

**ALEXANDRIA CITY COURT
ALEXANDRIA, LOUISIANA**

SEPTEMBER 30, 2004

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 5/18/05

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets.....	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS	
Governmental Funds:	
Balance Sheet.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balances to the Statement of Activities	17
Fiduciary Fund:	
Statement of Fiduciary Net Assets	19
NOTES TO FINANCIAL STATEMENTS	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Schedule of Findings and Questioned Costs.....	30
Management's Corrective Action Plan.....	32
Summary Schedule of Prior Audit Findings	33



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)

CERTIFIED PUBLIC ACCOUNTANTS

4641 WINDERMERE PLACE
ALEXANDRIA, LA 71303

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE (318) 448-3556 FAX (318) 448-4236

acct@oandcpcpas.com

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. De SELLE, CPA

Independent Auditors' 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, 2004, 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, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.



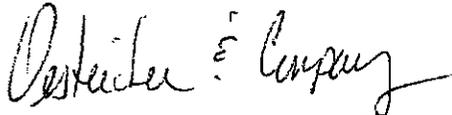
The CPA. Never Underestimate The Value.™



Emile P. Oestriecher, III, CPA
Registered Representative

Securities offered through H.D. Vest Investment Securities, Inc. Member: NASD/SIPC
633 North State Highway 161, Fourth Floor, Irving, Texas 75038 • (972) 870-6000

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2005 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.



OESTRIECHER & COMPANY
Certified Public Accountants

January 5, 2005

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 \$578,187 and \$545,098 for Governmental activities as of September 30, 2004 and 2003.

The ACC received \$446,761 and \$387,971 in fees for the fiscal years ended September 30, 2004 and 2003 and incurred expenses of \$413,477 and \$366,479 for governmental activities for the years then ended.

The current year has shown an increase in net assets from \$545,098 to \$578,187 primarily through the net revenue derived from the probation department of Alexandria City Court. The majority of this deficit generated by general fund operations should be substantially erased in fiscal year 2004-2005 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 primarily due to a decrease in net revenue commencing fiscal year 2002-2003. This was mainly attributable due to a decrease in criminal court cost collections. The decrease was caused by a significant reduction in the number of traffic citations commencing in 2002-2003. The decrease was over 30%. However, this should eventually be eradicated by the increase of criminal court costs effective December 1, 2003. It will also be offset by the use of building fund proceeds used for equipment and capital asset acquisitions.

The net assets for 2004-2005 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 effective on March 15, 2004. This \$10.00 fee can be dedicated to the purchase of equipment and capital assets. This will decrease the use of funds from the general fund that had previously been used for such purchases. This fee should generate a fund totaling at least \$50,000 for the fiscal year ending September 30, 2005.

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 \$578,187 and \$545,098 as of September 30, 2004 and 2003. The following summary of the ACC's net assets, all of which are governmental activities:

Governmental Activities

	<u>9/30/2003</u>	<u>9/30/2004</u>
Cash	\$ 288,091	\$160,964
Investments at cost	226,035	379,584
Accrued interest receivable	1,441	386
Due from Alexandria City Marshal	8,157	12,946
Prepaid expenses	1,725	2,420
Capital assets	<u>27,700</u>	<u>28,428</u>
Total assets	<u>553,149</u>	<u>584,728</u>
 Liabilities	 <u>8,051</u>	 <u>6,541</u>
 Net assets:		
Invested in capital assets	27,700	28,428
Unrestricted	<u>517,398</u>	<u>549,759</u>
Total net assets	<u>\$ 553,149</u>	<u>\$584,728</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 \$556,817 and \$524,262 for the fiscal years ended September 30, 2004 and 2003. 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 \$147,169 and \$208,843 for the years ended September 30, 2004 and 2003. 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 of \$47,945 and \$3,647 for the years ended September 30, 2004 and 2003.

The Probation Fund is another special revenue fund of the ACC, and has an unrestricted and undesignated fund balance of \$340,657 and \$311,772 for the years ended September 30, 2004 and 2003.

The Maintenance Fund is another special revenue fund of the ACC, and has an unrestricted and undesignated fund balance of \$4,571 for the year ended September 30, 2004.

The Building Fund is another special revenue fund of the ACC, and has an unrestricted and undesignated fund balance of \$16,475.

Capital Assets

The ACC's investment in capital assets, net of depreciation is \$28,428 and \$27,700 for the years ended September 30, 2004 and 2003 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>9/30/2003</u>	<u>9/30/2004</u>
Depreciable assets:		
Office furniture and fixtures	\$ 105,054	\$106,938
Office equipment	202,604	218,190
Vehicles	20,191	20,191
Building improvements	64,700	64,700
Accumulated depreciation	<u>(364,849)</u>	<u>(381,591)</u>
Total assets, net of accumulated depreciation	<u>\$ 27,700</u>	<u>\$28,428</u>

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, 2004**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash	\$ 160,964	\$ -	\$ 160,964
Investments at cost	379,584	-	379,584
Accrued interest receivable	386	-	386
Due from Alexandria City Marshal	12,946	-	12,946
Prepaid expenses	2,420	-	2,420
Capital assets, net of accumulated depreciation	28,428	-	28,428
Total assets	\$ 584,728	\$ -	\$ 584,728
 <u>Liabilities</u>			
Liabilities:			
Accounts payable	\$ 1,139	\$ -	\$ 1,139
Other liabilities	5,402	-	5,402
Total liabilities	6,541	-	6,541
 <u>Net Assets</u>			
Unrestricted	578,187	-	578,187
Total net assets	\$ 578,187	\$ -	\$ 578,187

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

Statement of Activities
 Alexandria City Court
 For The Year Ended September 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Governmental Activities	Primary Government		Total
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
Primary Government							
Governmental activities							
General fund	\$ 220,635	\$ 158,390	\$ -	\$ (62,245)	\$ -	\$ (62,245)	
Pretrial Intervention	133,606	178,447	-	44,841	-	44,841	
Probation Fund	58,018	87,446	-	29,428	-	29,428	
Maintenance Fund	1,161	5,732	-	4,571	-	4,571	
Building Fund	57	16,746	-	16,689	-	16,689	
Total governmental activities	<u>413,477</u>	<u>446,761</u>	<u>-</u>	<u>33,284</u>	<u>-</u>	<u>33,284</u>	
Total primary government	<u>\$ 413,477</u>	<u>\$ 446,761</u>	<u>\$ -</u>	<u>\$ 33,284</u>	<u>\$ -</u>	<u>\$ 33,284</u>	
Change in net assets for the year				33,284	-	33,284	
Net assets-beginning of year				544,903	-	544,903	
Net assets-ending of year				<u>\$ 578,187</u>	<u>\$ -</u>	<u>\$ 578,187</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, 2004

	<u>General</u>	<u>Pretrial Intervention</u>	<u>Probation</u>	<u>Maintenance</u>	<u>Building</u>	<u>Total Governmental Funds</u>
Assets						
Cash	\$ 28,664	\$ 66,382	\$ 44,872	\$ 4,571	\$ 16,475	\$ 160,964
Investments at cost	125,000	-	254,584	-	-	379,584
Accrued interest receivable	180	-	206	-	-	386
Prepaid expenses	-	-	2,420	-	-	2,420
Due from Alexandria City Marshal	12,946	-	-	-	-	12,946
Due from other funds	22,075	-	38,575	-	-	60,650
Total assets	<u>\$ 188,865</u>	<u>\$ 66,382</u>	<u>\$ 340,657</u>	<u>\$ 4,571</u>	<u>\$ 16,475</u>	<u>\$ 616,950</u>
Liabilities and fund balance						
Liabilities:						
Accounts payable	\$ 1,139	\$ -	\$ -	\$ -	\$ -	\$ 1,139
Due to general fund	-	15,017	-	-	-	15,017
Due to probation fund	35,155	3,420	-	-	-	38,575
Other liabilities	5,402	-	-	-	-	5,402
Total liabilities	<u>41,696</u>	<u>18,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,133</u>
Fund balance:						
Unreserved:						
Undesignated	147,169	47,945	340,657	4,571	16,475	556,817
Total fund balances	<u>147,169</u>	<u>47,945</u>	<u>340,657</u>	<u>4,571</u>	<u>16,475</u>	<u>556,817</u>
Total liabilities and fund balances	<u>\$ 188,865</u>	<u>\$ 66,382</u>	<u>\$ 340,657</u>	<u>\$ 4,571</u>	<u>\$ 16,475</u>	<u>\$ 616,950</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, 2004**

Total fund balance-total governmental funds	\$ 556,817
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets of \$410,019 net of accumulated depreciation of (\$381,591), are not financial resources and, therefore, are not reported in the funds.	\$28,428
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal services funds of \$7,058 are not included in governmental activities in the statement of net assets.	<u>(7,058)</u>
	<u>21,370</u>
Net assets of governmental activities	<u>\$ 578,187</u>

Statement of Revenues, Expenditures, and Changes
in Fund Balances—Governmental Funds
Alexandria City Court
for the year ended September 30, 2004

	General Fund	Pretrial Intervention	Probation	Maintenance Fund	Building Fund	Total Governmental Funds
Revenues:						
Court costs	\$ 146,528	\$ 178,394	\$ 84,910	\$ 5,680	\$ 16,746	\$ 432,258
Department of Public Safety-DWI	-	-	-	-	-	-
Other revenue	8,843	-	-	-	-	8,843
Interest	3,019	53	2,536	52	-	5,660
Total revenues	<u>158,390</u>	<u>178,447</u>	<u>87,446</u>	<u>5,732</u>	<u>16,746</u>	<u>446,761</u>
Expenditures:						
Current:						
General Fund	220,064	-	-	-	-	220,064
Pretrial Intervention	-	134,149	-	-	-	134,149
Probation	-	-	58,561	-	-	58,561
Maintenance	-	-	-	1,161	-	1,161
Building	-	-	-	-	271	271
Total expenditures	<u>220,064</u>	<u>134,149</u>	<u>58,561</u>	<u>1,161</u>	<u>271</u>	<u>414,206</u>
Excess of revenues over (under) expenditures	(61,674)	44,298	28,885	4,571	16,475	32,555
Fund balances, beginning	208,843	3,647	311,772	-	-	524,262
Fund balances, ending	<u>\$ 147,169</u>	<u>\$ 47,945</u>	<u>\$ 340,657</u>	<u>\$ 4,571</u>	<u>\$ 16,475</u>	<u>\$ 556,817</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 Balance
to the Statement of Activities
For the year ended September 30, 2004**

Net changes in fund balances-total governmental funds	\$ 32,555
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital expenditures	17,471
Depreciation expense	<u>(16,742)</u>
 Change in net assets of governmental activities	 <u>\$ 33,284</u>

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

Statement of Fiduciary Net Assets-Fiduciary Fund
 Alexandria City Court
 September 30, 2004

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$599,019
Investments at cost	15,000
Accrued interest receivable	<u>969</u>
Total assets	<u><u>\$614,988</u></u>
<u>Liabilities</u>	
Advance court costs	\$602,297
Garnishment collections	1,946
Forfeited bonds	1,970
Due to General Fund	3,310
Due to other agencies	<u>5,465</u>
Total liabilities	<u><u>\$614,988</u></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, 2004

1. 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 excluding 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 basic, 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 public service. Application of this criterion involves considering whether the activity

**Alexandria City Court
Notes to Financial Statements**

September 30, 2004

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 for 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.

Building Fund-Fees are collected from each suit that comes through the court. These fees are used at the Judge's discretion to pay for building and equipment upkeep.

Maintenance Fund-Fees are collected from the Rapides Parish Driver Improvement Program. The Program uses the City Court building to conduct driver improvement classes. The funds collected are used to pay for maintenance and upkeep on the building.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2004

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.

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.

Bond Forfeiture Fund - To account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for criminal offenses. Bonds posted by violators are held until their cases are heard in Alexandria City Court. At that time, the bonds for persons convicted of violations are distributed to various agencies.

Basis of Accounting

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification 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 susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to 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
Notes to Financial Statements**

September 30, 2004

Alexandria City Court has two fiduciary funds, agency funds, which are purely custodial and thus 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.

Investments

Investments are limited by R.S. 33:2955 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's trust department. These securities have a fair market value of \$785,703.

At September 30, 2004, the Alexandria City Court had certificates of deposit totaling \$379,584. The certificates bear interest ranging from 0.80% to 2.25% 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.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2004

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 decreased.

4. INTERFUND RECEIVABLES AND PAYABLES:

A summary of the interfund receivables and payables by fund at September 30, 2004, is presented below:

	<u>Interfund Payables</u>	<u>Interfund Receivables</u>
Advance Court Costs Fund	\$ 7,058	\$ 0
General Fund	35,155	22,075
Pretrial Intervention Fund	15,017	0
Probation Fund	<u>0</u>	<u>35,155</u>
	<u>\$ 57,230</u>	<u>\$57,230</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, 2004

Capital asset activity for the year ended September 30, 2004 was as follows:

	<u>Balance</u> <u>9/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/04</u>
Furniture and fixtures	\$ 105,054	\$ 1,884	\$ -0-	\$ 106,938
Office equipment	202,604	15,586	-0-	218,190
Vehicles	20,191	-0-	-0-	20,191
Building improvements	<u>64,700</u>	<u>-0-</u>	<u>-0-</u>	<u>64,700</u>
Totals	392,549	17,471	-0-	410,019
Accumulated Depreciation	<u>(364,849)</u>	<u>16,742</u>	<u>-0-</u>	<u>(381,591)</u>
Capital assets, net	<u>\$ 27,700</u>			<u>\$ 28,428</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, 2004, 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 \$2,288 this year to the Parochial 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 \$21,165, and the total payroll for all employees was \$179,468. The participant contributed \$2,011.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2004

The Parochial Employees' Retirement System of Louisiana required the Court to fund 11.75% and the participants to fund 9.50% of total salary. No actuarial data was available on the aforementioned retirement plan.



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)

CERTIFIED PUBLIC ACCOUNTANTS

4641 WINDERMERE PLACE
ALEXANDRIA, LA 71303

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE (318) 448-3556 FAX (318) 448-4236

acct@oandcocpas.com

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. De SELLE, 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 Starling, 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, 2004, and have issued our report thereon dated January 5, 2005. 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 those 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 2004-01.

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



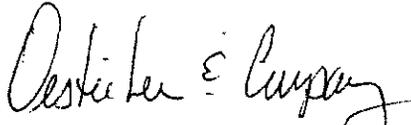
The CPA. Never Underestimate The Value.SM



Emile P. Oestriecher, III, CPA
Registered Representative

Securities offered through H.D. Vest Investment Securities, Inc. Member: NASD/SIPC
633 North State Highway 161, Fourth Floor, Irving, Texas 75038 • (972) 870-6000

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.



OESTRIECHER & COMPANY
Certified Public Accountants

January 5, 2005

ALEXANDRIA CITY COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2004

Section I-Summary of Auditor's Reports

We have audited the basic financial statements of the Alexandria City Court as of and for the year ended September 30, 2004, and have issued our report thereon dated January 5, 2005. 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, 2004 resulted in an unqualified opinion. No management letter was issued for the year ended September 30, 2004.

Our audit disclosed one instance of non-compliance that is considered to be a reportable condition. This is summarized in section II as finding 2004-01.

Section II - Financial Statement Findings

Report on Internal Control and Compliance Material to the Financial Statements

Finding 2004-01

Statement of Condition: The Alexandria City Court did not adopt a budget for the year ended September 30, 2004 as required by LSA-R.S. 39:1303.

Cause of Condition: The Alexandria City Court failed to adopt a budget.

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

Finding 2004-02

Statement of Condition: Unable to locate 2 invoices for seminar expenses that had been reimbursed.

Cause of Condition: Invoices were not given to the bookkeeper after the seminar had taken place.

Recommendation: All travel expense invoices should be given to the bookkeeper before reimbursements are made.

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards.

Alexandria City Court
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2004

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

Finding No. 2003-01-The Alexandria City Court did not adopt a budget for the year ended September 30, 2003 as required by LSA-R.S. 39:1303.

Corrective action taken-Condition is not resolved. See current year finding 2004-01.

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.

Alexandria City Court
P.O. Box 30
Alexandria, LA 71301

January 5, 2005

MANAGEMENT'S CORRECTIVE ACTION PLAN

Alexandria City Court respectfully submits the following corrective action plan for the year ended September 30, 2004.

Name and address of contact person: Richard Starling, Jr., Alexandria City Judge, P.O. Box 30, Alexandria, Louisiana 71301.

Name and address of independent public accounting firm: Oestrieher and Company, CPAs, 4641 Windermere Place, Alexandria, Louisiana 71303-3548

Audit period: October 1, 2003 through September 30, 2004.

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. 2004-01:

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, 2005 by May 31, 2005 and the City Court will adopt a budget for the years ending thereafter within the deadlines prescribed.

FINDING NO. 2004-02

Recommendation: Invoices for seminar expenses should be given to the bookkeeper for reimbursement.

Action Taken: All invoices will be given to the bookkeeper before reimbursements are made.