

**MUNICIPAL AND TRAFFIC COURT  
OF NEW ORLEANS**

**FINANCIAL REPORT**

**For the Year Ended December 31, 2017**



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**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2017**

**REPORT**

Independent Auditors' Report	1
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**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**

Management's Discussion and Analysis	4
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**FINANCIAL STATEMENTS**

Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Fund	13
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund to the Statement of Activities	16
Agency Funds	
Statement of Fiduciary Assets and Liabilities – Agency Funds	17
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	18
Notes to Financial Statements	19

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

Budgetary Comparison Schedule – General Fund	28
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**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – NonMajor Governmental Funds	29
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – NonMajor Governmental Funds	30
Schedule of Compensation, Benefits and Other Payments to Agency Head	31



**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
TABLE OF CONTENTS  
DECEMBER 31, 2017**

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Schedule of Findings and Responses	35
Schedule of Prior Audit Findings	36
Management's Corrective Action Plan	37



**Report**



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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Judges en banc of  
Municipal and Traffic Court of New Orleans  
New Orleans, Louisiana

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Municipal and Traffic Court of New Orleans (the Court), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund, and the aggregate remaining fund information of the Court as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and page 30 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Court's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds, and schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds, and schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

June 25, 2018



**Required Supplementary  
Information (Part I)**

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

Management's discussion and analysis (MD&A) of the Municipal and Traffic Court of New Orleans' (MTCNO) financial performance is designed to provide an overview of the financial activities as of and for the year ended December 31, 2017. This information should be read in conjunction with the basic financial statements and the accompanying notes to financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is required information that provides an overview of the Municipal and Traffic Court of New Orleans' (MTCNO or Court) basic financial statements and financial activities. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided on these reports.

This annual report consists of a series of financial statements. The Court's basic financial statements consist of the following components: Government-Wide Financial Statements, Fund Financial Statements, and Agency Financial Statements.

**Government-Wide Financial Statements**

The Statement of Net Position reflects the financial position of the MTCNO. The unrestricted net position for the Court as reflected in this statement consists of funds available (deficient) for future spending to meet the needs of the Court's office.

The Statement of Activities reflects the changes in net position. Net position, the difference between assets and liabilities, is one way to measure the financial health of an entity. Over time, increases or decreases in net position is an indicator of whether an entity's financial health is improving or deteriorating.

The Statement of Net Position and the Statement of Activities report information on the Court as a whole and report about its activities in a way that shows the overall financial health of the office. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Fund Financial Statements**

Fund financial statements report detailed information on the MTCNO maintained by the Court's office. The General Fund is established as mandated by Louisiana Revised Statute (LA RS) 13:2507.1.

The Court uses governmental funds for basic services. Governmental funds focus on how money flows into and out of the operating accounts and reflect the balances left at year-end that are available for spending. These funds are reported under the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

The governmental fund statements provide a detailed, short-term view of the general government operations and the basic services it provides. Governmental fund information helps assist in determining whether there are more or fewer financial resources that can be spent in the near future to finance the Court programs.

**FINANCIAL HIGHLIGHTS**

The financial statements provide details of the current year's operations :

Total assets as of December 31, 2017 were \$3,559,922 and total liabilities were \$363,999. As of December 31, 2017, the MTCNO had a net position of \$3,195,923, of which \$3,038,910 was unrestricted and represents the portion that is available to maintain the continuing obligations to citizens. This net position is partially the result of the extinguishment of the payroll accruals to the City of New Orleans.

- The MTCNO received an appropriation from the City of New Orleans for the support of the Court payroll expenses of \$6,281,890. These on-behalf payments have been booked as City Revenues.
- Program expenses were under program revenues in the current year by \$6,017,289. Ticket revenues were down significantly because of a significant drop in the tickets issued in Traffic cases.

In accordance with statutory requirements, the MTCNO has no bonded indebtedness or long-term notes. The most significant continuing revenue sources for governmental activities were ticket revenues and city revenues. There was also a Cooperative Endeavor Agreement with the City of New Orleans that provided a revenue of \$129,200.

**FINANCIAL ANALYSIS OF THE MTCNO AS A WHOLE (GWFS)**

The Statement of Net Position and the Statement of Activities report only one type of activity – governmental activities. Most of the basic court services are reported as this type. Ticket fees charged to the public, finance most of these activities.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

Our analysis below focuses on the net position of the governmental-type activities:

**Condensed Statements of Net Position**

	<b>2017</b>	2016*	Difference	Percentage Change
Current and other assets	<b>\$ 3,402,909</b>	\$ 2,200,050	\$ 1,202,860	55%
Capital assets, net of accumulated depreciation	<b>157,013</b>	65,163	91,850	141%
<b>Total assets</b>	<b>3,559,922</b>	2,265,213	1,294,710	57%
Current liabilities	<b>363,999</b>	5,087,053	(4,723,053)	(93)%
<b>Total liabilities</b>	<b>363,999</b>	5,087,053	(4,723,053)	(93)%
Invested in capital assets	<b>157,013</b>	64,163	91,850	141%
Unrestricted net position	<b>3,038,910</b>	(2,887,003)	5,925,913	205%
<b>Total net position</b>	<b>\$ 3,195,923</b>	(2,822,840)	6,018,763	213%

\*These amounts are taken from combined 2016 reports of New Orleans Traffic Court and Municipal Court of New Orleans.

The increase in current and other assets was due to an increase in cash reserves, and accounts receivable, and extinguishment of debt . The increase in capital assets is due to the addition of new software for misdemeanor cases. Compensated absences liability was not booked for the year because the City of New Orleans has assumed liability for the MTCNO's payroll expenses for 2017 and will be liable for the compensated absences going forward.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased due to current year operating results.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Condensed Statement of Activities**

	2017	2016*	Difference	Percentage Change
Total program revenue	\$ <b>13,432,857</b>	\$ 6,284,696	7,441,055	124%
Total program expense	<b>7,415,564</b>	4,383,583	3,031,985	69%
Net program income	<b>6,017,289</b>	1,901,274	4,116,015	216%
Interest earnings	<b>1,470</b>	2,100	(629)	(30)%
Change in net position	<b>6,018,763</b>	1,903,374	4,115,386	216%
Transfers out	-	(1,768,661)	1,768,611	100%
Change in net position after Transfers out	<b>6,018,763</b>	134,713	5,884,047	4,368%
Net (deficit) - beginning of year	<b>(2,822,840)</b>	(2,957,553)	134,713	5%
Net position - end of year	<b>\$ 3,195,923</b>	\$ (2,822,840)	6,018,760	213%

\*These amounts are taken from combined 2016 reports of New Orleans Traffic Court and Municipal Court of New Orleans.

The Program revenues have increased because of the addition of city revenues which were the on-behalf payroll payments by the City of \$6,281,890. The Court also increased its other revenues by providing data reports to additional agencies like DHIS and Lexis-Nexis. The Court received grants that totaled to \$49,665. There was an extinguishment of the payroll accruals to the City of New Orleans that resulted in revenues of \$4,577,885. There was Cooperative Endeavor Agreement with the City of New Orleans that resulted in a \$129,200 revenue.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**FINANCIAL ANALYSIS OF JUDICIAL EXPENSE FUND (GENERAL FUND)**

As noted earlier, the MTCNO uses funds to control and manage money for particular purposes. Analyzing these fund help to determine whether the Court is using resources in a responsible manner and maintaining the financial integrity of the office.

**Condensed Statements of Revenues, Expenditures and Changes in Fund Balance (Deficit)**

	2017	2016*	Difference	Percentage Change
Total revenues	\$ 13,283,849	\$ 6,203,555	\$ 7,104,726	115%
Expenditures:				
Current	7,335,374	4,300,195	3,035,184	71%
Capital outlay	161,500	-	161,500	100%
Total expenditures	7,496,874	4,300,195	3,196,684	74%
Other financing sources (uses)				
Transfers In	24,000	-	24,000	100%
Transfers Out	-	(1,768,661)	1,768,611	100%
Total other financing sources (uses)	24,000	(1,768,661)	1,792,661	101%
Net change in fund	5,811,407	134,699	5,676,653	4,213%
Fund deficit - beginning of year	(3,423,869)	(3,558,568)	134,699	4%
Fund balance – end of year	\$ 2,387,538	(3,423,869)	5,811,402	270%

\*These amounts are taken from combined 2016 reports of New Orleans Traffic Court and Municipal Court of New Orleans.

The Judicial Expense Fund (JEF) continued to see a decline in ticket revenue. The primary driver was the decline in ticket revenue as a result of a shift in focus by the New Orleans Police department and a reduction in traffic patrol officers.

The expenditures are a reflection of significant reductions in operating expenses. The operating expenses included \$49,665 in grant expenses for which the Court was reimbursed.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**JUDICIAL EXPENSE FUND BUDGETARY HIGHLIGHTS**

	Actual	Budgeted	Variance	Percent
<b>Revenues</b>				
City Revenues - on-behalf payments	\$ 6,281,890	\$ 6,281,890	\$ -	-
Fines and Fees	2,116,835	2,071,596	45,239	2%
Interest	1,470	-	1,470	100%
Other Income	4,883,654	291,218	4,592,436	1,577%
<b>Total revenue</b>	<b>13,283,849</b>	<b>8,644,704</b>	<b>4,639,145</b>	<b>53.66%</b>
<b>Expenditures</b>				
Personnel services and related benefits	6,315,649	6,317,573	1,924	0%
Operating services	1,181,225	1,181,190	(35)	0%
<b>Total expenditures</b>	<b>7,496,874</b>	<b>7,498,763</b>	<b>1,889</b>	<b>0%</b>
<b>Excess (deficit) of Revenue over Expenditures</b>	<b>\$ 5,786,975</b>	<b>\$ 1,145,941</b>	<b>\$ 4,641,034</b>	<b>(405%)</b>

The Municipal and Traffic Court of New Orleans' budget for January 1, 2017 to December 31, 2017 was proposed and made available for public inspection by the Municipal and Traffic Court of New Orleans. The budget was amended and made available for public inspection. The amended budget was approved during an en banc meeting on November 9, 2017.

**CAPITAL ASSETS**

The Court's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 was \$157,013. Summary of capital assets is detailed below:

Computer software	\$ 793,257
Vehicles	28,900
Machinery and equipment	20,853
<b>Total cost</b>	<b>843,009</b>
<b>Accumulated depreciation</b>	<b>(685,996)</b>
<b>Net capital assets</b>	<b>\$ 157,013</b>
<b>Depreciation expense</b>	<b>\$ 68,649</b>



**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**LONG TERM OBLIGATIONS**

The Court is not allowed to incur long-term indebtedness for bonds or notes payable; therefore, the Court has no long-term debt outstanding.

**ECONOMIC FACTORS AFFECTING OPERATIONS, LIQUIDITY AND 2018'S BUDGET**

The Court is fiscally dependent on the City and payments from traffic violations. The City provides courthouse maintenance and pays for utilities.

On January 1, 2017, the Court merged with Municipal Court; a consolidated court was created named the Municipal and Traffic Court of New Orleans (House Bill 600 of the 2015 Louisiana Legislative session). The New Orleans Traffic Court and the Municipal Court of New Orleans ceased to exist as of January 1, 2017. The new MTCNO came into existence on January 1, 2017

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Court's finances and to demonstrate accountability for the money it receives. Questions about this report should be referred to Debra A. Hall, Judicial Administrator, Municipal and Traffic Court of New Orleans Court, 727 South Broad Street, New Orleans, LA 70119.



# Financial Statements

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 3,095,103
Accounts receivable	18,000
Due from others	289,761
Other current assets	45

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Total Current Assets	3,402,909
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<b>CAPITAL ASSETS</b> , net of accumulated depreciation	157,013
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<b>TOTAL ASSETS</b>	3,559,922
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**LIABILITIES**

Accounts payable	361,829
Due to others	2,170

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<b>TOTAL LIABILITIES</b>	363,999
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**NET POSITION**

Net investment in capital assets	157,013
Unrestricted deficit	3,038,910

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<b>TOTAL NET POSITION</b>	<b>\$ 3,195,923</b>
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*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**EXPENSES**

General government:	
Personnel services and related benefits	\$ 6,315,649
Operating services	1,099,915

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Total Expenses	7,415,564
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**PROGRAM REVENUES**

Ticket charges	2,014,242
Bond forfeitures	38,305
Cooperative endeavor agreement	129,200
Reinstate fees	64,288
City revenues - on-behalf payments	6,281,890
State grants	49,665
Probation fees	142,758
Miscellaneous fees	134,623

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Total Program Revenues	8,854,971
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**GENERAL REVENUES**

Extinguishment of payroll accruals	4,577,886
Interest earnings	1,470

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Total General Revenues	4,579,356
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<b>CHANGE IN NET POSITION</b>	<b>6,018,763</b>
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<b>NET POSITION (DEFICIT) - Beginning of year</b>	<b>(2,822,840)</b>
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<b>NET POSITION - End of year</b>	<b>\$ 3,195,923</b>
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*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2017**

	Judicial Expense Fund	Probation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,210,590	\$ 812,091	\$ 72,422	\$ 3,095,103
Accounts receivable	18,000	-	-	18,000
Due from others	265,238	23,698	825	289,761
Other current assets	45	-	-	45
<b>TOTAL ASSETS</b>	<b>\$ 2,493,873</b>	<b>\$ 835,789</b>	<b>\$ 73,247</b>	<b>\$ 3,402,909</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 104,164	\$ 257,665	\$ -	\$ 361,829
Due to others	2,170	-	-	2,170
<b>TOTAL LIABILITIES</b>	<b>106,334</b>	<b>257,665</b>	<b>-</b>	<b>363,999</b>
<b>FUND BALANCE</b>				
Nonspendable	45	-	-	45
Unassigned balance	2,387,494	578,124	73,247	3,038,865
<b>TOTAL FUND BALANCE</b>	<b>2,387,539</b>	<b>578,124</b>	<b>73,247</b>	<b>3,038,910</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,493,873</b>	<b>\$ 835,789</b>	<b>\$ 73,247</b>	<b>\$ 3,402,909</b>

*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUND TO THE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2017**

**FUND BALANCE - total governmental fund** **\$ 3,038,910**

Amounts reported for governmental activities in the  
statement of net position are different because:

Capital assets used in governmental activities are not current  
financial resources; and therefore, are not reported at  
the fund financial reporting level **157,013**

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**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,195,923**

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*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Judicial Expense Fund	Probation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Ticket fees	\$ 2,014,242	\$ -	\$ -	\$ 2,014,242
Bond forfeitures	38,305	-	-	38,305
Building and maintenance fees	-	-	7,720	7,720
Reinstate fees	64,288	-	-	64,288
State grants	49,665	-	-	49,665
City revenues - on-behalf payments	6,281,890	-	-	6,281,890
Cooperative endeavor agreement	129,200	-	-	129,200
Interest earnings	1,470	-	-	1,470
Probation fees	-	142,758	-	142,758
Extinguishment of payroll accruals	4,577,886	-	-	4,577,886
Other miscellaneous	126,903	-	-	126,903
<b>Total Revenues</b>	<b>13,283,849</b>	<b>142,758</b>	<b>7,720</b>	<b>13,434,327</b>
<b>EXPENDITURES</b>				
General government:				
Personnel services and related benefits	6,315,649	-	-	6,315,649
Operating services	1,181,225	-	11,541	1,192,766
<b>Total Expenditures</b>	<b>7,496,874</b>	<b>-</b>	<b>11,541</b>	<b>7,508,415</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,786,975</b>	<b>142,758</b>	<b>(3,821)</b>	<b>5,925,912</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,432	-	-	24,432
Transfers out	-	-	(24,432)	(24,432)
<b>Total other financing sources (uses)</b>	<b>24,432</b>	<b>-</b>	<b>(24,432)</b>	<b>-</b>
<b>EXCESS OF REVENUES AFTER TRANSFERS OUT</b>	<b>5,811,407</b>	<b>142,758</b>	<b>(28,253)</b>	<b>5,925,912</b>
<b>FUND BALANCE (DEFICIT) - Beginning of year</b>	<b>(3,423,868)</b>	<b>435,366</b>	<b>101,500</b>	<b>(2,887,002)</b>
<b>FUND BALANCE - End of year</b>	<b>\$ 2,387,539</b>	<b>\$ 578,124</b>	<b>\$ 73,247</b>	<b>\$ 3,038,910</b>

*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OR NEW ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NET CHANGE IN FUND BALANCE - total governmental fund** **\$ 5,925,912**

Amounts reported for governmental activities in the statement of activities  
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund.  
Governmental activities report depreciation expense to allocate the cost of those  
capital assets over the estimated useful lives of the asset.

Addition to Capital Outlay	161,500
Depreciation expense	(68,649)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,018,763</b>

*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
AS OF DECEMBER 31, 2017**

	Fines and Fees Fund	Cash Bonds Fund	Total Agency Funds
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 935,147	\$ 571,711	\$ 1,506,858
<b>TOTAL ASSETS</b>	<b>\$ 935,147</b>	<b>\$ 571,711</b>	<b>\$ 1,506,858</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Fines and fees	\$ 672,364	\$ -	\$ 672,364
Bonds held	-	556,044	556,044
Due to others	262,783	15,667	278,450
<b>TOTAL LIABILITIES</b>	<b>\$ 935,147</b>	<b>\$ 571,711</b>	<b>\$ 1,506,858</b>

*The accompanying notes are an integral part of this financial statement.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2017</u>
<b>FINES AND FEES:</b>				
Cash and cash equivalents	\$ 499,870	\$ 8,159,839	\$ (7,724,562)	\$ 935,147
Fines and fees assets	\$ 499,870	\$ 8,159,839	\$ (7,724,562)	\$ 935,147
Fines and fees	\$ 345,852	\$ 5,428,662	\$ (5,102,150)	\$ 672,364
Due to other funds	154,018	2,016,822	(1,908,057)	262,783
Fines and fees liabilities	\$ 499,870	\$ 7,445,484	\$ (7,010,207)	\$ 935,147
<b>BONDS HELD:</b>				
Cash and cash equivalents	\$ 810,157	\$ 190,563	\$ (429,009)	\$ 571,711
Bonds held assets	\$ 810,157	\$ 190,563	\$ (429,009)	\$ 571,711
Bonds held	\$ 794,929	\$ 190,324	\$ (429,209)	\$ 556,044
Due to others	15,228	439	-	15,667
Bonds held liabilities	\$ 810,157	\$ 190,763	\$ (429,209)	\$ 571,711

*The accompanying footnotes are an integral part of this financial statement.*

## MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Overview** – As provided by the Louisiana Legislature HB 600 (Act No. 631), effective January 1, 2017, the New Orleans Traffic Court and the Municipal Court of New Orleans consolidated, abolishing the individual Courts. The consolidated Court became the Municipal and Traffic Court of New Orleans (the “Court”). Accordingly, the Court began the process of combining the budget, funds, accounts and financial operations as components of the consolidated Court.

**Basis of presentation** – The accompanying financial statements of the Municipal and Traffic Court of New Orleans have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting entity** – The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Codifications 2100 *Defining the Financial Reporting Entity*, 2300 *Notes to Financial Statements*, and 2600 *Reporting Entity and Component Unit Presentation and Disclosure* in that the financial statements include all organizations, activities, and functions that compromise the Court. Component units are legally separate entities for which the T Court (the primary entity) is financially accountable.

The Court is fiscally dependent on the City of New Orleans (the City) and payments from traffic and misdemeanor offenses. The City maintains and operates the courthouse in which the Court's office is located and provides funds for equipment and furniture to the Court. However, the Court judges are independently elected officials, and the Court has separate corporate powers that establish it as being a legally separate unit. These separate powers and authority are established by State and City Ordinances. Additionally, the Court financial statements are not material to the financial statements of the City. Based on these factors, it was determined that the Court is not a component unit of the City, the financial reporting entity.

The accompanying financial statements present information of the Court's Judicial Expense Fund as established by LA Statute RS 13:2507.1 and on behalf payments as described in the accompanying notes. They also present the information regarding the Probation Fund and Building and Maintenance fund. The financial statements do not present information on the City, the general government services provided by that governmental unit, or the other governmental units.

**Fund accounting** – The Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

## MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Governmental Fund** - The general fund ( Judicial Expense Fund) accounts for all the Court's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources which may be used to finance future period programs and/or operations of the Court. The following are the Court's governmental funds:

*Judicial Expense Fund* – The Judicial Expense Fund (JEF) is the primary operating fund of the Court. It accounts for all financial resources, except those required to be accounted for in other funds. The Judicial Expense Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court policy. The Court's Judicial Expense Fund serves as the General Fund for the court.

Salaries of the judges of the Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of the Judicial Expense Fund.

*Probation Fund* – The probation fund accounts for the Program fees collected for Probation. The Probation Fund was established by the Louisiana Revised Statute 13:2500.1. A fee of \$15 shall be levied on each conviction and bond forfeiture. All fees for alternative sentencing program shall also be assessed.

*Building and Maintenance Fund* - The Building and Maintenance Fund was established by the City of New Orleans Municipal Code 50-149. A fee of \$5 shall be levied on each conviction. This fund is to be used for the maintenance, upkeep, and security of the Municipal Court building.

*Municipal Court Criminal Court Fee Fund* - The Municipal Court Criminal Fee Fund was established by the Louisiana Code of Criminal Procedure 895.1 B, (2). When a court suspends the imposition or the execution of a sentence and places the defendant on probation, it may, at its discretion, as a condition of probation, deem an amount of money to be paid by the defendant. This fund is to be used to defray the costs of operation of the Court. This fund was closed as of December 31, 2017

## MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fiduciary Fund** – The fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category are the agency funds. The agency funds account for assets held by the Court as an agent for litigants held in pending court action. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The Court maintains two agency funds: Fines and Fees Agency Fund and Cash Bond Agency Fund. The Fines and Fees Fund distributes monies collected on each case for state approved agencies. The Cash Bond Fund holds monies deposited by defendants until the defendant appears in court and a final disposition is determined on their case. The Court also holds surety bonds provided by bail bondsmen but does not maintain an account for the bond. The Court has bond forfeiture proceeds but those amounts are not included in agency funds due to the nature of ownership in forfeiting a bond.

Any forfeiture amounts which can be determined to belong to the Court are listed on the statement of activities as bond forfeitures.

**Basis of accounting – Fund Financial Statements (FFS)** – The amounts reflected in the Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (FFS), are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in these statements (FFS), use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues** – Ticket fees and bond forfeitures are recorded in the year in which they are earned. Interest income on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

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

## MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of accounting – Government-Wide Financial Statements (GWFS)** – The Statement of Net Position and the Statement of Activities (GWFS) display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Codification.

**Program Revenues** – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

**Net Position Classifications** – In accordance with GASB Codification, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

- a. *Net Investment in Capital Assets* – This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
- b. *Restricted* – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – All other net position is reported in this category.

**Fund Balance** – The Court uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

## MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Court is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Court to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Court. Those committed amounts cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the Court’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

The Court has no restricted, committed, or assigned fund balances as of December 31, 2017.

***Budget practices*** – The proposed budget, which is prepared on the modified accrual basis of accounting, must be approved by the Court Judges. The budget is legally adopted by the Court and all appropriations lapse at year end. For the Judicial Expense Fund, the Court has established a budget for service fees, court allocation of costs, and salaries. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. There were amendments to the budget in this fiscal year.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and cash equivalents** – Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the 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.

**Capital assets** – Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position. Since surplus assets are turned over to the City of New Orleans when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land which is non-depreciable, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Computers and software	3 years
Machinery and equipment	3 years
Furniture & fixtures	3 years
Vehicles	5 years
Leasehold Improvements	20 years

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

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At December 31, 2017, the Court had cash in checking accounts and certificate of deposit accounts (book balances) totaling \$3,095,103. The deposits are stated at cost, which approximates market. Under state law, the 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2017, \$3,320,094 of securities was pledged by the fiscal agent bank to collateralize the Court's deposits. As of December 31, 2017 the Court's total bank balances were not fully

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)**

insured and collateralized with the securities held in the Name of the Court by the pledging financial institution’s agency and, therefore, they were exposed to custodial credit risk.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits.

Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

Custodial credit risk is the risk that in the event of a bank failure, the Court’s deposits may not be returned to it. The Court has a written policy for custodial credit risk. As of December 31, 2017, cash and certificates of deposit were adequately collateralized by securities held by an unaffiliated bank for the account of the Court. GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Codification Section C20 *Cash Deposits with Financial Institutions*, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 – DUE FROM OTHERS**

Due from others consisted of the following at December 31, 2017:

Fines and Fees Agency Fund	\$	260,938
Cash Bonds Agency Fund		24,523
Due from Other Agencies (Department of Public Safety)		4,300
		<b>\$ 289,789</b>

None of these amounts are past due ninety days or more at December 31, 2017.

**NOTE 4 – DUE TO OTHERS**

Due to others consisted of the following at December 31, 2017:

Due to Other Agencies	\$	2,170
		<b>\$ 2,170</b>

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – INTERFUND TRANSFERS**

Transfers between funds during the year ended December 31, 2017 are as follows.

	Transfers In	Transfers Out
Judicial Expense Fund	\$ 24,432	\$ -
Municipal Court Criminal Fee Fund	-	24,432
<b>Total</b>	<b>\$ 24,432</b>	<b>\$ 24,432</b>

**NOTE 6 – ACCRUED PAYROLL LIABILITIES**

The Court approved the extinguishment of the payroll liabilities that were carried on the accounting records of the former New Orleans Traffic Court and Former Municipal Court of New Orleans prior to consolidation on January 1, 2017. It is the understanding of the Court that the City has no intention to collect these amounts given the pending Cooperative Endeavor Agreement.

**NOTE 7 – CAPITAL ASSETS**

A schedule of changes in capital assets follows:

	January 01, 2017	Additions	December 31, 2017
Computers and software	\$ 631,757	\$ 161,500	<b>793,257</b>
Vehicles	28,900	-	<b>28,900</b>
Machinery and equipment	20,853	-	<b>20,853</b>
Accumulated depreciation	(617,347)	(68,649)	<b>(685,996)</b>
<b>Capital assets, net</b>	<b>\$ 64,162</b>	<b>\$ 92,851</b>	<b>\$ 157,013</b>

Depreciation expense for the year ended December 31, 2017 was \$68,649.

**NOTE 8 – FACILITIES, FURNITURE, FIXTURES AND EQUIPMENT OWNED BY OTHER ENTITIES**

The City of New Orleans is required by LA RS 13:2509 to provide suitable facilities, rooms, furniture, equipment and supplies required for the proper functioning of the Court. Assets purchased or provided by the City are listed on the City's physical asset listing instead of the Court.

**NOTE 9 – LEASE COMMITMENTS**

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

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – COOPERATIVE ENDEAVOR AGREEMENT WITH THE CITY OF NEW ORLEANS**

The Court has a cooperative endeavor agreement with the City of New Orleans to pay for consultant and technology expenses. For the year ended December 31, 2017, there was \$129,200 in cooperative endeavor agreement revenues.

**NOTE 11 – ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS**

The City of New Orleans pays the salaries and benefits for the Court. The Court is not legally responsible for these salaries or the related benefits. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the City. For the year ended December 31, 2017, these on-behalf payments have been recorded in the accompanying financial statements, in accordance with Governmental Accounting Standards Board Statement 24 - *Accounting And Financial Reporting For Certain Grants and Other Financial Assistance*, as intergovernmental revenues and expenditures as follows:

Judicial Expense Fund:		
Salaries	\$	4,222,185
Benefits		2,059,705
<hr/>		
Total on-behalf payments	<b>\$</b>	<b>6,281,890</b>

These expenditures are included in personnel services and related benefits expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance. The related revenues are included in the city revenues – on-behalf payments on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**NOTE 12 – SUBSEQUENT EVENTS**

The Court has evaluated subsequent events through June 25, 2018 (the date which the financial statements were available to be issued). There were no significant events subsequent to December 31, 2017 and before the financial statements were available to be issued.

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**Required Supplementary  
Information (Part II)**

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Adopted Budget	Amended Budget	Actuals	Variance Favorable/ (Unfavorable)
<b>REVENUE</b>				
Self-generated (fines, fees, collections)	\$ 3,076,772	\$ 2,071,596	\$ 2,014,242	\$ (57,354)
City revenues	-	6,281,890	6,281,890	-
Cooperative Endeavor Agreement	177,775	129,200	129,200	-
State grants	50,000	49,665	49,665	-
Extinguishment of Payroll Accrual	-	-	4,577,886	4,577,886
Photo Camera Appeal Fee	-	-	1,150	1,150
Court Services	-	-	30	30
Copy & retrieval fees	-	-	6,922	6,922
Bond forfeiture	-	-	38,305	38,305
Restitution	-	-	750	750
Reinstate fees	-	-	64,288	64,288
Interest	400	-	1,470	1,470
Other income	113,000	112,353	118,051	5,698
<b>Total Revenue</b>	<b>3,417,947</b>	<b>8,644,704</b>	<b>13,283,849</b>	<b>4,639,145</b>
<b>EXPENDITURES</b>				
Advertising	3,200	1,006	1,135	(129)
Auditing and accounting	50,000	42,590	42,590	-
Bank service charges	18,300	13,492	14,346	(854)
Case/Bond Expense	4,000	6,154	4,935	1,219
Office repair and maintenance	10,000	766	2,339	(1,573)
Automotive	1,000	812	899.00	(87)
Computer equipment/internet	102,000	129,203	144,018	(14,815)
Dues and subscriptions	22,000	12,222	12,363	(141)
Insurance	18,000	22,283	22,283	-
Parking	76,000	34,183	33,303	880
Meetings and conferences	85,000	36,884	35,972	912
Miscellaneous	500	7	(331)	338
Office equipment	45,000	9,277	12,087	(2,810)
Office supplies	80,000	18,150	17,860	290
Salaries and fringes	-	6,281,890	6,281,890	-
Printing and reproduction	32,000	15,425	15,228	197
Professional development	2,000	-	-	-
Professional services	1,014,525	828,472	793,323	35,149
Storage	38,000	4,816	26,369	(21,553)
Telephone and fax	76,500	33,481	30,009	3,472
Terminal leave	30,000	-	-	-
Transitional costs	200,000	-	0	-
Uniforms	5,000	1,500	456	1,044
Witness fees	1,000	6,150	5,800	350
<b>Total Expenditures</b>	<b>1,914,025</b>	<b>7,498,763</b>	<b>7,496,874</b>	<b>1,889</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 1,503,922</b>	<b>\$ 1,145,941</b>	<b>\$ 5,786,975</b>	<b>\$ 4,641,034</b>
<b>TRANSFERS In</b>			24,432	
<b>FUND BALANCE (DEFICIT), Beginning of year</b>			(3,423,869)	
<b>FUND BALANCE, End of year</b>			<b>\$ 2,387,538</b>	

*See independent auditors' report.*



**Other Supplementary  
Information**

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2017**

	<u>Building and Maintenance Fund</u>	<u>Municipal Court Criminal Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 72,422	\$ -	\$ 72,422
Accounts receivable	-	-	-
Due from others	825	-	825
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 73,247</b>	<b>\$ -</b>	<b>\$ 73,247</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to others	-	-	-
Accrued payroll liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>			
Nonspendable	-	-	-
Unassigned Balance	73,247	-	73,247
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>73,247</b>	<b>-</b>	<b>73,247</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 73,247</b>	<b>\$ -</b>	<b>\$ 73,247</b>

*See independent auditors' report.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Building and Maintenance Fund</b>	<b>Municipal Court Criminal Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Building and Maintenance fee	\$ 7,720	\$ -	\$ 7,720
Other miscellaneous	-	-	-
<b>Total Revenues</b>	<b>7,720</b>	<b>-</b>	<b>7,450</b>
<b>EXPENDITURES</b>			
General government:			
Personnel services and related benefits	-	-	-
Operating services	11,541	-	11,541
<b>Total Expenditures</b>	<b>11,541</b>	<b>-</b>	<b>11,541</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(3,821)</b>	<b>-</b>	<b>(3,821)</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>(24,432)</b>	<b>(24,432)</b>
<b>EXCESS OF REVENUES AFTER TRANSFERS OUT</b>	<b>(3,821)</b>	<b>(24,432)</b>	<b>(28,253)</b>
<b>FUND BALANCE (DEFICIT) - Beginning of year</b>	<b>77,068</b>	<b>24,432</b>	<b>101,500</b>
<b>FUND BALANCE (DEFICIT) - End of year</b>	<b>\$ 73,247</b>	<b>\$ -</b>	<b>\$ 73,247</b>

*See independent auditors' report.*

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Agency Head Name: Judge Paul N. Sens**

	<b>Amount</b>
Salary	\$ 101,813
Benefits-insurance	9,000
Benefits-retirement	39,766
Benefits-medicare	1,394
Benefits-worker's compensation	300
Benefits-unemployment	-
Cell phone	-
Uniforms	-
Per diem	-
Reimbursements-advertising	-
Travel	-
Fuel usage	-
Continuing professional education fees and conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
<b>Total</b>	<b>\$ 152,273</b>

*See independent auditors' report.*



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

To the Honorable Judges en banc of  
Municipal and Traffic Court of New Orleans  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Municipal and Traffic Court of New Orleans (the Court), which comprise the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2017, and the related notes to financial statements, and have issued our report thereon dated June 21, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item **2017-001**.

## **Municipal and Traffic Court of New Orleans' Response to Findings**

The Court's response to the finding identified in our audit is described in the Court's accompanying Management's Corrective Action Plan. The Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

*Carri Riggs & Ingram, L.L.C.*

June 25, 2018

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the basic financial statements of Municipal and Traffic Court of New Orleans as of and for the year ended December 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

*Section I: Summary of Auditors' Report*

*a. Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses  Yes  No

Significant Deficiencies  Yes  No

Compliance:

NonCompliance Material to Financial Statements  Yes  No

*b. Federal Awards*

There were no federal awards noted.

**SECTION II – DEFICIENCIES IDENTIFIED DURING THE AUDIT**

None noted.

**SECTION III – COMPLIANCE AND OTHER MATTERS**

**2017-001 Pledge Collateral**

*Criteria:* The Court did not maintain a pledged collateral balance equal to the amount held on deposit with financial institutions in excess of Federal Deposit Insurance Corporation coverage.

*Condition:* In accordance with Louisiana Revised Statute 49:321, governmental entities in Louisiana are required to maintain securities "equal to one hundred percent of the amount on deposit to the credit of the depositing authority except that portion of the deposits insured by any

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

governmental agency insuring bank deposits which is organized under the laws of the United States.”

*Cause:* The financial institution in which the Court maintains its deposits did not include the bank accounts added as a result of the merger with between the Traffic Court and the Municipal Court as part of the Court’s required pledged collateral calculation and did not maintain an appropriate balance of pledged securities relative to the Court’s uninsured deposits. The Court did not review the pledged collateral balance as of December 31, 2017.

*Effect:* The Court was in violation of Louisiana RS 49:321, as its uninsured deposits were under-collateralized by \$1,219,259.

*Recommendation:* The Court should ensure that deposits are appropriately collateralized by their financial institution. The Court should also review monthly statements from their financial institution to ensure pledged collateral is maintained at the appropriate level.



**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION II – DEFICIENCIES IDENTIFIED DURING THE AUDIT**

None noted.

**SECTION III – COMPLIANCE AND OTHER MATTERS**

None noted.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION II – DEFICIENCIES IDENTIFIED DURING THE AUDIT**

No findings noted for the year ended December 31, 2017.

**SECTION III – COMPLIANCE AND OTHER MATTERS**

**Corrective Action Plan** - The financial institution corrected their error in the pledged collateral calculation and the pledged securities balance has been corrected to the appropriate level as of March 2018. Staff of the Court will review subsequent pledged collateral reports received from their financial institution to ensure deposits are appropriately collateralized.



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judges en banc of  
Municipal and Traffic Court of New Orleans  
New Orleans, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Municipal and Traffic Court of New Orleans (the "Court") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2017 through December 31, 2017. The Court is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

---

1. Obtained the Court's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:

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

**Results: No exceptions were found as a result of applying the procedure.**

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

d) *Receipts*, including receiving, recording, and preparing deposit.

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: As the entirety of the Court's payroll is paid on-behalf by the City of New Orleans, this procedure is not applicable.**

f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Court's ethics policy.

**Results: The Municipal and Traffic Court of New Orleans does not have an ethics policy on record.**

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

**Results: As the Court does not issue debt or have debt service, there is no policy covering the subject; therefore, this procedure is not applicable.**

## ***Board***

---

2. Obtained and inspected the board minutes for the fiscal period and the Board's enabling legislation, charter/bylaws, or other equivalent document in effect during the fiscal period, and:

a) Observed that the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter/bylaws, or other equivalent document.

**Results: As the Court is not legally required to hold open meetings, these procedures are not applicable.**

b) Observed that the minutes obtained and inspected in a) above either referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Court's prior audit (GAAP-basis).

1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observed that there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, observed that the meeting minutes for at least one board meeting during the fiscal period reflected that the board is monitoring the plan.

**Results: As the Court is not legally required to hold open meetings, these procedures are not applicable.**

c) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results: As the Court is not legally required to hold open meetings, these procedures are not applicable.**

### ***Bank Reconciliations***

---

3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

4. Using the listing obtained from management in #3 above, selected four (4) of the Court's bank accounts. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and observed that:

a) Bank reconciliations have been prepared;

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: On two (2) of the four (4) bank accounts selected there was no documentation of research of outstanding reconciling items.**

### ***Collections***

---

5. Obtained a listing of cash/check/money order (cash) collection locations for the fiscal period and management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

6. Using the listing provided by management in #5 above, selected all of the Court's cash collection locations. For each cash collection location selected:

a) Determined who is responsible for collecting cash through inquiry with management.

**Results: No exceptions were found as a result of applying the procedure.**

b) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and inspected the documentation obtained to determine that each person responsible for collecting cash, as identified in #6a above, is (1) bonded, or there is sufficient general liability insurance covering each person, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

**Results: No exceptions were found as a result of applying the procedure.**

c) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and observed that the Court has a formal process to reconcile cash collections to the general ledger, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

**Results: No exceptions were found as a result of applying the procedure.**

d) Selected the highest (dollar) week of cash collections from the general ledger during the fiscal period and:

1) Obtained the Court's collection documentation, deposit slips, and bank statements for each cash collection included in the highest (dollar) week, traced daily collections to the deposit date on the corresponding bank statement, and observed that the deposits were made within one day of collection.

**Results: No exceptions were found as a result of applying the procedure.**

2) Obtained system reports, observed that daily cash collections were supported by documentation.

**Results: No exceptions were found as a result of applying the procedure.**

7. Obtained existing written documentation from management (e.g. policy manual, written procedure) and observed that the written documentation includes a process specifically defined (as identified by management) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results: No exceptions were found as a result of applying the procedure.**

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

8. Obtained a listing of Court disbursements for the fiscal period from management. Obtained management's representation that the listing population is complete.

**Results: No exceptions were found as a result of applying the procedure.**

9. Using the disbursement population from #8 above, randomly selected 25, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined that the supporting documentation for each transaction demonstrated that:

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

10. Using Court documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the person responsible for processing payments is prohibited from adding vendors to the Court's purchasing/disbursement system.

**Results: No exceptions were found as a result of applying the procedure.**

11. Using Court documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results: No exceptions were found as a result of applying the procedure.**

12. Inquired of management and observed that the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by management) that do not have signatory authority.

**Results: No exceptions were found as a result of applying the procedure.**

13. If a signature stamp or signature machine is used, inquired of the signer to determine that his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer to determine that signed checks are likewise maintained under the control of the signer or authorized user until mailed.

**Results: As there is no signature stamp or signature machine, this procedure is not applicable.**

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

---

14. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) in effect during the fiscal period for all employees/officials, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

15. Using the listing obtained by management in #14 above, randomly selected one-third of the three cards that were used during the fiscal period, rotating cards each year. Obtained the monthly statements for the selected cards for the fiscal period. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

**Results: No exceptions were found as a result of applying the procedure.**

b) Observed that no finance charges and/or late fees were assessed on the selected statements.

**Results: No exceptions were found as a result of applying the procedure.**

16. Using the monthly statements selected under #15 above, obtained supporting documentation as follows for all transactions for the 1 card selected.

a) For each transaction, observed that the transaction is supported by:

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

**Results: No exceptions were found as a result of applying the procedure.**

2) Documentation of the business/public purpose, if not evident from the receipt. For meal charges, there should also be documentation of the individuals participating.

**Results: No exceptions were found as a result of applying the procedure.**

3) If applicable, other documentation that is required by the written policy obtained in #1g above (e.g., purchase order, written authorization.)

**Results: No other documentation required by written policy so this procedure is not applicable.**

b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Court's written purchasing/disbursement policies obtained in #1b above and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and determined that the transaction complied with the requirements.

**Results: No exceptions were found as a result of applying the procedure.**

- c) For each transaction, compare the Court's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

**Results: No exceptions were found as a result of applying the procedure.**

#### ***Travel and Expense Reimbursemen***

---

17. Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

18. Using the Court's written policies related to travel and expense reimbursements obtained in #1h above, compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and determined that no amounts exceeded GSA rates.

**Results: No exceptions were found as a result of applying the procedure.**

19. Using the listing detail from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person for the fiscal period, including the supporting documentation, and chose the largest travel expense for each person to inspect. For each of the three travel expenses selected:

- a) Compared expense documentation to the written policies and observed that each expense was reimbursed or prepaid in accordance with the written policy obtained in #1h above (e.g., rates established for meals, mileage, lodging).

**Results: No exceptions were found as a result of applying the procedure.**

- b) Observed that each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

- 3) If applicable, other documentation as required by the written policy obtained in #1h above (e.g., authorization for travel, conference brochure, certificate of attendance).

**Results: No exceptions were found as a result of applying the procedure.**

- c) Compared the Court's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

### ***Contracts***

---

- 20. Obtained a listing of all contracts in effect during the fiscal period. Obtained management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

- 21. Using the listing from #20 above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:

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

**Results: No exceptions were found as a result of applying the procedure.**

- b) Compared each contract's detail to the requirements of Louisiana Public Bid. Determined whether each contract is subject to the Louisiana Public Bid Law and:

- 1) If yes, obtained/compared supporting contract documentation to legal requirements and observed that the Court complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

**Results: For the 5 contracts subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.**

- 2) If no, obtained supporting contract documentation and observed that the Court solicited quotes as a best practice.

**Results: All selected contracts were subject to the Louisiana Public Bid Law, therefore this procedure was not applicable.**

- c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.

**Results: No exceptions were found as a result of applying the procedure.**

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms as observed in the contract, and observed that the invoice and related payment complied with the terms and conditions of the contract.

**Results: No exceptions were found as a result of applying the procedure.**

- e) Obtained board minutes related to the contract and observed that there is documentation of board approval.

**Results: As the Court is not legally required to hold open meetings, this procedure is not applicable.**

### ***Ethics***

---

- 22. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtained ethics compliance documentation from management and observed that the Court maintained documentation to demonstrate that required ethics training was completed.

**Results: No exceptions were found as a result of applying the procedure.**

- 23. Inquired of management whether any alleged ethics violations were reported to the Court during the fiscal period. If applicable, obtained and inspected documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the Court’s ethics policy obtained in #1i above. If management received allegations, observed that management investigated allegations received, and determined that the allegations were addressed in accordance with the policy obtained in #1i above.

**Results: No alleged ethics violations were reported to the Court during the fiscal period.**

### ***Other***

---

- 24. Inquired of management whether the Court had any misappropriations of public funds or assets during the fiscal period. If so, obtained/inspected supporting documentation and observed that the Court reported the misappropriation to the legislative auditor and the district attorney of the Court in which the Court is domiciled.

**Results: There were no misappropriations of public fund or assets during the fiscal period.**

- 25. Observed that the Court has posted on its premises and website, the notice required by R.S. 24:523.1.

**Results: No exceptions were found as a result of applying the procedure.**

- 26. If the practitioner observed or otherwise identified any exceptions regarding management’s representations in the procedures above, reported the nature of each exception.

**Results: No exceptions were found regarding management’s representation in the procedures above, therefore this procedure is not applicable.**

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

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

*Carly Riggs & Ingram, L.L.C.*

June 25, 2018



# State of Louisiana

## Municipal and Traffic Court of New Orleans



727 SOUTH BROAD STREET  
NEW ORLEANS, LA 70119  
(504) 658-8500

HONORABLE PAUL N. SENS  
JUDGE, DIVISION A  
ADMINISTRATIVE JUDGE

HONORABLE ROBERT E. JONES, III  
JUDGE, DIVISION B

HONORABLE MARK J. SHEA  
JUDGE, DIVISION D

HONORABLE SEAN P. EARLY  
JUDGE, DIVISION E

HONORABLE JOSEPH B. LANDRY  
JUDGE, DIVISION F

HONORABLE STEVEN M. JUPITER  
JUDGE, DIVISION G

HONORABLE HERBERT A. CADE  
JUDGE, DIVISION H

DEBRA A. HALL  
JUDICIAL ADMINISTRATOR

CHRISTOPHER P. SENS  
CLERK OF COURT

EDWARD M. WALTERS  
COURT EXECUTIVE OFFICER

June 28, 2018

Louisiana Legislative Auditor  
1600 North 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

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RE: Municipal and Traffic Court of New Orleans Management's Response to Statewide Agreed-Upon Procedures

Dear Sir or Madam,

Municipal and Traffic Court of New Orleans will review policies and procedures in regard to the comments for each financial function. As appropriate, the Court will consider making changes that will enhance internal controls.

Sincerely,

Ms. Debra A. Hall, M.P.A.  
Judicial Administrator