

# CITY OF NEW ORLEANS

## JUDICIAL EXPENSE FUND OF THE MUNICIPAL COURTS

FOR THE PERIOD ENDING DECEMBER 31, 2007

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

Release Date 7/30/08

**City of New Orleans**

**Judicial Expense Fund of the Municipal Courts**

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# PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

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

To The Traffic Court Judges  
City of New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City of New Orleans Municipal Court Judges, solely to assist the court with respect to the accounting records of the Judicial Expense Fund of the City of New Orleans Municipal Courts for the period January 1, 2007 through December 31, 2007. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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.

Our procedures and findings are as follows:

### Procedure 1.

Meet with management of the Court to review and document the current internal control environment. Interview key employees and complete Internal Control Questionnaires from the Practitioners Publishing Corporation for the following areas:

Electronic Data Processing

### Findings

#### Electronic Data Processing

We noted no exceptions.

### Procedure 2.

Review documentation provided by the Municipal Court that support the year-end cash balances for the years ended December 31, 2007, and 2006.

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## **Findings**

As per City laws and regulations, the Court is authorized to maintain a Judicial Expense bank account for the disbursement of expenditures and a Building and Maintenance fund for improvements and repairs to the Court's operating facility. We noted no exceptions.

### **Procedure 3.**

Obtain copies of bank statements and cancelled checks from January 1, 2007 through December 31, 2007.

## **Findings**

We obtained copies of bank statements and cancelled checks to examine the documentation for unusual transactions. We noted no exceptions.

### **Procedure 4.**

Review the accounting process and documentation used to support the financial information reported to the City of New Orleans for inclusion in its Comprehensive Annual Financial Report (hereafter "CAFR"). This review will include revenues and disbursements of the Judicial Expense Fund. Select a representative sample of bond receipts, refunds and forfeitures and vouch each item selected to supporting documentation. Procedures will include, reviewing each item for adequate documentation, propriety and compliance with the City of New Orleans Code of Ordinances. The sample, for purposes of establishing a scope for these procedures, will not exceed 75 receipts and 75 disbursements, for a maximum total of 150 selections.

## **Findings**

From a review of the CAFR of the City of New Orleans for the year 2006, it has been determined the financial information regarding the Municipal Court's Judicial Expense Fund account for the year of 2006 has not been included in the Comprehensive Annual Financial Report for the City of New Orleans. There is not an available Comprehensive Annual Financial Report of the City of New Orleans for the year ending 2007. Consequently, we are unable to apply procedures based on information presented in the CAFR. However, we did select a sample from Municipal Court transactions recorded to the Court's Judicial Expense Fund.

From the sample selected, we did not note any exceptions in the Court's accounting process for the receipt of revenues and disbursement of expenditures.

**Procedure 5.**

Select 25 cases with final disposition from a list of cases maintained in the courts electronic database. Review each case from inception until fine is paid. Examine each case to determine if the correct procedures (i.e. fines, fine amounts, etc.) have been applied to each case as it relates to the Judicial Expense fund.

**Findings**

We noted no exceptions.

**Procedure 6.**

Perform inquires and analytical procedures on the Municipal Court's Judicial Expense Fund for the period January 1, 2007 through December 31, 2007.

**Findings**

We noted no exceptions.

**Procedure 7.**

Prepare a written report of the assets, liabilities, and fund balance, and revenues and expenditures from January 1, 2007 through December 31, 2007.

**Findings**

We have compiled a report of the assets, liabilities, and fund balance, and revenues and expenditures from January 1, 2007 through December 31, 2007 (see pages 8 and 9). The compiled financial statements show an excess of revenue over expenditures of \$ 17,494 for the 2007 calendar year and a fund balance of \$ 2,224,011.

**Procedure 8.**

Submit six (6) copies of the final report.

**Findings**

We have distributed copies of the final report to the Louisiana Legislative Auditor's Office, Municipal Court Judges and other essential personnel of the municipal court.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Paulet, Meunier and Le Blanc, C.L.P.*

New Orleans, Louisiana  
March 20, 2008

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# PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants  
Management Consultants

To The Judges  
City of New Orleans Municipal Court  
New Orleans, Louisiana

We have compiled the accompanying statement of assets, liabilities, and fund balance for NEW ORLEANS MUNICIPAL COURT as of December 31, 2007 and 2006, and the related statement of activity for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

*Pailet, Meunier and Le Blanc, L.L.P.*

March 20, 2008  
Metairie, Louisiana

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NEW ORLEANS MUNICIPAL COURT  
 JUDICIAL EXPENSE FUND  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
 DECEMBER 31,

	2007	2006
<b>ASSETS</b>		
Cash (including interest bearing accounts)	\$ 2,188,442	\$ 2,528,296
Building and Maintenance Fund	668,274	623,751
Due from Cash Bonds Fund	60,264	42,974
Due from Escrow Fund	12,225	13,449
Other Assets	774	1,649
Total Assets	\$ 2,929,979	\$ 3,210,119
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Due to Escrow Fund	\$ 0	\$ 58
Intercompany Payable	0	(8,146)
Accounting Accrual	0	(70,000)
Payroll Accrual	705,968	822,423
Total Liabilities	705,968	900,627
<b>Fund Balance:</b>		
Beginning of Year	2,309,492	2,103,543
Year End Split With New Orleans	(102,975)	0
Net Income	17,494	205,949
End of Year	2,224,011	2,309,492
Total Liabilities & Fund Balance	\$ 2,929,979	\$ 3,210,119



NEW ORLEANS MUNICIPAL COURT  
 JUDICIAL EXPENSE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 For The Years Ended December 31,

	2007	2006
<b>REVENUES :</b>		
Forteitures - M.C.O.F.	\$ 1,227,691	\$ 1,387,774
Traffic Collections	228,316	122,196
Building and Maintenance Fees	21,695	30,655
Interest Income	67,022	46,617
Other Income	9,758	660
Total Revenues	1,554,482	1,587,902
<b>EXPENDITURES</b>		
Automobile	6,306	51,010
Bank Charges	914	20
Casualty Loss:Katrina	0	650
Contract Labor	688	1,780
Equipment/Computers	39,697	14,873
Conferences/Meetings	26,794	10,341
Dues & Subscriptions	2,290	5,971
Employee Reimbursement Expense	782	0
Lease Expense	5,123	3,192
Insurance	5,544	9,702
Miscellaneous	143	3,457
Postage	27,148	13,033
Professional Services	329,399	341,119
Repairs	2,145	8,620
Supplies	86,519	58,125
Telephone	22,328	34,766
Transferred To Other Funds	981,168	825,294
Total Expenditures	1,536,988	1,381,953
Excess (Deficiency) of Revenues over Expenditures	17,494	205,949
<b>CHANGES IN FUND BALANCE</b>		
FUND BALANCE, BEGINNING OF YEAR	2,309,492	2,103,543
2006 YEAR END SPLIT WITH CITY OF NEW ORLEANS	(102,975)	0
FUND BALANCE, BEGINNING OF YEAR	2,206,517	2,103,543
Excess (Deficiency) of Revenues and other Financing Sources over Expenditures and other Financing Uses	17,494	205,949
FUND BALANCE, END OF YEAR	\$ 2,224,011	\$ 2,309,492

NEW ORLEANS MUNICIPAL COURT  
JUDICIAL EXPENSE FUND  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Municipal Court of the City of New Orleans, Louisiana (the "Court") have been prepared in conformity with generally accepted accounting principles for local governmental units. The most significant accounting and reporting policies are described in the following notes to the financial statements.

The City was incorporated in 1805. The City's system of government was established by its Home Rule Charter which became effective in 1954 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides services as authorized by its charter.

**BASIS OF ACCOUNTING**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred and measurable. Prepaid insurance and similar items are not normally recorded as assets. Judicial Expense monies, forfeitures and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received. Investment earnings are recorded as earned since they are measurable and available.

**NOTE B - CASH AND CERTIFICATES OF DEPOSIT**

The Municipal Court of the City of New Orleans, Louisiana is authorized by state statute to open depositories in only those banks with branch offices within the City's limits. Investments in certificates of deposit can be placed with Louisiana state banks or with national banks having their principal offices in the state.

At December 31, 2007 and 2006, the Municipal Court of the City of New Orleans, Louisiana bank balance was \$ 2,188,442 and \$ 2,528,296 for Judicial Expense and \$ 668,274 and \$ 623,751 for Building and Maintenance. The Municipal Court of the City of New Orleans, Louisiana bank balance is categorized below to give an indication of the level of risk assumed by the Municipal Court of the City of New Orleans, Louisiana at year end. Category 1 includes insured or collateralized cash with securities held by the Municipal Court of the City of New Orleans, Louisiana or by its agent in the Municipal Court of the City of New Orleans, Louisiana name. Category 2 includes collateralized cash with securities held by the pledging financial institution's trust department or agent in the Municipal Court of the City of New Orleans, Louisiana name. Category 3 includes uncollateralized cash, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Municipal Court of the City of New Orleans, Louisiana name.

NEW ORLEANS MUNICIPAL COURT  
 JUDICIAL EXPENSE FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level of risk assumed at December 31, 2007

Bank Balance:	1	<u>Category</u> 2	3	Total
Cash	\$ 100,000	\$ 1,204,292	\$ 0	\$ 1,304,292
Certificates of Deposit	<u>100,000</u>	<u>1,452,424</u>	<u>          </u>	<u>1,552,424</u>
Total	<u>\$ 200,000</u>	<u>\$ 2,656,716</u>	<u>\$ 0</u>	<u>\$ 2,856,716</u>

NOTE C - ACCRUED LIABILITIES

The Municipal Court of New Orleans payroll is paid through the City of New Orleans; however, the Court has to reimburse the City of New Orleans for the total payroll expense incurred for January through December. This reimbursement is generally paid in January or February of the following year. Accordingly, the Court accrues its payroll expense for the period of January through December. As of December 31, 2007 and 2006, the Court's payroll expense equaled \$ 981,168 and \$ 822,423, respectively.



State of Louisiana  
City of New Orleans  
Municipal Court



JOHN A. SHEA, JUDGE

DESIRÉE M. CHARBONNET, JUDGE

SEAN P. EARLY, JUDGE

PAUL N. SENS, CHIEF JUDGE

RONALD E. LAMPARD  
CLERK OF COURT

727 SOUTH BROAD STREET  
NEW ORLEANS, LA 70119

July 14, 2008

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
State of Louisiana  
1600 North Third Street  
Baton Rouge, Louisiana 70802

Dear Mr. Theriot:

This letter is in response to The Municipal Court of New Orleans (hereafter "the court") Judicial Expense Fund's independent Auditor's Report for the year ended December 31, 2007. We wish to provide the following responses to the substantial findings contained therein.

**Procedure 4 of Agreed Upon Procedures Report**

Review the accounting process and documentation used to support the financial information reported to the City of New Orleans for inclusion in its CAFR.

**Finding for Procedure #4**

The Municipal Court Judicial Expense Account has not been included in the City of New Orleans CAFR.

**Corrective Action Plan**

The court will notify city officials that no information for the court was included in the City of New Orleans CAFR.

If you have any questions or comments regarding the accompanying corrective action plan, please contact me.

Sincerely,

Paul N. Sens  
Chief Judge