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**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NEW ORLEANS, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 Comptroller Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 08-16-00

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

INDEX TO REPORT

DECEMBER 31, 1999 AND 1998

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS	1 - 2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheets - All Fund Types and Account Groups.....	3
Statements of Revenues, Expenditures, and Changes in Fund Balance - General Fund (the only Governmental Fund Type).....	4
Statements of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund.....	5 - 6
Notes to Financial Statements	7 - 12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	13 - 15

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**INDEPENDENT AUDITOR'S REPORT ON
GENERAL PURPOSE FINANCIAL STATEMENTS**

May 24, 2000

Constable of the First City Court
City of New Orleans
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the Constable of the First City Court, City of New Orleans as of December 31, 1999 and 1998. These general purpose financial statements are the responsibility of the management of the Constable's Office. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Constable of the First City Court, City of New Orleans as of December 31, 1999 and 1998, and the results of its operations for the years ended December 31, 1999 and 1998, in conformity with generally accepted accounting principles.

MEMBERS

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

In accordance with *Government Auditing Standards* we have also issued a report dated May 24, 2000, on our consideration of the Constable of the First City Court, City of New Orleans' internal control over financial reporting and on its compliance with laws and regulations.

DUPLANTIER, HRAPMANN, HOGAN &
MAHER, LLP

Duplantier, Hrapmann, Hogan & Maher LLP

CARRIGEE & MOORE, LLP

Carrige & Moore

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999 AND 1998

	1999			
	Govern- mental Fund Type General	Fiduciary Fund Type Agency	Account Group General Fixed Assets	Totals Memoran- dum Only 1999
ASSETS				
Cash (Note 2)	\$ 343,512	\$ --	\$ --	\$ 343,512
Restricted cash (Note 2)	--	124,541	--	124,541
Certificates of deposit (Note 2)	207,904	--	--	207,904
Accrued interest receivable	888	--	--	888
Accounts receivable	34,908	--	--	34,908
Prepaid expenses	6,897	--	--	6,897
Fixed assets: (Note 5)				
Machinery and equipment	--	--	145,530	145,530
Automobile	--	--	34,802	34,802
Office furniture and equipment	--	--	89,208	89,208
Office improvements	--	--	20,119	20,119
Accumulated depreciation	--	--	(252,442)	(252,442)
TOTAL ASSETS	<u>\$ 594,109</u>	<u>\$ 124,541</u>	<u>\$ 37,217</u>	<u>\$ 755,867</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 19,167	\$ --	\$ --	\$ 19,167
Payroll withholdings	12,880	--	--	12,880
Other accruals	11,972	--	--	11,972
Escrows payable from restricted cash	--	124,541	--	124,541
Total liabilities	<u>44,019</u>	<u>124,541</u>	<u>--</u>	<u>168,560</u>
FUND EQUITY AND OTHER CREDITS:				
Investment in general fixed assets (Note 5)	--	--	37,217	37,217
Fund balance, reserved for subsequent years' expenditures (Note 6)	550,090	--	--	550,090
Total fund equity and other credits	<u>550,090</u>	<u>--</u>	<u>37,217</u>	<u>587,307</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 594,109</u>	<u>\$ 124,541</u>	<u>\$ 37,217</u>	<u>\$ 755,867</u>

See accompanying notes.

1998			
Governmental Fund Type General	Fiduciary Fund Type Agency	Account Group General Fixed Assets	Totals Memoran- dum Only 1998
\$ 289,215	\$ --	\$ --	\$ 289,215
--	113,446	--	113,446
200,538	--	--	200,538
1,079	--	--	1,079
12,130	--	--	12,130
1,878	--	--	1,878
--	--	143,672	143,672
--	--	17,801	17,801
--	--	88,935	88,935
--	--	20,119	20,119
--	--	(238,362)	(238,362)
<u>\$ 504,840</u>	<u>\$ 113,446</u>	<u>\$ 32,165</u>	<u>\$ 650,451</u>
\$ 43,275	\$ --	\$ --	\$ 43,275
475	--	--	475
--	--	--	--
--	113,446	--	113,446
<u>43,750</u>	<u>113,446</u>	<u>--</u>	<u>157,196</u>
--	--	32,165	32,165
<u>461,090</u>	<u>--</u>	<u>--</u>	<u>461,090</u>
<u>461,090</u>	<u>--</u>	<u>32,165</u>	<u>493,255</u>
<u>\$ 504,840</u>	<u>\$ 113,446</u>	<u>\$ 32,165</u>	<u>\$ 650,451</u>

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE GENERAL FUND (THE ONLY GOVERNMENTAL FUND TYPE)
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
User charges for services:		
Fees	\$ 1,159,064	\$ 1,139,731
Commissions	297,375	327,200
Labor fees (Note 3)	66,087	23,702
	<u>1,522,526</u>	<u>1,490,633</u>
Interest	7,175	7,758
Other	38,318	12,437
Total revenues	<u>1,568,019</u>	<u>1,510,828</u>
Expenditures:		
Current general government:		
Salaries	819,982	755,777
Employee medical insurance	96,764	114,285
Payroll taxes	66,620	59,646
Labor cost (Note 3)	47,628	25,990
Professional fees	137,581	165,180
Accounting	66,587	75,639
Gasoline	19,440	16,194
Radio communication	15,325	14,558
Telephone	28,872	21,919
Office supplies and services	71,745	93,631
Other operating expenditures	89,343	31,905
Capital outlay:		
Purchase of equipment	19,132	17,906
Total expenditures	<u>1,479,019</u>	<u>1,392,630</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	89,000	118,198
Fund balance at beginning of year	<u>461,090</u>	<u>342,892</u>
FUND BALANCE AT END OF YEAR	<u>\$ 550,090</u>	<u>\$ 461,090</u>

See accompanying notes.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
User charges for services:			
Fees	\$ 1,186,800	\$ 1,159,064	\$ (27,736)
Commissions	300,000	297,375	(2,625)
Labor fees	67,000	66,087	(913)
	<u>1,553,800</u>	<u>1,522,526</u>	<u>(31,274)</u>
Interest	7,200	7,175	(25)
Other	39,000	38,318	(682)
	<u>1,600,000</u>	<u>1,568,019</u>	<u>(31,981)</u>
EXPENDITURES:			
Current general government:			
Salaries	805,000	819,982	(14,982)
Insurance	99,000	96,764	2,236
Payroll taxes	66,600	66,620	(20)
Labor cost	47,000	47,628	(628)
Professional fees	140,000	137,581	2,419
Accounting	65,000	66,587	(1,587)
Gasoline	19,500	19,440	60
Radio communication	15,300	15,325	(25)
Telephone	29,000	28,872	128
Office supplies and services	59,000	71,745	(12,745)
Other operating expenditures	71,600	89,343	(17,743)
Capital outlay:			
Purchase of equipment	19,000	19,132	(132)
Total expenditures	<u>1,436,000</u>	<u>1,479,019</u>	<u>(43,019)</u>
EXCESS OF REVENUES OVER EXPENDITURES	164,000	89,000	<u>\$ (75,000)</u>
Fund balance at beginning of year	<u>461,090</u>	<u>461,090</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 625,090</u>	<u>\$ 550,090</u>	

See accompanying notes.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
User charges for services:			
Fees	\$ 981,582	\$ 1,139,731	\$ 158,149
Commissions	340,223	327,200	(13,023)
Labor fees	35,902	23,702	(12,200)
	<u>1,357,707</u>	<u>1,490,633</u>	<u>132,926</u>
Interest	9,909	7,758	(2,151)
Other	1,391	12,437	11,046
	<u>1,369,007</u>	<u>1,510,828</u>	<u>141,821</u>
EXPENDITURES:			
Current general government:			
Salaries	815,513	755,777	59,736
Employee medical insurance	131,507	114,285	17,222
Payroll taxes	60,733	59,646	1,087
Labor cost	36,539	25,990	10,549
Professional fees	98,540	165,180	(66,640)
Accounting	--	75,639	(75,639)
Gasoline	38,720	16,194	22,526
Radio communication	17,176	14,558	2,618
Telephone	12,943	21,919	(8,976)
Office supplies and services	13,522	93,631	(80,109)
Other operating expenditures	57,225	31,905	25,320
Capital outlay:			
Purchase of equipment	21,000	17,906	3,094
Total expenditures	<u>1,303,418</u>	<u>1,392,630</u>	<u>(89,212)</u>
EXCESS OF REVENUES OVER EXPENDITURES	65,589	118,198	\$ <u>52,609</u>
 Fund balance at beginning of year	 <u>342,892</u>	 <u>342,892</u>	
FUND BALANCE AT END OF YEAR	\$ <u>408,481</u>	\$ <u>461,090</u>	

See accompanying notes.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

ORGANIZATION:

The Constable of the First City Court, City of New Orleans, was established by Sections 89 and 92 of Article 7 of the Louisiana Constitution of 1921 and retained by virtue of the revised provisions of Article 5, Section 15(A) of the Louisiana Constitution of 1974. Act No. 461 of the 1978 Louisiana Regular Session established a fund for the Office of Constable, First City Court, composed of all fees collected by the Constable as provided in Revised Statute 13:2158. The Constable pays from this fund all salaries, including his own and any other costs or expenses of any other nature whatsoever, including the purchase of office or other equipment, automobiles, or other necessities deemed proper by the Constable. In the event, fees and commissions authorized by R.S. 13:2158 exceed the necessary expenditures of the Constable in the efficient performance of his duties, the excess shall remain in the Constable's fund and may be expended by him in any succeeding year in which fees and commissions are insufficient to cover salaries and expenditures. However, in accordance with Louisiana Revised Statute 33:1737, at the end of each six-year term, the Constable is required to remit to the State Treasurer any remaining moneys in the Constable's fund in excess of one third of the amount of revenues of the last year of his term in office. The amount left in the Constable's fund shall be used as a revolving fund to assist in financing the operation of the Office and for purchasing equipment.

At the completion of the six-year term ending December 31, 1996, the provisions of Revised Statute 33:1737, allowed the Office of the Constable to retain all of its fund balance.

The Constable serves court pleadings, makes seizures, conducts sales, and performs other duties under orders of the First City Court. The First City Court has civil jurisdiction concurrent with the District Court in cases where the principal amount in dispute, or the value of property involved does not exceed \$20,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY

The Constable of the First City Court of the City of New Orleans, is the reporting entity. Although the Constable (an elected official) provides services to the residents of the City from offices provided by the City, the City of New Orleans does not report the office of the Constable as a component unit of the City since the Constable is not within the oversight of the City, is not included under the City Charter, and is not subject to financial or budgetary controls of the City. The Constable provides services of his office solely through user charges at rates within limitations set by the State Legislature.

The Constable is an elected official. Lambert C. Boissiere, III, the present Constable, was elected to a six-year term of office beginning on January 1, 1997. The former Constable William M. Detweiler, J.D.'s term ended December 31, 1996.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION:

The accounts of the Constable's office are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The Constable's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund categories, fund types and account groups presented in the financial statements are described as follows:

Governmental Funds:

Governmental Fund Type - The General Fund is used to record the general operations of the Office and any other items not required to be reported in other funds.

Fiduciary Fund Type - An Agency Fund is used to account for cash deposits held by the Constable for service users.

Account Groups:

General fixed assets account group is used to account for property and equipment of governmental funds.

The combined balance sheet of all fund types and account groups includes a total column that aggregates the balance sheets of the various fund types and account groups. The column is designated "memorandum only" because the total is not comparable to a consolidation in that interfund transactions are not eliminated.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with the General Fund is determined by its measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its reported fund balance is considered a measure of "available spendable resources." The General Fund statement of revenues, expenditures, and changes in fund balance presents increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available spendable resources" during a period.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION: (Continued)

Fixed assets used in the General Fund operation (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in the General Fund. The accumulated depreciation recorded in the account group is offset by a decrease in the investment in general fixed assets. No depreciation has been provided in the General Fund. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from the General Fund are accounted for in the General Long-Term Debt Account Group, not in the General Fund. There were no balances in the Long-Term Debt Account Group at December 31, 1999 and 1998.

The two account groups are not "funds." They are concerned only with the measurement of results of operations.

Because of its spending measurement focus, expenditure recognition in the General Fund is limited to exclude amounts represented by noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as expenditures or liabilities in the General Fund. They instead are reported as liabilities in the General Long-Term Debt Account Group.

BASIS OF ACCOUNTING:

The General Fund of the governmental fund type uses a modified accrual basis of accounting. Revenues are recognized when available and measurable. The Constable considers accounts receivable as available if they are collected within 60 days after year-end. Expenditures are recorded when the liability is incurred.

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.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BUDGETS:

The budget is prepared on the modified accrual basis of accounting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent revisions. The original budget was adopted on December 10, 1998 and the amended budget was adopted on January 14, 2000.

The budget column on the statement of revenues, expenditures, and changes in fund balance, budget and actual for the General Fund represents the Constable's forecast of revenues and expenditures for 1999 and 1998 made for planning and control purposes. Expenditures are not limited by the budget.

Encumbrances outstanding at year end, if material, are reported as reservations of fund balances because they do not constitute expenditures or liabilities. There were no material encumbrances outstanding at December 31, 1999 and 1998.

2. CASH AND CASH EQUIVALENTS:

CASH:

At December 31, 1999, the carrying amount of cash was \$468,053 and the bank balance was \$786,987 of which \$164,038 was uninsured and uncollateralized. The remaining balance was covered by Federal Depository Insurance and collateralization with securities held by the banking institution in the Constable's name.

CASH EQUIVALENTS:

The Constable's office invests in certificates of deposit with a maturity of three months. These certificates of deposit are considered cash equivalents. The total balance as of December 31, 1999 and 1998 is \$207,904 and \$200,538, respectively.

One certificate of deposit in the amount of \$114,032 was uninsured and under collateralized by \$14,032. The other certificate of deposit in the amount of \$93,872 was fully insured by federal depository insurance.

3. LABOR REVENUE AND LABOR EXPENSE:

Revenue is received by the office from landlords or attorneys to reimburse the office for the cost of labor to vacate premises. All such revenue is in turn given to the deputies of the Constable who perform the service and the expense account approximates the related revenue account.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

4. VACATION AND SICK LEAVE:

Employees of the office are allowed to accumulate 10 days of vacation time and 10 days of sick leave during a calendar year. For the year ended December 31, 1998, vacation time not used by the end of the year was lost and any unused sick leave was not paid upon termination. For the year ended December 31, 1999, vacation time not used at the end of the year is lost. Unused sick leave is either paid to employees at the end of each calendar year or allowed to accumulate up to a maximum of 30 days. Upon resignation or termination of employment, unused sick leave is paid to the employee. As of December 31, 1999, unused sick leave was \$11, 972.

5. GENERAL FIXED ASSETS:

Changes in the general fixed assets account group are as follows:

	<u>Beginning Balance</u>	<u>1999</u>		<u>Ending Balance</u>
		<u>Additions</u>	<u>Reductions</u>	
Machinery and equipment	\$143,672	\$ 1,858	\$ --	\$145,530
Automobile	17,801	17,001	--	34,802
Office furniture and equipment	88,935	273	--	89,208
Office improvements	<u>20,119</u>	<u>--</u>	<u>--</u>	<u>20,119</u>
Total	<u>270,527</u>	<u>19,132</u>	<u>--</u>	<u>289,659</u>
Less: Accumulated depreciation				<u>252,442</u>
Total fixed assets net of accumulated depreciation				<u>\$ 37,217</u>

	<u>Beginning Balance</u>	<u>1998</u>		<u>Ending Balance</u>
		<u>Additions</u>	<u>Reductions</u>	
Machinery and equipment	\$129,358	\$14,314	\$ --	\$143,672
Automobile	17,801	--	--	17,801
Office furniture and equipment	85,343	3,592	--	88,935
Office improvements	<u>20,119</u>	<u>--</u>	<u>--</u>	<u>20,119</u>
Total	<u>252,621</u>	<u>17,906</u>	<u>--</u>	<u>270,527</u>
Less: Accumulated depreciation				<u>238,362</u>
Total fixed assets net of accumulated depreciation				<u>\$ 32,165</u>

Depreciation expense for the years ending December 31, 1999 and 1998 was \$14,081 and \$15,213, respectively.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

6. RESERVED FUND BALANCE:

The use of the term "reserve" in describing fund balance indicates that a portion of the fund balance is not available in the next period or is legally restricted. The reserve fund balance of \$550,090 and \$461,090 at December 31, 1999 and 1998, respectively, is legally restricted for use in the next year to fund the office if fees and commissions are insufficient to cover salaries and expenditures.

7. EXPENDITURES - ACTUAL AND BUDGET:

Actual expenditures exceeded budgeted expenditures as of December 31, 1999 and 1998 by \$43,019 and \$89,212, respectively.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NEW ORLEANS, LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

May 24, 2000

Constable of the First City Court
City of New Orleans
New Orleans, Louisiana

We have audited the general purpose financial statements of the Constable of the First City Court, City of New Orleans, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Constable of the First City Court, City of New Orleans' general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 that are required to be reported under *Government Auditing Standards*.

We noted immaterial instances of non-compliance that we have reported in a separate letter dated May 24, 2000.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Constable of the First City Court, City of New Orleans' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Constable of the First City Court, City of New Orleans' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Segregation of Duties:

Due to a limited size accounting staff, multiple accounting and internal control functions overlap which causes a lack of segregation of duties. The custody of certain assets and the recording of such in the general ledger is not independent. For example, one individual reconciles the cash receipts, makes the bank deposits, prepares the operating and payroll checks and is an authorized signature of checks. This individual also is responsible for maintaining the accounts payable and payroll journals and coding information to the general ledger. Additionally, another employee is responsible for purchasing and receiving supplies and is listed as an authorized signature for operating checks.

The custody of assets and the maintenance of the general ledger should not be handled by the same individual. This separation allows for an independent check by a second individual.

We recommend that the Constable review the cost benefit ratio of separating the duties of the accountant where possible.

Cash:

The cash drawer is not reconciled at the end of the cashier's shift on a consistent basis. In addition cash overages/shortages that occur are not being investigated and resolved on a timely basis. From the sample of twenty tested we noted ten instances of a small overage/shortage.

The cashier should count the cash drawer and reconcile the receipts to the register tape on a daily basis upon the shift close. In addition, any overage/shortage should be reconciled and resolved on a timely basis.

We recommend that the cashier count the cash drawer and reconcile the receipts to the cash register tape at the end of the shift. In addition any overage/shortage should be reconciled and resolved on a timely basis. A second individual should approve the reconciliation to ensure that all items are properly accounted for and that any overages/shortages are addressed timely.

It was noted that deposits are not being made on a timely basis and deposits do not always agree with the bank statements. Of the three months selected for examining, a total of sixty-five deposits were made on approximately eleven days. Deposits are being made approximately once every two weeks for monies collected in the prior two weeks. Seventeen bank corrections were noted during the three months tested due to footing errors.

Deposits should be made in a timely and accurate manner.

We recommend at the close of each shift a daily deposit slip be generated in duplicate. The deposit slip should list all checks being deposited and agree to the cash drawer reconciliation. The accountant should then attach the bank validated deposit receipt to the duplicate deposit slip kept by First City Court. We also recommend that all deposits be made daily.

As a result of the observation of the cash receipts cycle, it was discovered that a number of office personnel have access to the same cash drawer.

Access to the cash drawer should be designated and limited to cashiers only. Each cashier should have their own cash drawer. It should be accessed only by that cashier and it should be kept in a secure location when the cashier is off duty.

We recommend that the Constable of the First City Court implement a policy to limit access of the cash drawers to cashiers only. It is our understanding that this cannot be accomplished with the present cash receipts computer software. However, the Constable of the First City Court is in the process of updating the software to include all proper controls over cash.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We believe that the reportable conditions described above are not material weaknesses.

We noted another matter involving the internal control over financial reporting that we have reported to management in a separate letter dated May 24, 2000.

This report is intended solely for the use of the Constable of First City Court, City of New Orleans, management and the Legislative Auditor 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.

DUPLANTIER, HRAPMANN, HOGAN &
MAHER, LLP

Duplantier, Hrapmann, Hogan & Maher LLP

CARRIGEE & MOORE, LLP

Carrigee & Moore

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**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Constable of the First City Court as of and for the year ended December 31, 1999, and have issued our report thereon dated May 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

COMPLIANCE WITH LAWS AND REGULATIONS:

The following noncompliance with laws and regulations comments will be reported in the management letter.

MEMBERS

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

- 99-1 During the course of the audit we noted old outstanding checks considered under Louisiana Revised Statute 9:151-9:196 as abandoned property under the unclaimed property law. Outstanding checks from trust funds held by the court over one year old totaled \$ 51,358.

The law requires all outstanding checks owed to a vendor older than three years and outstanding checks held by a governmental agency for trust funds older than one year to be reported and remitted annually to the Louisiana Department of Revenue. Noncompliance to this state statute could result in interest and penalties.

Due to the complexity of trust funds held by the court, we recommend an attorney research the provisions of the law pertaining to those funds. All amounts due should be remitted to the Department of Revenue. It is our understanding that the Constable has sent a letter to the Attorney General seeking an opinion on this matter.

Response:

The Constable has requested an opinion from the State Attorney General. The response is pending.

- 99-2 As of December 31, 1999, the Constable of the First City Court did not have sufficient collateral for all its deposits. The Constable of the First City Court had cash deposits in excess of FDIC insurance and pledged securities in the amount of \$178,070.

All deposits with financial institutions should be fully insured or collateralized at all times.

We recommend that the Constable of the First City Court maintain the amount of pledged securities on an ongoing basis in order to ensure that the necessary collateral is present at all times.

Response:

Management will instruct Whitney National Bank and the Bank of Louisiana to issue more collateral to cover this exposure.

INTERNAL CONTROL:

The following comments on internal controls are considered reportable conditions and will be included in the audit report.

- 99-3 Due to a limited size accounting staff, multiple accounting and internal control functions overlap which causes a lack of segregation of duties. The custody of certain assets and the recording of such in the general ledger is not independent. For example, one individual reconciles the cash receipts, makes the bank deposits, prepares the operating and payroll checks, and is an authorized

signature of checks. This individual also is responsible for maintaining the accounts payable and payroll journals and coding information to the general ledger. Additionally, another employee is responsible for purchasing and receiving supplies and is listed as an authorized signature for operating checks.

The custody of assets and the maintenance of the general ledger should not be handled by the same individual. This separation allows for an independent check by a second individual.

We recommend that the Constable review the cost benefit ratio of separating the duties of the accountant where possible.

Response:

The Constable's office has separated the function of coding the general ledger from the person preparing the accounts payable and payroll checks. The Constable will continually evaluate the cost/benefit of adding additional staff to the accounting department.

- 99-4 The cash drawer is not reconciled at the end of the cashier's shift on a consistent basis. In addition, cash overages/shortages that occur are not being investigated and resolved on a timely basis. From the sample of twenty tested we noted ten instances of small overage/shortage.

The cashier should count the cash drawer and reconcile the receipts to the register tape on a daily basis upon the shift close. In addition, any overage/shortage should be reconciled and resolved on a timely basis.

We recommend that the cashier count the cash drawer and reconcile the receipts to the cash register tape at the end of the shift. In addition any overage/shortage should be reconciled and resolved on a timely basis. A second individual should approve the reconciliation to ensure that all items are properly accounted for and that any overages/shortages are addressed timely.

Response:

Management will instruct cashiers to reconcile the drawer on a daily basis. First City Court is in the process of implementing a new cash system that will allow multiple cashiers.

- 99-5 As a result of the observation of the cash receipts cycle, it was discovered that a number of office personnel have access to the same cash drawer.

Access to the cash drawer should be designated and limited to cashiers only. Each cashier should have their own cash drawer. It should be accessed only by that cashier and it should be kept in a secure location when the cashier is off duty.

We recommend that the Constable of the First City Court implement a policy to limit access of the cash drawers to cashiers only. It is our understanding that this cannot be accomplished with the present cash receipts computer software. However, the Constable of the First City Court is in the process of updating the software to include all proper controls over cash.

Response:

The system code to enter the cash register module has been updated to restrict employees without password rights to enter the module. The new computer system will also have similar features.

- 99-6 It was noted that deposits were not being made on a timely basis and deposit amounts did not always agree with the bank statements. Of the three months selected for testing, a total of sixty-five deposits were made on approximately eleven days. Deposits are being made approximately once every two weeks for monies collected in the prior two weeks. Seventeen bank corrections totaling \$3,294 were noted during the three months tested due to footing errors.

Deposits should be made in a timely and accurate manner.

We recommend at the close of each shift a daily deposit slip be generated in duplicate. The deposit slip should list all checks being deposited and agree to the cash drawer reconciliation. The accountant should then attach the bank validated deposit receipt to the duplicate deposit slip kept by First City Court. We also recommend that all deposits be made daily.

Response:

Deposit slips will include a tape total of the checks and the frequency of the deposits will increase.

The following comment on internal control will be included in the management letter.

- 99-7 The Constable has implemented a policy that requires deputy sign in sheets be approved by a supervisor. Of the thirty-five payroll checks selected for testing, twenty checks did not have an approved sign in sheet.

The Constable has implemented this policy to document employees' attendance for support of payment and accrual of vacation and sick time. The policy should be followed by all personnel on a consistent basis.

We recommend that the Constable inform all supervisors of the importance of adhering to this policy.

Response:

The Constable will instruct the deputy supervisor to initial and approve the sign in sheets. The deputies and the deputy supervisor will be relocating to a satellite office and this should allow stricter controls to be implemented.

Section III Schedule of Prior Year Findings

The following is a summary of the prior year's audit findings:

- 98-1 In the prior year it was noted that the Constable of the First City Court had \$2,973 in old outstanding checks considered to be abandoned property under the Louisiana Revised Statute 9:151-9:196. In addition the Constable of the First City Court had \$37,749 of outstanding checks from trust funds held over one year old. We recommended the Constable of the First City Court remit the outstanding checks to the Department of Revenue and also consult with an attorney regarding the disposition of the outstanding checks in the trust funds. It is our understanding that the Constable is currently seeking an opinion on this matter from the Attorney General. This comment is repeated through comment number 99-1.

Response:

Management has contacted its legal counsel and reviewed the provisions of the law to determine its legal obligation as it pertains to the trust funds held by the court. In addition, management has contacted the head of the Unclaimed Property Division, and held preliminary discussions as to the functions of this type of arrangement.

- 98-2 In the prior year it was noted that the Constable of the First City Court was not in compliance with the following areas of the Act:
- a. The budget did not include the beginning fund balance and ending fund balance.
 - b. The budget did not include a proposed budget instrument and an adopted budget instrument which defines the authority of the budget preparer to make changes within the various budget classifications without the approval by the governing authority as well as those powers reserved solely to the governing authority.
 - c. The budget was not amended when actual expenditures exceeded budgeted expenditures by more than 5%.

All comments were satisfied.

Response:

Management has implemented procedures to comply with the Louisiana Budget Act.

- 98-3 In the prior year it was noted that as of December 31, 1998 the Constable of the First City Court did not have sufficient collateral for all its deposits. We recommended that the Constable maintain the amount of pledged securities on an ongoing basis in order to ensure that the necessary collateral is present at all times. This comment is repeated through comment 99-2.

Response:

Management has contacted each institution where deposits have exceeded collateral and requested additional collateral to cover the excess of cash deposits.

- 98-4 In the prior year we noted the lack of segregation of duties over the accounting function. This comment is repeated through comment number 99-3.

Response:

Management has reviewed the accounting process for areas of segregation and will continue to monitor internal controls.

- 98-5 It was noted in the prior year that the cashier does not reconcile the cash drawer at the end of the shift and the cashier did not investigate overages/shortages in a timely manner. This comment is repeated through comment 99-4.

Response:

Management has implemented an office policy to address this recommendation.

- 98-6 It was noted in the prior year that a number of office personnel had access to the same cash drawer. This comment is repeated through comment 99-5.

Response:

Management is in the final stages of implementing a new cash system. The new system will incorporate dual cash registers that will allow for multiple users.

- 98-7 It was noted during the prior year that there was a lack of controls over sick and vacation leave. Management implemented a new payroll program in the prior year and therefore this was not an issue during the current year audit.

Response:

Management has implemented controls concerning the recordation of vacation and sick time taken or accrued for each employee.


Sincerely,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner

CARRIGEE & MOORE, LLP


Henry Carrige, CPA
Partner

WGS\ckr

**DUPLANTIER, HRAPMANN,
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May 24, 2000

Constable Lambert C. Boissiere
First City Court, City of New Orleans
New Orleans, Louisiana 70112

In planning and performing our audit of the general purpose financial statements of Constable of the First City Court, City of New Orleans for the year ended December 31, 1999, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that are presented for your consideration. This letter does not affect our report dated May 24, 2000.

Internal Control:

Payroll

The Constable has implemented a policy that requires deputy sign in sheets be approved by a supervisor. Of the thirty-five payroll checks selected for testing, twenty checks did not have an approved sign in sheet.

The Constable has implemented this policy in order to document employees' attendance for support of payment and accrual of vacation and sick time. The policy should be followed by all personnel on a consistent basis.

We recommend that the Constable inform all supervisors of the importance of adhering to this policy.

MEMBERS

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

We also noted the following immaterial instances of noncompliance with laws and regulations:

Outstanding checks:

During the course of the audit we noted old outstanding checks considered under Louisiana Revised Statute 9:151-9:196 as abandoned property under the unclaimed property law. Outstanding checks from trust funds held by the court over one year old totaled \$51,358.

The law requires all outstanding checks owed to a vendor older than three years and outstanding checks held by a governmental agency for trust funds older than one year to be reported and remitted annually to the Louisiana Department of Revenue. Noncompliance to this state statute could result in interest and penalties.

Due to the complexity of trust funds held by the court, we recommend an attorney research the provisions of the law pertaining to those funds. All amounts due should be remitted to the Department of Revenue. It is our understanding that the Constable has sent a letter to the Attorney General seeking an opinion on this matter.

Collateralization of Cash:

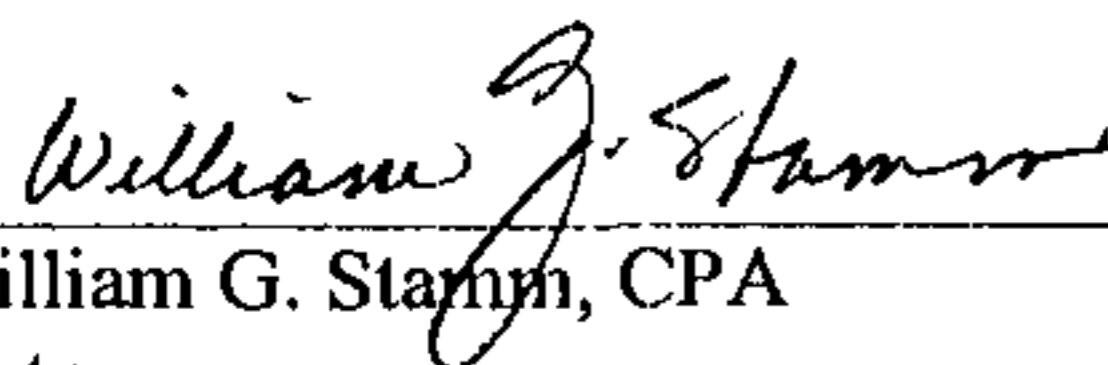
As of December 31, 1999, the Constable of the First City Court did not have sufficient collateral for its deposits at Whitney National Bank. The Constable of the First City Court had cash deposits in excess of FDIC insurance and pledged securities in the amount of \$164,038. The Constable also did not have sufficient collateral at the Bank of Louisiana to cover deposits in excess of FDIC insurance in the amount of \$14,032.

We recommend that the Constable of the First City Court maintain the amount of pledged securities on an ongoing basis in order to ensure that the necessary collateral is present at all times.

This report is intended solely for the information and use of the Constable First City Court, City of New Orleans, management, and others within the administration and the Legislative Auditor. This restriction is not intended to limit distribution of this report, which is a matter of public record.

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

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Partner



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