we were unable to obtain reconciliations of the audited financial statements and the monthly reports submitted to granting agencies associated with all federal financially assisted programs (intensive probation, state justice, court delay and drug court), nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Further, we were unable to reconcile the matching fund requirements of such funds. Those financial activities are included in the special revenue fund types

under the captions intensive probation, state justice, court delay and drug court.

In addition to the above noted comment regarding the unpaid invoices associated with court reporters transcripts for indigent, the Criminal District Court for the Parish of Orleans has adopted a practice of writing off amounts owed to certain court reporters associated with such indigent transcripts, this write-off procedure is not in accordance with general accepted accounting standards or governmental auditing standards. We were unable to obtain the total amount of such write-offs, nor were we able to satisfy ourselves as to the total dollar amount.

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, 1998 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, taking as a whole. The combining balance sheets and statements of revenue, 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, except for the effects noted above, 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 17, 1999 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,



Certified Public Accountant
A Professional Corporation

Exhibit A

ALL FUND TYPES AND ACCOUNT GROUPS COMBINED BALANCE SHEET

Criminal District Court For The Parish of Orleans
December 31, 1998 With Comparative Totals for December 31, 1997

	<u>Governmental Funds</u>		<u>Account Groups</u>		<u>Totals</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>Long-Term Obligations</u>	<u>1998</u>	<u>(Memorandum Only) 1997</u>
ASSETS AND OTHER DEBITS						
Cash and cash equivalents (Note 1-E)	\$ 759,695.16	\$ 828,353.13	\$ -	\$ -	\$ 1,633,465.17	\$ 1,094,727.73
Revenue receivables:						
Court Costs	-	-	-	-	-	1,282.50
City of New Orleans	-	-	-	-	-	26,215.00
Fines and forfeitures	-	-	-	-	-	100.00
Probation assessments	-	-	-	-	-	127,784.37
Due from other funds	11,929.53	-	-	-	38,993.11	44,173.63
Furniture and equipment (Notes 1-B and 2)	-	-	1,077,914.17	-	1,077,914.17	1,083,834.15
Amount to be provided for retirement of general long-term obligations (Notes 1-B and 7)	-	-	-	13,486.94	13,486.94	19,476.24
Total Assets and Other Debits	\$ 771,624.69	\$ 828,353.13	\$ 1,077,914.17	\$ 13,486.94	\$ 2,763,859.39	\$ 2,397,593.62
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 81,433.04	\$ 22,546.25	\$ -	\$ -	\$ 103,979.29	\$ 106,641.82
Salaries payable	88,005.18	5,307.36	-	-	93,312.54	89,701.96
Related benefits payable	9,784.49	1,362.42	-	-	11,146.91	10,793.49
Due to other funds	-	-	-	-	38,993.11	44,173.63
Due to Victims	-	-	-	-	33,487.35	15,839.04
Capital lease payable (Notes 5 & 7)	-	-	-	13,486.94	13,486.94	19,476.24
Total Liabilities	179,222.71	29,216.03	-	13,486.94	294,406.14	286,626.18
Fund equity:						
Investment in general fixed assets	-	-	1,077,914.17	-	1,077,914.17	1,083,834.15
Fund balances, unreserved, undesignated (deficit)	592,401.98	799,137.10	-	-	1,391,539.08	1,027,133.29
Total Fund Equity	592,401.98	799,137.10	1,077,914.17	-	2,469,453.25	2,110,967.44
Total Liabilities and Fund Equity	\$ 771,624.69	\$ 828,353.13	\$ 1,077,914.17	\$ 13,486.94	\$ 2,763,859.39	\$ 2,397,593.62

GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Criminal District Court For
The Parish of Orleans

For the year ended December 31, 1998
With Comparative Totals for December 31, 1997

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals</u>	
			<u>(Memorandum Only)</u> <u>1998</u>	<u>1997</u>
Probation Assessments	\$1,425,838.25	\$ 188,223.04	\$1,614,061.29	\$1,228,005.98
Court Costs	20,842.00	16,470.20	37,312.20	24,116.40
Fines & Forfeitures	979,422.55	161,274.01	1,140,696.56	941,858.59
Interest	28,933.52	27,844.67	56,778.19	33,783.00
Movie Income	1,000.00	4,100.00	5,100.00	4,950.00
Transcript Fees	-	128,679.50	128,679.50	89,261.50
Sale of Assets	-	7,600.00	7,600.00	-
Grants:				
City of New Orleans	1,012,681.08	54,320.96	1,067,002.04	1,079,463.68
State of Louisiana	76,846.77	720,590.15	797,436.92	1,006,054.13
Government/Federal	49,853.02	254,761.44	304,614.46	142,450.56
State Appropriations	-	100,000.00	100,000.00	300,000.00
<u>Total Revenues</u>	<u>3,595,417.19</u>	<u>1,663,863.97</u>	<u>5,259,281.16</u>	<u>4,849,943.84</u>
<u>EXPENDITURES</u>				
Salaries and related benefits	2,291,185.43	689,055.41	2,980,240.84	3,041,867.14
Travel	10,123.77	6,524.00	16,647.77	29,830.91
Contractual service	728,666.94	286,148.91	1,014,815.85	724,361.74
Materials & supplies	321,202.10	136,212.98	457,415.08	385,752.34
Transcripts	25,832.61	122,136.89	147,969.50	110,921.89
Capital outlay	145,494.03	12,474.19	157,968.22	118,523.76
Conferences	117,011.50	896.00	117,907.50	124,838.82
<u>Total expenditures</u>	<u>3,639,516.38</u>	<u>1,253,448.38</u>	<u>4,892,964.76</u>	<u>4,536,096.60</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u><44,099.19></u>	<u>410,415.59</u>	<u>366,316.40</u>	<u>313,847.24</u>
<u>OTHER FINANCIAL SOURCES (USES)</u>				
Operating transfers in	1,057,637.50	396,465.69	1,454,103.19	1,330,653.61
Operating transfers out	<660,588.77>	<793,514.42>	<1,454,103.19>	<1,330,653.61>
<u>Total other financing sources (uses)</u>	<u>397,048.73</u>	<u><397,048.73></u>	<u>-</u>	<u>-</u>
<u>EXCESS (DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDI- TURES AND OTHER USES</u>	<u>352,949.54</u>	<u>13,366.86</u>	<u>366,316.40</u>	<u>313,847.24</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>239,452.44</u>	<u>787,680.85</u>	<u>1,027,133.29</u>	<u>713,286.05</u>
Return to Agency	-	<1,910.61>	<1,910.61>	-
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 592,401.98</u>	<u>\$ 799,137.10</u>	<u>\$1,391,539.08</u>	<u>\$1,027,133.29</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT

Criminal District Court For The Parish of Orleans

December 31, 1998

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.

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 includes all funds, account groups, activities, etcetera, 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

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, 1993 it has been determined that the Criminal Court's Renaissance, 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 spending 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 to expenditures for specified purposes. In addition, the General Fund of the Board of Jury Commissioners and the Renaissance, 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.

**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 percent of fixed assets are valued at actual cost, while the remaining 20 percent are valued at estimated historical 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 criminal court 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.

D. BUDGET PRACTICES

The Criminal District Court for the Parish of Orleans did not adopt a budget for the year ended December 31, 1998.

E. CASH AND CASH EQUIVALENTS

Under state law, the criminal 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. At December 31, 1998, the Criminal District Court for the Parish of Orleans had cash and cash equivalents totaling as follows:

Demand deposits	\$ 159,850.22
Money market accounts	<u>1,473,614.95</u>
Total	<u>\$1,633,465.17</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, 1998, are secured as follows:

Bank balances	\$1,659,528.49
Federal deposit insurance	<100,000.00>
Pledged securities (Category 3)	<u><1,674,473.66></u>
Total excess collateral	<u>\$ <114,945.17></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 10 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.

G. COMPENSATED ABSENCES

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:

<u>Number of weeks absent</u>	<u>Percent of compensation paid</u>
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 employees accumulated hours 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.

H. 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.

I. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

The total columns on the general purpose financial

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 CHANGES IN GENERAL FIXED ASSETS

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

Balance, January 1, 1998	\$1,083,834.15
Additions	157,968.22
Deletions	<u><163,888.20></u>
Balance, December 31, 1998	<u>\$1,077,914.17</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 (LCCRR), a cost-sharing multiple-employer defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LSERS and LCCRR 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 LCCRR. These reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213.

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, 1998>	7.50%	12.40%
LSERS <after June 30, 1998>	7.50%	12.40%
LCCRR <thru June 30, 1998>	8.25%	10.00%
LCCRR <after June 30, 1998>	8.25%	10.00%

The contribution requirements of plan members and Criminal Court are established and may be amended by the LSERS and LCCRR. The Criminal Court contributions to LSERS and LCCRR for the year ending December 31, 1998 are as follows:

LSERS	\$74,629.45
LCCRR	\$72,681.08

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 those benefits after they complete ten years of service and reach normal retirement age while working for the board. Those 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, 1998 was \$9,145.62.

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, 1998, consist of a copier and other office equipment which are included in the fixed assets at \$25,700.40.

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, 1998.

<u>Fiscal Year</u>	<u>Future Minimum Lease Payments</u>	<u>Present Value</u>
1999	\$ 5,989.60	\$ 5,989.60
2000-2001	<u>7,497.34</u>	<u>7,497.34</u>
Total	<u>\$13,486.94</u>	<u>\$13,486.94</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 Probation Assessment, Restitution and Court Cost Agency Fund Cash balances follows:

Balance at beginning of year	\$ 12,745.22
Additions	306,294.79
Reductions	<u><273,623.13></u>
Balance at end of year	<u>\$ 45,416.88</u>

surrounding indigent defense, first through the Criminal Court Fund.

Note 10

During the year ended December 31, 1998, certain judges of Criminal District Court for the Parish of Orleans were paid travel per diem from court funds. Other judges and commissioners choose to receive travel reimbursement exclusively from funds of the State of Louisiana Supreme Court. The following amounts were paid to judges from funds of Orleans Parish Criminal District Court for per diem.

<u>Judge/Commissioners</u>	<u>Amount</u>
Judge Charles Elloie	\$ 592.00
Judge Patrick Quinlan	\$ 768.00
Judge Sharon Hunter	\$ 993.00
Judge Frank Marullo	\$ 3,025.00
Judge Calvin Johnson	\$ 866.88
Judge Dennis Waldron	\$ 380.00
Judge Julian Parker	\$ 1,734.98
Judge Gregory Hangartner	\$ 1,143.00
Judge Raymond Bigelow	\$ 2,287.78
Judge Leon Cannizzaro	\$ 1,068.00
Judge Arthur Hunter	\$ 1,838.00
Judge Terry Alarcon	\$ 674.43
Judge Gerard Hansen	\$ 697.37
Commissioner Andrew Sciambra	\$ 742.00
Commissioner Anthony Russo	\$ 558.00
Commissioner Joe Giarrusso	\$ 623.53

Note 11 YEAR 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Criminal District Court for the Parish of Orleans operations as early as fiscal year 1999.

The Criminal District Court for the Parish of Orleans has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Authority's operations. Based on this inventory, the Authority is in the remediation stage in that computer software and hardware changes are being made which are believed to be year 2000 compliant for financial reporting. Testing and validation will occur once the required system components are installed.

However, because of the unprecedented nature of the Year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Criminal District Court for the Parish of Orleans is or will be year 2000 ready, that the remediation efforts will be successful in whole or in part, or that parties with whom the Criminal District Court for the Parish of Orleans does business will be year 2000 ready.

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

Criminal District Court For
The Parish of Orleans

December 31, 1998

	<u>Judicial Expense</u>	<u>Indigent Transcript</u>	<u>Sanity Commission</u>	<u>Drug Screening</u>	<u>Target Cities</u>	<u>Drug Court</u>
<u>ASSETS AND OTHER DEBITS</u>						
Cash - Sweep	\$ 159,289.52	\$ 47,524.89	\$ 299,131.02	\$ 41,719.12	\$ -	\$ -
Cash - FNBC	47,391.00	1,192.75	-	(932.67)	6,327.03	-
Cash - Liberty	-	-	-	-	-	-
Total Assets and Other Debits	<u>\$ 206,680.52</u>	<u>\$ 48,717.64</u>	<u>\$ 299,131.02</u>	<u>\$ 40,786.45</u>	<u>\$ 6,327.03</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 7,600.00	\$ -	\$ 6,472.98	\$ -
Related Benefits Payable	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-
Fund Equity:						
Fund Balances - Undesignated	<u>206,680.52</u>	<u>48,717.64</u>	<u>291,531.02</u>	<u>40,786.45</u>	<u>(145.95)</u>	<u>-</u>
Total Equity						
Total Liabilities and Fund Equity	<u>\$ 206,680.52</u>	<u>\$ 48,717.64</u>	<u>\$ 299,131.02</u>	<u>\$ 40,786.45</u>	<u>\$ 6,327.03</u>	<u>\$ -</u>

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

Criminal District Court For
The Parish of Orleans

December 31, 1998

	<u>Act 18</u>	<u>Domestic Violence</u>	<u>Court Delay</u>	<u>Intensive Probation</u>	<u>Renaissance</u>	<u>Board of Jury Commissioners 6/30/98</u>
<u>ASSETS AND OTHER DEBITS</u>						
Cash - Sweep	\$ -	-	-	-	-	\$ 151,567.09
Cash - FNBC	1,804.90	4.48	8,620.70	51.15	-	(490.36)
Cash - Liberty	-	-	-	-	65,152.51	-
Total Assets and Other Debits	<u>\$ 1,804.90</u>	<u>\$ 4.48</u>	<u>\$ 8,620.70</u>	<u>\$ 51.15</u>	<u>\$ 65,152.51</u>	<u>\$ 151,076.73</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Accounts Payable	\$ -	-	\$ 6,182.59	\$ 2,073.22	-	\$ 217.46
Related Benefits Payable	-	-	-	-	-	1,362.42
Salaries Payable	-	-	-	-	-	5,307.36
Fund Equity:						
Fund Balances - Undesignated	<u>1,804.90</u>	<u>4.48</u>	<u>2,438.11</u>	<u>(2,022.07)</u>	<u>65,152.51</u>	<u>144,189.49</u>
Total Equity						
Total Liabilities and Fund Equity	<u>\$ 1,804.90</u>	<u>\$ 4.48</u>	<u>\$ 8,620.70</u>	<u>\$ 51.15</u>	<u>\$ 65,152.51</u>	<u>\$ 151,076.73</u>

SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Criminal District Court For The Parish of Orleans

December 31, 1998

Board of
Jury Com-
missioners
6/30/98

	Judicial Expense	Indigent Transcript	Sanity Commission	Drug Screening	Target Cities	Drug Court	Act 18	Domestic Violence	Court Delay	Intensive Probation	Renaissance	State Justice
Transcript Fees	\$ -	\$128,679.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Drug Testing Fees	-	-	101,432.00	-	-	-	-	-	-	-	-	-
Probation Fees	-	-	-	-	-	-	-	-	-	9,968.04	-	-
Bond Fees	43,150.01	-	-	-	-	-	-	-	-	-	-	-
Municipal & Traffic	178,255.00	-	-	-	-	-	-	-	-	-	-	-
State Appropriations	-	-	-	-	-	-	100,000.00	-	-	-	-	-
City of New Orleans	-	-	-	-	-	-	-	29,320.96	-	-	-	25,000.00
State of Louisiana	-	-	179,777.48	-	151,206.67	-	-	205,394.00	-	-	-	184,212.00
Federal	-	-	-	-	-	254,761.44	-	-	-	-	-	-
Court Costs	3,967.50	12,502.70	-	-	-	-	-	-	-	-	-	-
Expungment Fees	16,692.00	-	-	-	-	-	-	-	-	-	-	-
Interest	3,947.10	1,836.12	11,820.93	2,777.02	-	-	-	-	-	-	1,033.65	6,429.85
Sale of Assets	-	-	-	-	-	-	-	-	-	-	7,600.00	-
Movie Revenues	-	-	-	-	-	-	-	-	-	-	4,100.00	-
Total Revenues	246,011.61	143,018.32	191,598.41	104,209.02	151,206.67	254,761.44	100,000.00	29,320.96	205,394.00	9,968.04	12,733.65	215,641.85

	Salaries & Related Benefits	Travel	Conferences	Office Supplies	Cleaning Supplies	Bottle Water	Telephone	Postage	Dues & Subscriptions	Paper Supplies	Building Maint. & Repairs	Cleaning Services
Salaries & Related Benefits	-	-	-	170,379.05	149,786.97	-	-	-	29,218.74	196,390.73	-	-
Travel	-	-	-	-	6,179.00	-	-	-	-	295.00	-	-
Conferences	-	-	-	896.00	-	-	-	-	-	50.00	-	-
Office Supplies	57.20	22.50	213.08	573.27	2,030.68	224.86	-	-	97.74	44.23	-	-
Cleaning Supplies	-	-	-	1,256.99	-	-	-	-	-	2,702.70	-	-
Bottle Water	-	-	-	432.40	-	-	-	-	-	-	-	-
Telephone	-	-	-	1,028.93	-	-	-	-	-	661.50	-	-
Postage	-	-	-	337.27	-	-	-	-	-	8,482.71	-	-
Dues & Subscriptions	-	-	-	256.00	-	-	-	-	-	182.00	-	-
Paper Supplies	-	-	-	355.90	-	-	-	-	-	120.00	-	-
Building Maint. & Repairs	-	-	-	655.85	-	<275.00>	-	-	-	124.00	-	-
Cleaning Services	-	-	-	206.10	-	-	-	-	-	81.50	-	-
Total Expenditures	143,018.32	143,018.32	191,598.41	104,209.02	254,761.44	100,000.00	29,320.96	205,394.00	9,968.04	12,733.65	215,641.85	143,279.92

SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Criminal District Court For The Parish of Orleans

December 31, 1998

Judicial Expense	Indigent Transcript	Sanity Commission	Drug Screening	Target Citiles	Drug Court	Act 18	Domestic Violence	Court Delay	Intensive Probation	Renaissance	State Justice	Board of Jury Commissioners 6/30/98
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EXPENDITURES: Cont.

Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ <559.00>	13,033.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equip. Maint. & Repair	-	-	218.30	-	-	4,347.00	-	-	1,016.08	-	-	1,407.19
Professional & Contractual	-	126,200.00	672.00	34,715.02	92,209.69	9,065.14	-	3,000.00	-	-	-	2,868.50
Drug Testing Supplies	-	-	13,631.98	6,472.98	-	38,192.86	-	42,432.93	199.78	-	-	-
Transcripts	-	122,136.89	-	-	-	-	-	-	-	-	-	-
Jury Expenses	-	-	-	-	-	-	-	-	-	-	-	523.00
Coffee	-	-	-	-	-	-	-	-	-	-	-	2,160.00
Insurance	-	-	-	-	-	-	-	-	-	-	-	6,207.23
Total Expenditures	57.20	122,159.39	126,413.08	18,395.85	212,796.17	249,647.34	65,753.32	29,316.48	242,068.52	13,620.27	44.23	173,180.53

Excess of Revenues

Over Expenditures	245,954.41	20,858.93	65,185.33	85,813.17	<61,589.50>	5,114.10	34,246.68	4.48	<36,674.52>	<3,652.23>	12,689.42	42,461.32
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Other Finance Sources

Operating Transfers In	83,956.68	-	-	17,656.57	57,937.27	-	115,787.72	7,300.00	113,827.45	-	-	-
Operating Transfers Out	<230,418.39>	-	-	<83,140.57>	<8,867.95>	<438.08>	<386,498.63>	<7,300.00>	<76,850.80>	-	-	-

Total Other Finance Sources

	<146,461.71>	-	-	<65,484.00>	49,069.32	<438.08>	<270,710.91>	-	36,976.65	-	-	-
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Excess of Revenues & Other Sources Over Expenditures

	99,492.70	20,858.93	65,185.33	20,329.17	<12,520.18>	4,676.02	<236,464.23>	4.48	302.13	<3,652.23>	12,689.42	42,461.32
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Fund Balance - Beginning of Year

Return to Agency	107,187.82	27,858.71	226,345.69	20,457.28	12,374.23	<4,676.02>	238,269.13	-	2,135.98	1,630.16	52,463.09	1,910.61
	-	-	-	-	-	-	-	-	-	-	-	<1,910.61>

Fund Balance - End of Year

	\$208,680.52	\$ 48,717.64	291,531.02	\$ 40,786.45	<145.95>	\$ -	\$ 1,804.90	4.48	\$ 2,438.11	<2,022.07>	\$ 65,152.51	\$ 144,185.49
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FIDUCIARY FUNDS - PROBATIONAL
ASSESSMENT, RESTITUTION, AND COURT COST AGENCY FUNDS

Criminal District Court For
The Parish of Orleans

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

<u>BALANCE AT BEGINNING OF YEAR</u>	<u>\$ 12,745.22</u>
<u>ADDITIONS</u>	
Restitution	182,806.07
Probation assessments	350.00
Court Costs	<u>123,138.72</u>
Total additions	<u>306,294.79</u>
Total	<u>319,040.01</u>
<u>REDUCTIONS</u>	
Payments to victims	<u>273,623.13</u>
<u>BALANCE AT END OF YEAR</u>	<u>\$ 45,416.88</u>

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCECriminal District Court For
The Parish of Orleans

For the year ended December 31, 1998

<u>Federal grantor/ Pass-Through grantor/ Program Title</u>	<u>CFDA#</u>	<u>Program or Award Amount</u>	<u>Federal Portion</u>	<u>Revenue</u>	<u>Expenditures</u>
U.S. Department of Justice	16.579				
Passed through State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice:					
Intensive, Probation, Supervision, Program					
12/1/94-4/30/95		\$ 93,873.00	\$ 68,850.00	\$ 68,850.00	\$ 68,850.00
5/1/95-4/30/96		230,948.00	170,000.00	170,000.00	170,000.00
5/1/96-4/30/97		226,667.00	170,000.00	170,000.00	170,000.00
Drug Testing Enhancement (Court Delay)					
6/1/95-5/31/96		\$ 92,371.00	\$ 68,188.00	\$ 68,188.00	\$ 68,188.00
5/1/96-4/30/97		92,371.00	68,188.00	68,188.00	68,188.00
5/1/97-4/30/98		300,062.00	221,506.00	221,506.00	221,506.00
5/1/98-11/30/98		189,131.00	141,848.00	135,563.00	135,563.00
12/1/98-2/28/99		79,229.00	58,494.00	- 0 -	- 0 -
Pretrial Supervision of Women					
11/1/96-3/31/97		\$ 60,960.00	\$ 45,500.00	\$ 45,000.00	\$ 45,000.00
4/1/97-8/31/97		58,241.00	42,994.00	42,994.00	42,994.00
U.S. Department of Justice	16.585				
Passed through Louisiana Supreme Court					
Drug Court Program					
3/1/97-9/30/98		\$529,632.00	\$397,212.00	\$397,212.00	\$397,212.00
U.S. Department of Justice	16.585				
Passed through City of New Orleans					
Domestic Violence					
9/1/98-8/31/99		\$ 92,188.00	\$ 92,188.00	\$ 29,320.96	\$ 29,316.48

SUPPLEMENTAL INFORMATION

Criminal District Court For
The Parish of Orleans
For the year ended December 31, 1998

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 defenders. 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 Procedures 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.

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.

RENAISSANCE

The Criminal Court's Renaissance, 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 CITIES

The Target Cities 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.

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.

DRUG COURT

The Drug Court Fund represents a federal grant from the U.S. Department of Justice passed through the Louisiana Supreme Court. The purpose of the funding is to design a culturally relevant drug court model offering a structured continuum care and control for drug-involved state misdemeanors. To provide same day entry into treatment and support services targeting women in the criminal justice system.

THE ACT 18

The Act 18 Fund represents a state grant from the treasurer of the State of Louisiana. The purpose of the funding is to provide staff personnel and selected equipment, to extend the courts drug testing and screening process in the magistrate court.

DOMESTIC VIOLENCE

The Domestic Violence program represents a passed through grant from the city of New Orleans from a federal grant issued by the U.S. Department of Justice. The purpose of the funding is to encourage arrest policies through a coordinated and integrated approach which response to domestic violence as a serious violation of criminal law.

SUPPLEMENTAL INFORMATION

Criminal District Court For
The Parish of Orleans

December 31, 1998

PROBATIONAL ASSESSMENT, RESTITUTION AND
COURT COST AGENCY FUNDS

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 15:571.11 (D).

The Court Cost Agency Fund collects all costs assessed against defendants pursuant to Louisiana Revised Statute 13:1377 (B) effective September 1, 1991. Payments are distributed monthly to the other agencies which participate in the amount of court costs assessed.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

June 17, 1999

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

Compliance

We have audited the compliance of Criminal District Court for the Parish of Orleans, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. Criminal District Court for the Parish of Orleans's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Criminal District Court for the Parish of Orleans's management. Our responsibility is to express an opinion on Criminal District Court for the Parish of Orleans's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 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 Criminal District Court for the Parish of Orleans'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. Our audit does not provide a legal determination on Criminal District Court for the Parish of Orleans's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, Criminal District Court for the Parish of Orleans, did not comply with requirements regarding timely and accurate monthly reports that are applicable to all of its federal financially assisted programs. Compliance with such requirements is necessary, in our opinion, for Criminal District Court for the Parish of Orleans, to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Criminal District Court for the Parish of Orleans, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance

The management of Criminal District Court for the Parish of Orleans, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulation, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Criminal District Court for the Parish of Orleans's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Criminal District Court for the Parish of Orleans's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over

compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items identified on schedule of findings and questioned costs as reportable conditions thereon to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 17, 1999

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

In planning and performing our audit of the general purpose financial statements of Criminal District Court for the Parish of Orleans for the year ended December 31, 1998, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control 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 that, in our judgment, could adversely affect Criminal District Court for the Parish of Orleans's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud 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.

Our consideration of internal control would not necessarily disclose all matters in internal control 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 noted the following reportable conditions that we believe to be material weaknesses.

- (1) Throughout the year on numerous occasions monthly reimbursement reports to both federally and State of Louisiana financially assisted programs were issued on an untimely basis and contained mathematical errors. Additionally numerous monthly reports could not be reconciled to general ledger. Further, documentation could not be located regarding the matching level of funding associated with such

programs. These monthly reports were not being reviewed or approved by anyone other than the preparer. Accounting personnel were not provided with program agreements so as to be able to distinguish eligible and allowable costs associated with each program. Accounts payable were reflected in monthly program reports, which could not be reconciled to general ledger and subsequent payment may have occurred in a different program. On certain reports accounts payable items were completely omitted and we have been unable to determine whether this omission was ever corrected on subsequent reports. Certain salaries and related benefits have been noted to be reported on incorrect programs. The underlining accounting records compared to the federally and State of Louisiana financially assisted monthly report do not provide an audit trail, which will allow a reconciliation to occur on cost-effective basis.

- (2) The fixed assets of the court are not being adequately safeguarded against loss. Custodians of fixed assets are not required to report transfers, sales or obsolescence. Further, sales of fixed assets do not require approval of responsible officials. Further, fixed assets subsidiary ledgers are not balanced to the control general ledger on a periodic basis. Further, such subsidiary ledgers do not contain all required information regarding a full description of such assets as required by revised statutes number 39:324. Subsidiary ledgers are not periodically verified to physical existence of such assets. Certain fixed assets have been stated to be at the home of an employee, such subsidiary does not reflect any fixed assets to be at home of any employee. Written policies regarding accounting for fixed assets does not exist.
- (3) There are conditions that indicate a failure by management to display and communicate an appropriate attitude regarding internal controls and reporting process. These consist of (a) significant internal controls are not adequately monitored by management, (b) lack of established policies and controls, (c) failure to establish controls to provide reasonable compliance with laws and regulations, (d) failure to correct known reportable conditions/weaknesses in internal controls on a timely basis and (e) an apparent lack of concern about deficiency in accounting systems and/or internal control weaknesses.

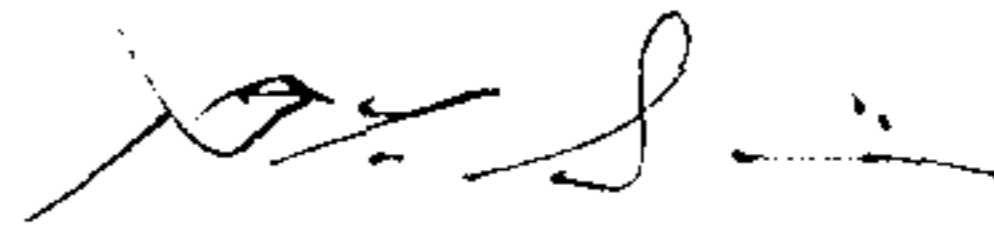
We also noted the following reportable conditions that are not believed to be material weaknesses.

- (1) For several years, the court has not utilized pre-numbered purchase orders and receiving reports. Certain sections of the court have been using purchase orders, prenumbered purchase orders and receiving tickets should be utilized throughout the court.
- (2) The court is not in compliance with State of Louisiana's revised statues regarding the adoption of a budget. The budget process is required regarding the court general fund.
- (3) Accounting personnel have not been provided with Federal and State of Louisiana grant documents, thereby, accounting records have not closed out in connection with the end of one grant and opened new accounts for the replacement grants. Thereby certain closeout grants have continued to receive posting of expenditures associated with the new grant. This lack of documentation in the hands of accounting personnel have also lead to an inability of the accounting personnel to distinguish between allowable and eligible cost associated with such programs.
- (4) Preparation of monthly reports have also omitted fees created by such programs and the expenditures associated therewith. Implementation of the appropriate internal controls noted above would prevent such omissions.
- (5) Employee pay adjustments have not occurred in written form at all times. All pay adjustments should be signed by an authorized individual and the judicial administrator should be authorized to require written authorization regarding any pay adjustments.
- (6) Bank transfers of funds have been accomplished by verbal and sometimes pencil notations, which have later been discarded. All transfer of funds should be signed by an authorized individual and maintained as a permanent accounting record.
- (7) Asset acquisitions have been accomplished by verbal communication. All asset acquisitions should be accomplished by a written document signed by an authorized individual. Further, this should also be accomplished by issuance of a prenumbered purchase order, also signed by an authorized individual.
- (8) Time reports are not being prepared for all employees of the court. Such time reports become especially important regarding allocation of one employee to

more than one fund. Such time reports would also assist the matching level of certain programs, where one employee is allocated to more than one fund for matching purposes.

- (9) Several special revenues funds have allowable costs of certain salaries and related benefits. The accounting process has been recording salaries and related benefits of such funds within the general fund and recovering such costs from special revenue funds as transfers-in. Thereby causing the special revenue funds to reflect transfers-out, rather than, reflecting the expenditure of such salaries and related benefits within such special revenue fund. This process has allowed certain special revenue funds to under report salaries and related benefits and the general fund over report such expenditures. In order to simplify the special revenue fund monthly reporting documents, salaries and related benefits of each separate fund should be recorded therein as an expenditure of such fund.
- (10) Certain sections of the court, during 1997, established separate bank accounts to deal with collections associated with fines and court costs within their specific section. Prior to the establishment of these separate accounts, the court was advised that such procedure would be in violation of State of Louisiana revised statues. The practice of maintaining the separate section accounts was abolished during 1998.

This report is intended solely for the information and use of Criminal District Court for the Parish of Orleans, management, and others within the administration. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Certified Public Accountant
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 17, 1999

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

We have audited the general purpose financial statements of Criminal District Court for the Parish of Orleans, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Criminal District Court for the Parish of Orleans's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered Criminal District Court for the Parish of Orleans's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Criminal District Court for the Parish of

Orleans's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items note on the accompanying schedule of findings and questioned costs to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
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CRIMINAL DISTRICT COURT
PARISH OF ORLEANS

2700 TULANE AVENUE
NEW ORLEANS, LA. 70119

SECTION J

LEON A. CANNIZZARO, JR., JUDGE

June 16, 1999

Mr. Henry L. Silvia, C.P.A.
A Professional Corporation
6305 Elysian Fields Avenue
Suite 303
New Orleans, Louisiana 70122

Dear Mr. Silvia:

In response to the findings noted in your audit report for the year ended December 31, 1998 the following is submitted:

1. Regarding the mathematical accuracy and identification of matching funds supporting monthly grant reports, this function has been assigned to a full-charged bookkeeper, and it is our impression that those deficiencies have been eliminated.
2. As to the accountability of the Court's fixed assets, this function has also been assigned to a full-charged bookkeeper, and the accountability of such assets is in the process of being resolved.
3. As to the management of the Court responding to various deficiencies of the overall accounting system, the Court has applied for funding with the State of Louisiana in order to allow the Court to employ a qualified individual with governmental accounting experience. It is the Court's opinion that such an individual will allow this Court to remedy findings noted within such audit report.
4. As to the persistent use of purchase orders, the Court in en banc passed a resolution requiring the use of purchase orders in every instance.
5. As of this date, the Judicial Administrator has been instructed to proceed with the required procedures to meet the budget process for the year 2000.

Mr. Henry L. Silvia, C.P.A.

6. Since the latter part of 1998, all employee pay adjustments have required written authorization.
7. Beginning in the fall of 1998, all transfers of funds have required written authorization by both the Chief Judge and Judicial Administrator and such documents are retained in the Court's files.

It is the Court's belief that the above noted policies and procedures anticipated by this Court are responsive to the findings.

Very truly yours,



Leon A. Cannizzaro, Jr.
Chief Judge

LAC,Jr.:sc