

ALEXANDRIA CITY COURT
ALEXANDRIA, LOUISIANA

SEPTEMBER 25, 1963

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OESTRICHER & COMPANY

(A PROFESSIONAL CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

964 PYNHURST PLACE
ALEXANDRIA, LA 71301

TEL: 504-339-1000 • ALEXANDRIA, LA 71301
PHONE (504) 339-0100 FAX (504) 339-0400
www.oestricher.com

ERNEST P. OESTRICHER, III, CPA
ERNEST O. OESTRICHER, CPA
DORIS F. DE BELLE, CPA

Independent Auditor's Report

To the Honorable Judge Richard Starling, Jr.
Alexandria City Court
City of Alexandria, Louisiana

We have audited the accompanying basic financial statements of the Alexandria City Court as of and for the year ended September 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of Alexandria City Court's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Alexandria City Court, at September 30, 2003, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.



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Ernest P. Oestricher, III, CPA
Registered Representative

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2004 on our consideration of the Alexandria City Court's internal control over financial reporting and compliance and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


OSTREMER & COMPANY
Certified Public Accountants

February 3, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alexandria City Court

Management's Discussion and Analysis

The Alexandria City Court's (ACC) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues (b) provide the reader with an overview of ACC's financial activity, (c) identify changes in the ACC's financial position (its ability to address the next and subsequent year challenges, and (d) identify individual fund issues or concerns.

Financial Highlights

The ACC has net assets of \$545,698 and \$521,665 for Governmental activities as of September 30, 2003 and 2002.

The ACC received \$187,971 and \$405,948 in fees for the fiscal years ended September 30, 2003 and 2002 and incurred expenses of \$366,479 and \$373,605 for governmental activities for the years then ended.

The current year has shown an increase in net assets from \$521,665 to \$545,698 primarily through the net revenue derived from the probation department of Alexandria City Court. The deficit generated by general fund operations should be erased in fiscal year 2003-2004 due to the increase in criminal court costs which have doubled as of December 1, 2003. Criminal court costs comprise in excess of 98% of the revenue for the general fund.

The General Fund reflects a decrease in net assets due to a decrease in net revenues for 2002-2003. This was mainly attributable due to a decrease in criminal court cost collection. The decrease was caused by a significant reduction in the number of traffic citations issued in 2002-2003. The decrease was over 10%. However, this should be offset by the increase of criminal court costs effective December 1, 2003. The other fund balances for Pre-Trial Intervention and Probation should remain rather constant with a possible increase.

The net assets for 2003-2004 should remain constant or increase due to the reasons previously outlined in this Management Discussion & Analysis. In addition, there is a \$10.00 fee for civil filings that will be effective on March 15, 2004. This \$10.00 fee can be dedicated to the purchase of equipment and capital assets. However, this will decrease the use of funds from the general fund that had previously been used for such purchases. This should generate a fund ending at least \$20,000-\$25,000 for the fiscal year ending September 30, 2004.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the ACC's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The ACC's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about ACC's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first government-wide financial statement is the *Statement of Net Assets*. This statement presents all of ACC's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may indicate whether the financial condition of ACC is improving or deteriorating.

The second government-wide financial statement is the *Statement of Activities*, which reports how the ACC's net assets changes during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid.

Both of the government-wide financial statements report activities that are primarily supported by fees received from the Alexandria City Court. The ACC does not participate in any business-type activities.

The ACC does not have any component units, but it is considered to be a component unit of the City of Alexandria.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The ACC uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the ACC's most significant funds rather than the ACC as a whole.

The ACC has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund financial statements providing a distinct view of the ACC's governmental funds. These statements report

short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund ACC programs.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Financial Analysis of the Alexandria City Court as a Whole

The ACC implemented the new financial reporting model used in this report beginning with the fiscal year ending September 30, 2002. This change was the result of ACC being a financial component of the City of Alexandria. The City of Alexandria was required to change to the new financial reporting model contained in GASB 34 in their fiscal year ended April 30, 2003.

The ACC has net assets of \$341,698 and \$521,683 as of September 30, 2002 and 2003. The following summary of the ACC's net assets, all of which are governmental activities:

| Governmental Activities | 9/30/2002 | 9/30/2003 |
|-----------------------------------|-------------------|------------------|
| Cash | \$ 265,871 | \$288,091 |
| Investments at cost | 125,000 | 226,035 |
| Accrued interest receivable | 283 | 1,441 |
| Due from Alexandria City Internal | 10,482 | 8,137 |
| Prepaid expenses | 1,642 | 1,725 |
| Capital assets | <u>34,788</u> | <u>27,780</u> |
| Total assets | <u>537,985</u> | <u>553,189</u> |
| Liabilities | <u>19,330</u> | <u>8,651</u> |
| Net assets: | | |
| Invested in capital assets | 34,788 | 27,780 |
| Unrestricted | <u>488,877</u> | <u>517,388</u> |
| Total net assets | <u>\$ 523,665</u> | <u>\$545,168</u> |

The ACC's net assets are sufficient for funding the operations of the ACC, and the ACC currently has no long-term or short-term debt. All liabilities are short-term accounts payable, payroll taxes withheld, and amounts due to other governmental agencies.

Financial Analysis of the Alexandria City Court's Funds

As discussed earlier, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable funds focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of \$526,262 and \$455,682 for the fiscal years ended September 30, 2003 and 2002. This entire balance is unreserved and is available for future expenditures.

Major governmental funds

The General Fund is the primary operating fund of the ACC, and has an unrestricted and undesignated fund balance of \$308,843 and \$282,800 for the years ended September 30, 2003 and 2002. The entire balance is unreserved and is available for future expenditures.

The Pre-Trial Intervention Fund is a special revenue fund of the ACC, and has an unrestricted and undesignated fund balance (deficit) of \$3,647 and (\$25,966) for the years ended September 30, 2003 and 2002.

The Probation Fund is another special revenue fund of the ACC, and has an unrestricted and undesignated fund balance of \$511,772 and \$238,848 for the years ended September 30, 2003 and 2002.

Capital Assets

The ACC's investment in capital assets, net of depreciation is \$23,700 and \$24,788 for the years ended September 30, 2003 and 2002 for governmental type funds. Assets consist mostly of office furniture and fixtures, vehicles and office and computer equipment. A summary of capital assets are as follows:

Governmental Activities

| | <u>2003/2003</u> | <u>2002/2002</u> |
|--|------------------|------------------|
| Depreciable assets: | | |
| Office furniture and fixtures | \$ 188,207 | \$105,854 |
| Office equipment | 180,400 | 202,604 |
| Vehicles | 20,191 | 20,191 |
| Building improvements | 64,700 | 64,700 |
| Accumulated Depreciation | (248,711) | (264,845) |
| Total assets, net of accumulated depreciation | \$ 34,788 | \$22,700 |

Economic Factors

The operations of the Alexandria City Court are not affected by economic conditions. The ACC derives its revenues solely from fees levied by the Alexandria City Court. The City of Alexandria has maintained a stable population and there are no indications that the activity level of the court will decrease.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Alexandria City Court
Statement of Net Assets
September 30, 2003

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash | \$ 288,091 | \$ - | \$ 288,091 |
| Investments at cost | 226,033 | - | 226,033 |
| Accrued interest receivable | 1,441 | - | 1,441 |
| Due from Alexandria City Marshal | 8,157 | - | 8,157 |
| Prepaid expenses | 1,728 | - | 1,728 |
| Capital assets, net of accumulated depreciation | 27,700 | - | 27,700 |
| Total assets | <u>\$ 553,149</u> | <u>\$ -</u> | <u>\$ 553,149</u> |
| Liabilities | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,722 | \$ - | \$ 1,722 |
| Other liabilities | 1,329 | - | 1,329 |
| Total liabilities | <u>\$ 3,051</u> | <u>\$ -</u> | <u>\$ 3,051</u> |
| Net Assets | | | |
| Unrestricted | <u>\$43,898</u> | <u>-</u> | <u>\$43,898</u> |
| Total net assets | <u>\$ 543,898</u> | <u>\$ -</u> | <u>\$ 543,898</u> |

The notes to the financial statements are an integral part of this statement.

Statement of Activities
Alameda City Court
For The Year Ended September 30, 2000

| | Program Revenues | | Capital | | Net (Expensed) Revenue and | |
|--|-------------------|-------------------------------------|-------------------------------------|----------------------|----------------------------|--------------------|
| | Change in Section | Operating Credits and Contributions | Operating Credits and Contributions | Change in Net Assets | Governmental Activities | Primary Government |
| OPERATIONAL ACTIVITIES | | | | | | |
| Primary Government | | | | | | |
| Governmental activities | | | | | | |
| General Fund | \$ 89,471 | \$ - | \$ - | \$ (75,309) | \$ - | \$ (85,838) |
| Postal Incentives | 229,280 | - | - | 243,318 | - | 243,318 |
| Probation Fund | 47,448 | - | - | 72,824 | - | 24,376 |
| Total governmental activities | <u>366,199</u> | <u>-</u> | <u>-</u> | <u>340,833</u> | <u>-</u> | <u>157,856</u> |
| Total primary government | \$ 366,199 | \$ - | \$ - | \$ 340,833 | \$ - | \$ 157,856 |
| Change in net assets for the year | | | | | | |
| Net assets beginning of year | | | | 21,600 | - | 21,600 |
| Net assets ending of year | | | | <u>21,600</u> | <u>-</u> | <u>21,600</u> |

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Balance Sheet
Governmental Funds
Alexandria City Court
September 30, 2003

| Assets | General | Prertial Intervention | Probation | Total Governmental Funds |
|---|--------------------------|----------------------------------|--------------------------|---|
| Cash | \$ 65,868 | \$ 31,170 | \$ 171,083 | \$ 268,121 |
| Investments at cost | 125,000 | - | 104,035 | 229,035 |
| Accrued interest receivable | 132 | - | 1,289 | 1,421 |
| Prepaid expenses | - | - | 1,725 | 1,725 |
| Due from Alexandria City Marshal | 8,137 | - | - | 8,137 |
| Due from other funds | 32,967 | - | 36,670 | 69,637 |
| Total assets | <u>\$ 230,144</u> | <u>\$ 31,170</u> | <u>\$ 311,772</u> | <u>\$ 613,086</u> |
| Liabilities and fund balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,722 | \$ - | \$ - | \$ 2,722 |
| Due to general fund | - | 44,303 | - | 44,303 |
| Due to probation fund | 33,230 | 3,418 | - | 36,648 |
| Other liabilities | 5,129 | - | - | 5,129 |
| Total liabilities | <u>41,111</u> | <u>47,721</u> | <u>-</u> | <u>88,832</u> |
| Fund balance: | | | | |
| Unreserved: | | | | |
| Undesignated | 288,843 | 3,647 | 311,772 | 524,262 |
| Total fund balance | <u>288,843</u> | <u>3,647</u> | <u>311,772</u> | <u>524,262</u> |
| Total liabilities and fund balance | <u>\$ 230,144</u> | <u>\$ 31,378</u> | <u>\$ 311,772</u> | <u>\$ 613,086</u> |

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Assets
September 30, 2022**

| | |
|---|--------------------------|
| Total fund balance-total governmental funds | \$ 24,262 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | |
| Capital assets of \$781,549 net of accumulated depreciation of (\$364,849), are not financial resources and, therefore, are not reported in the funds. | \$117,700 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds \$5,864 are not included in governmental activities in the statement of net assets. | <u>(\$,864)</u> |
| | <u>214,636</u> |
| Net assets of governmental activities | <u>\$ 190,098</u> |

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes
in Fund Balances—Governmental Funds
Alexandria City Court
for the year ended September 30, 2000**

| | General Fund | Fraternal Intercession | Evolution | Total Governmental Funds |
|---|-------------------|---------------------------|-------------------|--------------------------------|
| Revenues: | | | | |
| Grant income | \$ 351,000 | \$ 131,000 | \$ 115,040 | \$ 597,040 |
| Department of Public Safety—DPO | - | - | - | - |
| Other revenue | 5,821 | - | - | 5,821 |
| Interest | 4,813 | 50 | 2,427 | 7,290 |
| Total revenues | <u>361,634</u> | <u>131,050</u> | <u>117,467</u> | <u>610,151</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Fund | 187,643 | - | - | 187,643 |
| Fraternal Intercession | - | 124,000 | - | 124,000 |
| Evolution | - | - | 47,048 | 47,048 |
| Total expenditures | <u>187,643</u> | <u>124,000</u> | <u>47,048</u> | <u>358,691</u> |
| Excess of revenues over (under) expenditures | (26,009) | 7,050 | 70,419 | 51,460 |
| Fund balances, beginning | 282,808 | 175,900 | 233,848 | 692,556 |
| Fund balances, ending | <u>\$ 256,799</u> | <u>\$ 182,950</u> | <u>\$ 304,267</u> | <u>\$ 744,016</u> |

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of
 Revenues, Expenditures, and Changes in Fund Balances
 to the Statement of Activities
 For the year ended September 30, 2003

| | |
|---|----------------------|
| Net changes in fund balances—total governmental funds | \$ 28,588 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital expenditures | 8,548 |
| Depreciation expense | <u>(15,128)</u> |
| Change in net assets of governmental activities | <u>\$ 21,497</u> |

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND

Statement of Fiduciary Net Assets-Fiduciary Fund
 Alexandria City Court
 September 30, 2003

| | <u>Agency Fund</u> |
|-----------------------------|-------------------------|
| Assets | |
| Cash | \$488,973 |
| Investments at cost | 13,609 |
| Accrued interest receivable | <u>3,890</u> |
| Total assets | <u>\$506,472</u> |
| Liabilities | |
| Advance court costs | \$380,173 |
| Commitment collections | 2,303 |
| Due to General Fund | 6,864 |
| Due to other agencies | <u>8,574</u> |
| Total liabilities | <u>\$397,914</u> |

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Alexandria City Court
Notes to Financial Statements

September 30, 2002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are presented in conformity with generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant accounting policies affecting their presentation.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Alexandria City Court as a whole including fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Reporting Entity - In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basis, but not only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of

**Alexandria City Court
Notes to Financial Statements**

September 30, 2003

public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The Alexandria City Court is a potential component unit of the City of Alexandria, Louisiana. However, the Alexandria City Court is a separate reportable entity from the City of Alexandria because it is essentially an autonomous unit. The City Judge, an elected official, has the ability to exercise accountability for fiscal matters. The Alexandria City Court is financially independent from the City of Alexandria, Louisiana.

Governmental Funds -

General Fund - The General Fund is the general operating fund of Alexandria City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Pretrial Intervention Fund - Fees are collected and used to pay the operating expenses of the Pretrial Intervention Program, which was established to help first time, non-criminal offenders avoid trial and pay the debt for their offense by agreeing to comply with probationary terms and paying a fee.

Probation Fund - Fees are collected and used to pay for operating expenses of the Probation Program, which was established to aid the Alexandria City Court in monitoring and compliance with probationary terms of those individuals who have been placed on probation by the judge.

Fiduciary Funds -

Agency Funds - Agency funds are used to account for assets held by Alexandria City Court as an agent for other governmental departments, other organizations and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Alexandria City Court
Notes to Financial Statements

September 30, 2003

Advance Court Costs Fund - Advance court costs are deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The court acts only as a collection agent for fees in civil matters. As the suits are processed, the various fees earned are paid out on a monthly basis. Thus, the activity in this account is not reflected in the statement of revenues collected and expenditures paid. After a case is dismissed, any excess deposit is refunded to the plaintiff.

Garnishments Fund - The Court acts as a collection agent for garnishments when they are assessed in a civil suit. Ordinarily, the balance in this account represents amounts that have been received by the Court but have not yet been distributed to the person or agency to which they are due.

Basis of Accounting

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the recognition or elimination of internal activity (between or within funds). Fiduciary fund financial statements report using the same focus and basis of accounting.

Governmental fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available (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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement objective. The Alexandria City Court has two fiduciary funds, agency funds, which are purely custodial and that do not involve measurement of results of operations.

Cash and cash equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the city court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2003

Investments

Investments are limited by R.S. 33:2835 and the City Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are recorded at cost which approximates market value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. This will affect the reported amounts of 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 these amounts.

2. CASH AND INVESTMENTS

Cash balances are insured to Federal Depository Insurance Corporation limits of \$100,000. Deposits in excess of these limits are secured by collateral held in the pledging bank trust department. These securities have a fair market value of \$845,114.

At September 30, 2003, the Alexandria City Court had certificates of deposit totaling \$241,033. The certificates bear interest ranging from 1.985% to 2.13% and have maturities ranging from six months to one year, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

3. COURT COSTS PAYABLE

These various liabilities represent charges against advance court costs deposited for each case and are based on the processing of the case by the judge and/or marshal. As activity occurs in the suit, the advance court costs account is decreased and the related liability account is increased.

Alexandria City Court
Notes to Financial Statements

September 30, 2003

4. INTERFUND RECEIVABLES AND PAYABLES:

A summary of the interfund receivables and payables by fund at September 30, 2003, is presented below:

| | Interfund Payables | Interfund Receivables |
|----------------------------|-----------------------|--------------------------|
| Advance Cost: Court Fund | \$ 0 | \$ 6,800 |
| General Fund | 30,967 | 33,250 |
| Judicial Intervention Fund | 0 | 47,322 |
| Probation Fund | 36,633 | 0 |
| | <u>\$ 68,600</u> | <u>\$87,372</u> |

5. CAPITAL ASSETS:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus.

All government fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

All capital assets are stated at historical cost. Historical costs include not only the purchase price and construction costs, but also ancillary charges to place the asset in its intended location and condition for use. Capital assets are depreciated using the straight-line method over their estimated useful lives.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2003

Capital asset activity for the year ended September 30, 2003 was as follows:

| | Balance 9/30/02 | Additions | Deletions | Balance 9/30/03 |
|--------------------------|--------------------------|---------------|------------|--------------------------|
| Furniture and fixtures | \$ 108,200 | \$ 1,700 | \$ -0- | \$ 109,904 |
| Office equipment | 190,400 | 7,348 | -0- | 197,748 |
| Vehicles | 20,191 | -0- | -0- | 20,191 |
| Building improvements | <u>64,700</u> | <u>-0-</u> | <u>-0-</u> | <u>64,700</u> |
| Totals | 383,591 | 9,048 | -0- | 392,639 |
| Accumulated Depreciation | <u>(248,713)</u> | <u>15,135</u> | <u>-0-</u> | <u>(233,578)</u> |
| Capital assets, net | <u>\$ 134,878</u> | | | <u>\$ 159,061</u> |

6. COMPENSATED ABSENCES:

The Alexandria City Court's obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of September 30, 2003, and thus, is not recognized in the accompanying financial statements.

7. ECONOMIC DEPENDENCY:

All revenues collected for Court Costs are received from the Alexandria City Marshal's office. These monies are expended in the operation of the office of the Alexandria City Court.

8. RETIREMENT COMMITMENTS:

The Alexandria City Court contributed \$1,539 this year to the Periodical Employees' Retirement System of Louisiana on behalf of qualifying individuals employed by the Court. There were six employees of the Court of which one qualified and participated. The Court's covered payroll was \$18,880, and the total payroll for all employees was \$142,380. The participant contributed \$1,881.

Alexandria City Court
Notes to Financial Statements

September 30, 1993

The Parochial Employees' Retirement System of Louisiana required the Court to fund 7.75% and the participants to fund 9.90% of total salary. No actuarial data was available on the aforementioned retirement plan.



OBSTRECHER & COMPANY

A PROFESSIONAL CORPORATION
Certified Public Accountants

800 WINDERMERE PLACE
ALEXANDRIA, LA 70009

TEL: (504) 838-1000 • ALEXANDRIA, LA 70009-0000
FACSIMILE: (504) 838-1000 • FAX: (504) 838-4200
www.obstrecher.com

ERNEST P. OBSTRECHER, III, CPA
ERNEST G. OBSTRECHER, III, CPA
DAVID L. OBSTRECHER, CPA

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Honorable Judge Richard Staring, Jr.
Alexandria City Court
Alexandria, Louisiana

We have audited the basic financial statements of Alexandria City Court, Alexandria, Louisiana, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Alexandria City Court's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2003-01.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Alexandria City Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. 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. 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



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Ernest P. Obstrecher, III, CPA
Registered Representative

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



OESTREICHER & COMPANY
Certified Public Accountants

February 3, 2004

ALEXANDRIA CITY COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2003

Section I - Summary of Auditor's Report

We have audited the basic financial statements of the Alexandria City Court as of and for the year ended September 30, 2003, and have issued our report thereon dated February 3, 2004. 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 September 30, 2003 resulted in an unqualified opinion. No management letter was issued for the year ended September 30, 2003.

Our audit disclosed one instance of non-compliance that is considered to be a reportable condition. This is summarized in section II as finding 2003-01.

Section II - Financial Statement Findings

Report on Internal Control and Compliance Material to the Financial Statements

Finding 2003-01

Summary of Condition: The Alexandria City Court did not adopt a budget for the year ended September 30, 2003 as required by LSA-R.S. 29:1300.

Cause of Condition: The Alexandria City Court was unaware that it was required to adopt a budget.

Recommendation: The Alexandria City Court should adopt a budget in future years.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards.

Alexandria City Court
P.O. Box 38
Alexandria, LA 71301

February 3, 2004

MANAGEMENT'S CORRECTIVE ACTION PLAN

Alexandria City Court respectfully submits the following corrective action plan for the year ended September 30, 2003.

Name and address of contact person: Richard Sterling, Jr., Alexandria City Judge, P.O. Box 38, Alexandria, Louisiana 71301.

Name and address of independent public accounting firm: Oestricher and Company, CPAs, 4440 Windermere Place, Alexandria, Louisiana 71303-3548

Audit period: October 1, 2002 through September 30, 2003.

The finding from the Schedule of Findings and Questioned Costs are discussed below. The finding is numbered consistently with the number assigned in the schedule. The Summary of Audit Results does not include findings and is not addressed.

FINDINGS-FINANCIAL STATEMENT AUDIT

FINDING NO. 2003-01:

Recommendation: The City Court should adopt a budget in accordance with LA R.S. 39:1303.

Action Taken: The City Court will adopt a budget for the year ending September 30, 2004 by May 31, 2004 and the City Court will adopt a budget for the years ending thereafter within the deadline prescribed.

Alexandria City Court
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2003

Section I - Internal Control and Compliance Material to the Financial Statements

Finding No. 2002-01-The Alexandria City Court did not adopt a budget for the year ended September 30, 2002 as required by LSA-R.S. 39:1303.

Corrective action taken-Condition is not resolved. See current year finding 2003-01.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards.