

**MUNICIPAL AND TRAFFIC COURT
OF NEW ORLEANS**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018



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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, 2018, 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* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and pages 28 and 29 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 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 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 May 31, 2019 on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

May 31, 2019



**Required Supplementary
Information (Part I)**

MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

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, 2018. 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 operations.

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 funds maintained by the Court's office. The General Fund is established as mandated by Louisiana Revised Statute (LA RS) 13:2496.4.

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, 2018**

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, 2018 were \$4,330,227 and total liabilities were \$281,445. As of December 31, 2018, the MTCNO had a net position of \$4,048,782, of which \$3,129,219 was unrestricted and represents the portion that is available to maintain the continuing obligations to citizens.

- The City of New Orleans appropriates funds in the City's budget for the support of the Court's payroll expenses of \$6,241,964. These on-behalf payments have been booked as City Revenues.
- Program expenses were under program revenues in the current year by \$852,859. 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.

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, 2018**

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

Condensed Statements of Net Position

	2018	2017	Difference	Percentage Change
Current and other assets	\$ 4,227,047	\$ 3,402,909	\$ 824,138	24%
Capital assets, net of accumulated depreciation	103,180	157,013	(53,833)	(34)%
Total assets	4,330,227	3,559,922	770,305	22%
Current liabilities	281,445	363,999	(82,554)	(23)%
Total liabilities	281,445	363,999	(82,554)	(23)%
Invested in capital assets	103,180	157,013	(53,833)	(34)%
Restricted net position	816,383	-	816,383	100%
Unrestricted net position	3,129,219	3,038,910	90,309	3%
Total net position	\$ 4,048,782	\$ 3,195,923	\$ 852,859	27%

The increase in current and other assets was due to an increase in cash reserves, and accounts receivable. There were no additions to capital assets.

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, 2018**

Condensed Statement of Activities

	2018	2017	Difference	Percentage Change
Total program revenue	\$ 8,132,488	\$ 13,432,857	\$ (5,300,369)	(39)%
Total program expense	7,281,467	7,415,564	(134,097)	(2)%
Net program income	851,021	6,017,289	(5,166,268)	(86)%
Interest earnings	1,838	1,470	368	25%
Change in net position	852,859	6,018,763	(5,165,904)	(86)%
Net position (deficit) - beginning of year	3,195,923	(2,822,840)	134,713	5%
Net position - end of year	\$ 4,048,782	\$ 3,195,923	\$ 852,859	27%

The Program revenues have decreased because there was \$4,577,885 in revenue associated with the extinguishment of accrued payroll in 2017 that did not occur in 2018. Additionally in 2017 there was a Cooperative Endeavor Agreement with the City of New Orleans that resulted in a \$129,200 revenue and was terminated at the end of 2017. The Court also decreased its ticket revenues because of a significant drop in the tickets issued in Traffic cases.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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 funds helps 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)

	2018	2017	Difference	Percentage Change
Total revenues	\$ 7,928,919	\$ 13,283,849	\$(5,354,930)	(40)%
Expenditures:				
Current	7,187,239	7,335,374	(148,135)	(20)%
Capital outlay	-	161,500	(161,500)	(100)%
Total expenditures	7,187,239	7,496,874	(309,635)	(41)%
Other financing sources (uses)				
Transfers In	-	24,000	(24,000)	(100)%
Total other financing sources	-	24,000	(24,000)	(100)%
Net change in fund	741,680	5,811,407	(5,069,727)	(87)%
Fund balance (deficit) - beginning of year	2,387,538	(3,423,869)	5,811,407	170%
Fund balance – end of year	\$ 3,129,219	\$ 2,387,538	\$ 741,680	31%

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.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

JUDICIAL EXPENSE FUND BUDGETARY HIGHLIGHTS

	Actual	Budgeted	Variance	Percent
Revenues				
City revenues - on-behalf payments	\$ 6,241,964	\$ 6,241,964	\$ -	0%
Fines and fees	1,576,541	1,500,000	76,541	6%
Interest	1,838	800	1,038	130%
Other income	108,576	108,000	576	1%
Total revenue	7,928,919	7,850,764	78,155	1%
Expenditures				
Personnel services and related benefits	6,272,640	6,276,714	(4,074)	(.06)%
Operating services	914,599	1,009,841	(95,242)	(9)%
Total expenditures	7,187,239	7,286,555	(99,316)	(1)%
Excess (deficit) of revenue over expenditures	\$ 741,680	\$ 564,209	\$ 177,471	31%

The Municipal and Traffic Court of New Orleans' budget for January 1, 2018 to December 31, 2018 was proposed and made available for public inspection by the Municipal and Traffic Court of New Orleans and approved by the City Council on December 1, 2017. The budget was amended and made available for public inspection. The amended budget for the JEF was approved during an en banc meeting on November 28, 2018.

CAPITAL ASSETS

The Court's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2018 was \$103,180. Summary of capital assets is detailed below:

Computer software	\$ 793,257
Vehicles	28,900
Machinery and equipment	20,853
Total cost	843,009
Accumulated depreciation	(739,830)
Net capital assets	\$ 103,180
Depreciation expense	\$ 53,833



**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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.

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, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,991,010
Accounts receivable	9,000
Due from others	110,881
Prepaid expenses	116,156

Total current assets	4,227,047
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CAPITAL ASSETS, net of accumulated depreciation	103,180
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TOTAL ASSETS	4,330,227
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LIABILITIES

Accounts payable	279,791
Due to others	1,654

TOTAL LIABILITIES	281,445
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NET POSITION

Net investment in capital assets	103,180
Restricted for Probation	716,876
Restricted for Building and Maintenance	99,507
Unrestricted net position	3,129,219

TOTAL NET POSITION	\$ 4,048,782
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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, 2018**

EXPENSES

General government:	
Personnel services and related benefits	\$ 6,272,640
Operating services	1,008,827
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Total expenses	7,281,467

PROGRAM REVENUES

Ticket charges	1,506,714
Bond forfeitures	5,595
Reinstate fees	57,613
Probation fees	138,752
Building Fee	66,655
City revenues - on-behalf payments	6,241,964
Rights fees	108,575
Miscellaneous fees	6,620
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Total program revenues	8,132,488

GENERAL REVENUES

Interest earnings	1,838
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Total general revenues	1,838

CHANGE IN NET POSITION	852,859
NET POSITION - Beginning of year	3,195,923
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NET POSITION - End of year	\$ 4,048,782

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, 2018**

	Judicial Expense Fund (General Fund)	Probation Fund	Nonmajor Governmental Fund - Building and Maintenance Fund	Total Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,932,917	\$ 964,427	\$ 93,666	\$ 3,991,010
Accounts receivable	9,000	-	-	9,000
Due from others	94,926	10,114	5,841	110,881
Other current assets	116,156	-	-	116,156
TOTAL ASSETS	\$ 3,152,999	\$ 974,541	\$ 99,507	\$ 4,227,047
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 22,126	\$ 257,665	\$ -	\$ 279,791
Due to others	1,654	-	-	1,654
TOTAL LIABILITIES	23,780	257,665	-	281,445
FUND BALANCE				
Nonspendable	116,156	-	-	116,156
Restricted for Probation	-	716,876	-	716,876
Restricted for Building and Maintenance	-	-	99,507	99,507
Unassigned balance	3,013,063	-	-	3,013,063
TOTAL FUND BALANCE	3,129,219	716,876	99,507	3,945,602
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,152,999	\$ 974,541	\$ 99,507	\$ 4,227,047

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, 2018**

FUND BALANCE - total governmental fund **\$ 3,945,602**

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 **103,180**

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 4,048,782**

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, 2018**

	Judicial Expense Fund (General Fund)	Probation Fund	Nonmajor Governmental Fund - Building and Maintenance Fund	Total Governmental Funds
REVENUES				
Ticket fees	\$ 1,506,714	\$ -	\$ -	\$ 1,506,714
Bond forfeitures	5,595	-	-	5,595
Building and maintenance fees	-	-	66,655	66,655
Reinstate fees	57,613	-	-	57,613
City revenues - on-behalf payments	6,241,964	-	-	6,241,964
Interest earnings	1,838	-	-	1,838
Probation fees	-	138,752	-	138,752
Rights fees	108,575	-	-	108,575
Other miscellaneous	6,620	-	-	6,620
Total revenues	7,928,919	138,752	66,655	8,134,326
EXPENDITURES				
General government:				
Personnel services and related benefits	6,272,640	-	-	6,272,640
Operating services	914,599	-	40,395	954,994
Total expenditures	7,187,239	-	40,395	7,227,634
EXCESS OF REVENUES OVER EXPENDITURES	741,680	138,752	26,260	906,692
FUND BALANCE - Beginning of year	2,387,539	578,124	73,247	3,038,910
FUND BALANCE - End of year	\$ 3,129,219	\$ 716,876	\$ 99,507	\$ 3,945,602

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, 2018**

NET CHANGE IN FUND BALANCE - total governmental funds **\$ 906,692**

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	-
Depreciation expense	(53,833)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 852,859
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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, 2018**

	Fines and Fees Fund	Cash Bonds Fund	Total Agency Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 345,589	\$ 601,309	\$ 946,898
TOTAL ASSETS	\$ 345,589	\$ 601,309	\$ 946,898
LIABILITIES			
CURRENT LIABILITIES			
Fines and fees	\$ 242,378	\$ -	\$ 242,378
Bonds held	-	585,637	585,637
Due to others	103,211	15,672	118,883
TOTAL LIABILITIES	\$ 345,589	\$ 601,309	\$ 946,898

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, 2018

	<u>January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2018</u>
FINES AND FEES:				
Cash and cash equivalents	\$ 935,147	\$ 9,490,003	\$ (10,079,561)	\$ 345,589
Fines and fees assets	\$ 935,147	\$ 9,490,003	\$ (10,079,561)	\$ 345,589
Fines and fees	\$ 672,364	\$ 4,284,115	\$ (4,714,101)	\$ 242,378
Due to others	262,783	1,593,801	(1,753,373)	103,211
Fines and fees liabilities	\$ 935,147	\$ 5,877,916	\$ (6,467,474)	\$ 345,589
BONDS HELD:				
Cash and cash equivalents	\$ 571,711	\$ 239,287	\$ (209,689)	\$ 601,309
Bonds held assets	\$ 571,711	\$ 239,287	\$ (209,689)	\$ 601,309
Bonds held	\$ 556,044	\$ 238,744	\$ (209,151)	\$ 585,637
Due to others	15,667	5	-	15,672
Bonds held liabilities	\$ 571,711	\$ 238,749	\$ (209,151)	\$ 601,309

The accompanying notes 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 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 Louisiana Revised Statute (LA 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 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 bonds. 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, probation, building and maintenance 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.

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:

Description	Estimated Lives
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.

Future Accounting Pronouncements - In January 2017, the GASB issued Statement No. 84 – Fiduciary Activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Court is currently assessing the impact of GASB 84 on the financial statements for the year ending December 31, 2019.

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

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2018, the Court had cash in checking accounts and certificate of deposit accounts (book balances) totaling \$3,986,951. 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, 2018, \$4,938,427 of securities was pledged by the fiscal agent bank to collateralize the Court's deposits. As of December 31, 2018, the Court's total bank balances were fully insured and collateralized with the securities held in the Name of the Court by the pledging financial institution's agency and, therefore, they were not 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, 2018, 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, 2018:

Fines and Fees Agency Fund	\$ 103,117
Cash Bonds Agency Fund	1,126
Due from other agencies (Department of Public Safety)	6,638
	<hr/>
	\$ 110,881

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

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets follows:

	January 01, 2018	Additions	December 31, 2018
Depreciable Assets:			
Computers and software	\$ 793,256	\$ -	\$ 793,256
Vehicles	28,900	-	28,900
Machinery and equipment	20,853	-	20,853
Total Depreciable Assets	843,009	-	843,009
Accumulated Depreciation:			
Computers and software	(636,243)	(53,833)	(690,076)
Vehicles	(28,900)	-	(28,900)
Machinery and equipment	(20,853)	-	(20,853)
Total Accumulated Depreciation	(685,996)	(53,833)	(739,829)
Capital assets, net	\$ 157,013	\$ (53,833)	\$ 103,180

Depreciation expense for the year ended December 31, 2018 was \$53,833 and was charged to operating services.

NOTE 5 – 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 6 – 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 7 – 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, 2018, 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	\$	4,210,985
Benefits		2,030,978
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Total on-behalf payments	\$	6,241,964
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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 8 – SUBSEQUENT EVENTS

The Court has evaluated subsequent events through May 31, 2019 (the date which the financial statements were available to be issued). There were no significant events subsequent to December 31, 2018 and before the financial statements were available to be issued.



**Required Supplementary
Information (Part II)**

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
BUDGETARY COMPARISON SCHEDULE - JUDICIAL EXPENSE FUND (GENERAL FUND)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Adopted Budget	Amended Budget	Actuals	Variance Favorable/ (Unfavorable)
REVENUE				
City revenue	\$ 7,035,621	\$ 6,241,964	\$ 6,241,964	\$ -
JEF collections	1,500,000	1,500,000	1,576,541	76,541
Other income	100,400	108,800	110,414	1,614
Total Revenue	8,636,021	7,850,764	7,928,919	78,155
EXPENDITURES				
Salaries and benefits	7,035,621	6,241,964	6,241,964	-
Advertising expense	3,000	3,000	51	2,949
Bank service charges	16,000	16,000	12,576	3,424
Building and maintenance	-	60,000	44,074	15,926
Auto repairs & maintenance	1,000	3,500	2,560	940
Case/bond expense	10,000	-	-	-
Cash over short	-	-	(197)	197
Computer	50,000	38,000	39,571	(1,571)
Dues and subscriptions	15,000	15,000	12,742	2,258
Employee testing	-	250	246	4
Insurance	25,000	28,000	26,715	1,285
Meetings and conferences	75,000	40,000	36,181	3,819
Miscellaneous	1,000	5,000	5,640	(640)
Office equipment	40,000	30,000	29,466	534
Office supplies	25,000	25,000	11,173	13,827
Parking	50,000	34,500	30,430	4,070
Postage and delivery/telephone	30,000	30,000	28,532	1,468
Printing and reproduction	20,000	20,000	18,087	1,913
Professional development	2,000	2,000	903	1,097
Accounting fees	40,000	45,000	45,000	-
Ad hoc judges recusals	3,000	-	-	-
Computer	133,000	125,000	125,880	(880)
Constable	176,000	172,341	172,340	1
Court consultant fees	65,000	65,000	63,200	1,800
Court reporter	147,000	147,000	124,882	22,118
Interpreters	3,000	2,000	3,020	(1,020)
Legal fees	40,000	2,000	460	1,540
Justice management institute	-	40,000	35,948	4,052
Psychiatric service fee	36,000	36,000	37,500	(1,500)
Repairs and maintenance	10,000	5,000	1,258	3,742
Storage	40,000	35,000	25,887	9,113
Terminal leave	-	5,000	3,652	1,348
Uniforms	5,000	5,000	6,048	(1,048)
Witness fees	10,000	10,000	1,450	8,550
Total Expenditures	8,106,621	7,286,555	7,187,239	99,316
EXCESS OF REVENUE OVER EXPENDITURES	\$ 529,400	\$ 564,209	741,680	\$ 177,471
FUND BALANCE - Beginning of year			2,387,539	
FUND BALANCE - End of year			\$ 3,129,219	

See independent auditors' report.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
BUDGETARY COMPARISON SCHEDULE - PROBATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUE				
Probation fees	\$ 50,000	\$ 138,750	\$ 138,752	\$ 2
Total revenue	50,000	138,750	138,752	2
EXPENDITURES				
Total expenditures	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES	\$ 50,000	\$ 138,750	\$ 138,752	\$ 2
NET CHANGES IN FUND BALANCE			138,752	
FUND BALANCE - Beginning of year			578,124	
FUND BALANCE - End of year			\$ 716,876	

See independent auditors' report.



**Other Supplementary
Information**

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018**

Agency Head Name: Judge Paul N. Sens

	Amount
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	6,998
Fuel usage	-
Continuing professional education fees and conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 159,271

See independent auditor's report.

**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, 2018, and the related notes to financial statements, and have issued our report thereon dated May 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

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.

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

May 31, 2019

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

We have audited the basic financial statements of Municipal and Traffic Court of New Orleans as of and for the year ended December 31, 2018. 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, 2018 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 x No

Significant Deficiencies Yes x No

Compliance:

NonCompliance Material to Financial Statements Yes x 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

None noted.

**MUNICIPAL AND TRAFFIC COURT OF NEW ORLEANS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION II – DEFICIENCIES IDENTIFIED DURING THE AUDIT

None noted.

SECTION III – COMPLIANCE AND OTHER MATTERS

2017-001 Pledged Collateral

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

Status: Resolved.



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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

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, 2018 through December 31, 2018. The Court's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the Court's written policies and procedures and report whether 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 above 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 above procedure.

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

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

- d) **Receipts**, including receiving, recording, and preparing deposit. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.

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

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

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

- 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 above procedure.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, 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 above 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 above procedure.

Bank Reconciliations

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

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

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

- b) Bank reconciliations includes evidence that a member of management or a board member who does not handle cash, post ledger, or issue checks has reviewed each bank reconciliation; and

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

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

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

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

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

Cary Riggs & Ingram, L.L.C.

May 31, 2019