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

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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 10/4/06

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund and the remaining fund information of the **Constable of the First City Court, City of New Orleans (the Constable)** as of and for the year ended December 31, 2005, which collectively comprise **the Constable's** basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of **the Constable'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the remaining fund information of **the Constable** as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Constable Lambert C. Boissiere, Jr.
First City Court
City of New Orleans
New Orleans, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued our report, dated August 24, 2006, on our consideration of **the Constable's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2005. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 and budgetary comparison information on page 26 are not required as part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 24, 2006

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

Constable of the First City Court, City of New Orleans' (the Constable) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **the Constable's** financial activity, and identify changes in **the Constable's** financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2005.

This is the first year of GASB 34 implementation. As a result the financial report is presented very differently than previous years. The following is an illustration on how this financial report is presented.

MD&A
Management's Discussion and Analysis
(Required and Supplementary Information)

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Other Required Supplementary Information
Required Supplementary Information

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements are new and provide a perspective of **the Constable** as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

Fund Financial Statements

The fund statements are similar to financial presentations of years past, but the new focus is on **the Constable's** major funds rather than fund types as in the past. The two account groups: General Fixed Assets and General Long-term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund of **the Constable**. The General Fund is used primarily to account for the general operations. Its revenues are derived from fees and commissions earned from serving court pleadings, performing seizures, and conducting sales under the orders of the First City Court.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

Financial Analysis of the Constable

Summary Statement of Net Assets

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Assets			
Current assets	\$ 425,936	\$ 437,444	\$ (11,508)
Capital assets, net	<u>23,469</u>	<u>115,100</u>	<u>(91,631)</u>
Total assets	<u>449,405</u>	<u>552,544</u>	<u>(103,139)</u>
Liabilities			
Current liabilities	20,408	43,790	(23,382)
Non-current liabilities	<u>42,727</u>	<u>146,943</u>	<u>(104,216)</u>
Total liabilities	<u>63,135</u>	<u>190,733</u>	<u>(127,598)</u>
Net Assets			
Invested in capital assets	23,469	115,100	(91,631)
Unrestricted	<u>362,801</u>	<u>246,711</u>	<u>116,090</u>
Total net assets	<u>\$ 386,270</u>	<u>\$ 361,811</u>	<u>\$ 24,459</u>

As indicated by the statement above, in 2005 total net assets are \$386,270, which represents a 7% increase over 2004. In 2005, total assets, which consist of 95% in current assets and 5% in net capital assets, decreased by 19% from \$552,544 to \$449,405. This decrease was primarily due to \$78,163 in capital assets totally lost in flood waters caused by Hurricane Katrina.

Total liabilities decreased by \$127,598 or 67%. The overall decrease in total liabilities was primarily due to a combination of a settlement of \$74,000 in legal claims and judgments payable and a \$26,000 reduction in the estimated accrued liability of \$100,000, reported in the financial statements in prior years when probable losses had been determined for these settled lawsuits.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$395,301, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$371,832. The remaining \$362,801 in net assets is unrestricted. The unrestricted net assets are an accumulation of prior years' operating results. This balance is directly affected each year by the Constable's operating results.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

Results of Operations	<u>2005</u>	<u>2004</u>	<u>Change</u>
Program Revenues			
Fees	\$ 1,117,576	\$ 1,305,825	\$ (188,249)
Commissions	184,480	334,298	(149,818)
Security services	187,035	216,548	(29,513)
General Revenues			
Other	526	559	(33)
Loss on disposal of assets	(78,163)	-	(78,163)
Change in estimated claims and judgments payable	26,000	-	26,000
Total revenues	<u>1,437,454</u>	<u>1,857,230</u>	<u>(419,776)</u>
Expenses			
Salaries	832,843	1,086,794	(253,951)
Employee benefits	132,053	185,040	(52,987)
Payroll taxes	61,603	78,421	(16,818)
Labor cost	64,195	34,042	30,153
Professional fees	138,748	105,747	33,001
Automobile and insurance	38,838	64,812	(25,974)
Radio communication	-	6,425	(6,425)
Repairs and maintenance	18,740	8,804	9,936
Telephone	14,304	28,592	(14,288)
Office supplies and services	26,960	25,820	1,140
Other operating expenditures	34,305	9,183	25,122
Rent	21,796	41,160	(19,364)
Depreciation	19,837	30,531	(10,694)
Postage	8,773	10,901	(2,128)
Total expenses	<u>1,412,995</u>	<u>1,716,272</u>	<u>(303,277)</u>
Increase in net assets	<u>\$ 24,459</u>	<u>\$ 140,958</u>	<u>\$ (116,499)</u>

Changes in the Constable's revenues and expenses are reflected in the table above. The decreases of both revenues and expenses are directly related to the adverse effects of Hurricane Katrina on the City of New Orleans and the operations of the Constable's office. As indicated above, net assets increased \$24,459. The prior year net assets balance of \$361,811 was increased by this amount.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

Capital Assets

At December 31, 2005 and 2004, **the Constable** had \$395,301 and \$537,387, respectively, invested in furniture and equipment, automobiles and office improvements as follows:

Assets	<u>2005</u>	<u>2004</u>
Capital assets	\$ 395,301	\$ 537,387
Less accumulated depreciation	<u>(371,832)</u>	<u>(422,287)</u>
Net capital assets	\$ <u>23,469</u>	\$ <u>115,100</u>

Depreciation expense for the year ended December 31, 2005 and 2004 was \$19,837 and \$30,531, respectively. Additional information on **the Constable's** capital assets can be found in NOTE 4 on page 24 of this report.

Economic Factors and Next Year's Budget

The major factor affecting the budget is the revenues earned for fees and commissions.

Original vs. Revised Budget

As required by state law, **the Constable** adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies.

The Constable did not amend its original budget during the 2005 fiscal year.

Revenue Budget

The Constable's actual general fund revenues of \$1,489,617 were less than the budget by \$437,063 a variance of 23%. **The Constable** was unable to operate during the period of late August, 2005 through late October, 2005 due to the effects of Hurricane Katrina on New Orleans. Because of various difficulties encountered in the operations of **the Constable** after reopening its office, **the Constable** did not amend its original budget.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005**

Expenditure Budget

The Constable's actual general fund expenditures of \$1,477,743 were less than the budget by \$242,757 or about 14%. This variance was primarily due to the down sizing of **the Constable's** office due to anticipated revenue shortfalls caused by the dramatic affect of Hurricane Katrina.

Contacting the Constable Financial Management

This financial report is designed to provide a general overview of **the Constable's** finances for all those who have interest in **the Constable's** finances. If you have questions about this report or need additional information, contact Mr. Lambert C. Boissiere, Jr., Constable, at 421 Loyola Avenue, New Orleans, Louisiana 70112.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents (NOTE 3)	\$ 379,629
Accounts receivable	<u>46,307</u>
Total current assets	425,936
Capital assets, net of accumulated depreciation (NOTE 4)	<u>23,469</u>
Total assets	<u>449,405</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	12,836
Accrued liabilities	<u>7,572</u>
Total current liabilities	<u>20,408</u>
Non-current Liabilities:	
Compensated absences (NOTE 5)	<u>42,727</u>
Total non-current liabilities	<u>42,727</u>
Total liabilities	<u>63,135</u>
<u>NET ASSETS</u>	
Invested in capital assets	23,469
Unrestricted	<u>362,801</u>
Total net assets	<u>\$ 386,270</u>

The accompanying notes are an integral part of this statement.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Activities</u>
EXPENSES:	
Salaries	\$ 832,843
Employee benefits	132,053
Payroll taxes	61,603
Labor cost	64,195
Professional fees	138,748
Automobile and insurance	38,838
Repairs and maintenance	18,740
Telephone	14,304
Office supplies and services	26,960
Other operating expenditures	34,305
Rent	21,796
Depreciation	19,837
Postage	<u>8,773</u>
Total expenses	<u>1,412,995</u>
REVENUES:	
Program revenues:	
Fees	1,117,576
Commissions	184,480
Security services	187,035
General revenues:	
Other	526
Loss on disposal of assets (NOTE 6)	(78,163)
Change in estimated claims and judgments payable	<u>26,000</u>
Total revenues	<u>1,437,454</u>
Change in net assets	24,459
Net assets, beginning of year	<u>361,811</u>
Net assets, end of year	<u>\$ 386,270</u>

The accompanying notes are an integral part of this statement.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
BALANCE SHEET -- GOVERNMENTAL FUND -- GENERAL FUND
DECEMBER 31, 2005**

ASSETS

Cash and cash equivalents	\$ 379,629
Accounts receivable	<u>46,307</u>
Total assets	<u>\$ 425,936</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 12,836
Accrued liabilities	<u>7,572</u>
Total liabilities	20,408
Fund balance:	
Unreserved/undesignated	<u>405,528</u>
Total liabilities and fund balance	<u>\$ 425,936</u>

The accompanying notes are an integral part of this statement.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total fund balance – Governmental Fund		\$ 405,528
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Amounts reported for governmental activities in
the Statement of Net Assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the fund (NOTE 4):

The cost of capital assets is	\$395,301	
Accumulated depreciation is	<u>(371,832)</u>	23,469

Long-term liabilities are not due and
payable in the current period therefore
are not reported in the fund:

Compensated absences		<u>(42,727)</u>
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Net assets of governmental activities		\$ <u>386,270</u>
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The accompanying notes are an integral part of this statement.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND – GENERAL FUND
For the Year Ended December 31, 2005

REVENUES:

Fees	\$1,117,576
Commissions	184,480
Security services	187,035
Miscellaneous	<u>526</u>
Total revenues	<u>1,489,617</u>

EXPENDITURES:

Salaries	832,843
Employee benefits	136,269
Payroll taxes	61,603
Labor cost	64,195
Professional fees	138,748
Automobile and insurance	38,838
Repairs and maintenance	18,740
Telephone	14,304
Office supplies and services	26,960
Other operating expenditures	34,305
Rent	21,796
Postage	8,773
Claims expense	74,000
Capital outlays	<u>6,369</u>

Total expenditures 1,477,743

Net change in fund balance 11,874

Fund balance, beginning of year 393,654

Fund balance, end of year \$ 405,528

The accompanying notes are an integral part of this statement.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS**
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -- GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2005

Total net change in fund balance – Governmental Fund	\$ 11,874
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
The Governmental Fund reported capital outlays as expenditures whereas in the Statement of Activities, these costs are depreciated over their estimated lives:	
Capital outlays	6,369
Depreciation expense	(19,837)
Decrease in long-term claims and judgments payable	100,000
Loss on disposal of assets is not reported in the governmental Funds, but is reported in the statement of activities	(78,163)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Decrease in compensated absences	<u>4,216</u>
Change in net assets of governmental activities	<u>\$ 24,459</u>

The accompanying notes are an integral part of this financial statements.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
DECEMBER 31, 2005**

ASSETS

Cash and cash equivalents	\$ <u>681,508</u>
Total assets	\$ <u>681,508</u>

LIABILITIES

Escrow deposits	\$ <u>681,508</u>
Total liabilities	\$ <u>681,508</u>

The accompanying notes are an integral part of this statement.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Introduction:

The Constable of the First City Court, City of New Orleans (the Constable), 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 Revised Statute 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.

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.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies:

A. Reporting Entity

According to GASB No. 14, **the Constable** is considered a primary government and does not include any component units. Therefore, for financial reporting purposes, **the Constable** includes all funds, account groups and activities that are controlled by **the Constable** as an independently elected parish official. The activities of the parish, other independently elected parish officials and municipal level governments are not included within the accompanying financial statements as they are considered autonomous governmental units. These units of government issue financial statements separate from those of **the Constable**.

B. Basis of Presentation

The accompanying financial statements of **the Constable** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

C. Implementation of GASB Statements

During the fiscal year 2004, **the Constable** adopted GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets – consists of capital assets, net of accumulated depreciation.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C. Implementation of GASB Statements, Continued

Restricted Net Assets – result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2005, **the Constable** had no restricted net assets.

Unrestricted Net Assets – consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities – demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

D. Fund Accounting

The accounts of **the Constable** are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D. Fund Accounting, Continued

o Governmental Fund Type-General Fund

The General Fund is the principal fund of **the Constable** and accounts for the operations of **the Constable's** office. The major source of revenues is from fees and commissions. General operating expenditures are paid from this fund.

o Fiduciary Fund Type-Agency Fund

The Agency Fund is used as a depository for collection of civil suits, garnishments, **the Constable's** sale of real estate and movable property. Disbursements from this fund are made to various parish agencies, litigants in suits, etc., in a manner prescribed by law. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **the Constable**.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non Exchange Transactions.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D. Fund Accounting, Continued

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

FFS detailed information about **the Constable**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

E. Budgetary Accounting

The proposed budget, prepared on the modified accrual basis of accounting, was published prior to the ensuing fiscal year. The budget is legally adopted and amended, as necessary, by **the Constable**. At fiscal close, all appropriations lapse. All changes in the budget must be approved by **the Constable**. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

E. Budgetary Accounting, Continued:

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements reflect the originally adopted budget and all subsequent amendments.

F. Vacation and Sick Leave

Employees of the office are allowed to accumulate ten (10) days of vacation time and ten (10) days of sick leave during a calendar year. For the year ended December 31, 2005, 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 thirty (30) days. Upon resignation or termination of employment, unused sick leave is paid to the employee.

G. Cash and Cash Equivalents

Cash includes amounts on hand and in demand deposits and cash equivalents. Cash equivalents include amounts in certificates of deposit with original maturities of 90 days or less. Cash equivalents are held in safe keeping at a custodial bank in **the Constable's** name. Under state law, **the Constable** may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

I. Capital Assets

Capital assets are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of office improvements, automobiles, furniture and equipment is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Lives (years)</u>
Office improvements	Straight-line	5 to 40
Automobiles	Straight-line	5
Furniture and equipment	Straight-line	3 to 7

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

J. Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2005, no allowance for uncollectible receivables was provided.

NOTE 3 - Cash and Cash Equivalents:

At December 31, 2005, **the Constable** has cash and cash equivalents (book balances) totaling \$1,061,137, as follows:

Cash on hand	\$ 600
Noninterest-bearing demand deposits	<u>1,060,537</u>
Total	<u>\$1,061,137</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2005, **the Constable** has \$1,219,733 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$1,246,780 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by **the Constable** that the fiscal agent has failed to pay deposited funds upon demand.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 4 - Capital Assets:

Changes in capital assets are as follows at December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Furniture and equipment	\$329,467	\$6,369	\$ (9,183)	\$326,653
Automobile	95,349	-0-	(26,701)	68,648
Office improvements	<u>112,571</u>	<u>-0-</u>	<u>(112,571)</u>	<u>-0-</u>
Total	537,387	6,369	(148,455)	395,301
Less: Accumulated depreciation	<u>(422,287)</u>	<u>(19,837)</u>	<u>70,292</u>	<u>(371,832)</u>
Net capital assets	<u>\$ 115,110</u>	<u>\$(13,468)</u>	<u>\$(78,163)</u>	<u>\$ 23,469</u>

Depreciation expense for the year ended December 31, 2005 was \$19,837.

NOTE 5 - Long-Term Debt:

The following is a summary of changes in the long-term debt at December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated absences payable	\$ 46,943	\$ -	\$ (4,216)	\$ 42,727
Claims and judgments payable	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Total	<u>\$ 146,943</u>	<u>\$ -</u>	<u>\$(104,216)</u>	<u>\$ 42,727</u>

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 6 - Loss on Disposal of Assets:

The Constable had sustained extensive flood damage to its New Orleans East facility relating to the effects of Hurricane Katrina, which occurred on August 29, 2005. The carrying value, fair value and impairment loss related to the disposed flooded properties at December 31, 2005, are as follows:

<u>Description of Asset</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Impairment Loss</u>
Furniture and equipment	\$ 766	\$ -	\$ 766
Office improvements	<u>77,397</u>	<u>-</u>	<u>77,397</u>
Total	<u>\$ 78,163</u>	<u>\$ -</u>	<u>\$ 78,163</u>

NOTE 7 - Risk Management

The Constable is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which **the Constable** carries commercial insurance.

NOTE 8 - Operating Leases

The Constable leased two (2) office facilities under operating leases during 2005. One (1) facility lease terminated in April 2005 and the other lease, which was on a month-to-month basis, terminated in September, 2005 due to the significant damage caused by Hurricane Katrina to the facility.

For the year ended December 31, 2005, lease expense was \$21,796.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
BUDGETARY COMPARISON SCHEDULE--GENERAL FUND
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Fees	\$ 1,300,000	\$ 1,117,576	\$ (182,424)
Commissions	330,000	184,480	(145,520)
Interest	1,000	-	(1,000)
Security services	295,680	187,035	(108,645)
Miscellaneous	-	526	526
	<u>1,926,680</u>	<u>1,489,617</u>	<u>(437,063)</u>
EXPENDITURES:			
Salaries	1,085,000	832,843	252,157
Payroll taxes	78,000	61,603	16,397
Labor cost	34,000	64,195	(30,195)
Professional fees	150,000	138,748	11,252
Employee benefits	180,000	136,269	43,731
Automobile and insurance	65,000	38,838	26,162
Radio communication	6,500	-	6,500
Repairs and maintenance	-	18,740	(18,740)
Telephone	30,000	14,304	15,696
Office supplies and services	25,000	26,960	(1,960)
Other operating expenditures	25,000	34,305	(9,305)
Rent	42,000	21,796	20,204
Postage	-	8,773	(8,773)
Claims expense	-	74,000	(74,000)
Capital outlays	-	6,369	(6,369)
	<u>1,720,500</u>	<u>1,477,743</u>	<u>242,757</u>
Net change in fund balance	206,180	11,874	(194,306)
Fund balance, beginning of year	<u>393,654</u>	<u>393,654</u>	<u>-</u>
Fund balance, end of year	<u>\$ 599,834</u>	<u>\$ 405,528</u>	<u>\$ (194,306)</u>

See accompanying independent auditors' report.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the **Constable of the First City Court, City of New Orleans (the Constable)**, as of and for the year ended December 31, 2005, which collectively comprise **the Constable's** basic financial statements and have issued our report thereon dated August 24, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Constable's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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's** ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-01 to 05-04.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

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

A material weakness is a reportable 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 caused by error or fraud 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-01, 05-02 and 05-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Constable's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 05-03.

We also noted certain additional matters that we reported to management of **the Constable** in a separate letter dated August 24, 2006.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

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

This report is intended solely for the information and use of **the Constable**, its management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 24, 2006

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

I SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **unqualified opinion.**
- B. Reportable conditions in internal control were disclosed by the audit of the financial statements: **yes** material weaknesses: **yes.**
- C. Noncompliance which is material to the financial statements: **yes.**
- D. Reportable conditions in internal control over major programs: **not applicable** material weaknesses: **not applicable.**
- E. The type of report issued on compliance for major programs: **not applicable.**
- F. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **not applicable.**
- G. Major programs: **not applicable.**
- H. Dollar threshold used to distinguish between Type A and Type B programs: **not applicable.**
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **not applicable.**
- J. A management letter issued: **yes.**

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

**II FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

05-01 Reconciliation of Agency Fund Cash

As in the prior year, we noted that the agency fund cash account for December, 2005 was not timely reconciled to the general ledger and the agency fund cash balance at December 31, 2005 did not agree with the corresponding escrow deposit liability account.

Again, we recommend that **the Constable** take the necessary steps to ensure that the agency fund cash account is reconciled on a timely basis and that the amount of cash held for escrow transactions at all times equals or reconciles to the escrow deposit liability account.

05-02 Subsidiary Records

At December 31, 2005, the unadjusted general ledger balance for the deposit escrow liability account did not agree by a material amount to the subsidiary report generated by **the Constable's** computer system. This condition has existed in the prior year.

We have determined through audit procedures that the subsidiary deposit escrow records were properly stated at December 31, 2005, and therefore an adjusting audit entry was made to correct the general ledger.

We recommend that **the Constable** monthly reconcile the general ledger balance to the deposit escrow liability subsidiary records to ensure the accuracy of and provide supporting documentation for amount reported in the financial statements.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

**II FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARD,
CONTINUED**

05-03 Budget Amendment

Actual revenues failed to meet total budgeted revenues by 29%. **The Constable** is noncompliance with Louisiana Revised Statute, Section 39:12310 that require the chief executive or administrative officer of a political subdivision to notify the governing authority in writing and amend its budget when total actual revenues fails to meet total budgeted revenues by 5% or more.

We recommend that **the Constable** monitor its budget on a regular basis to ensure that actual revenues, expenditures and beginning fund balance budget variances are always within legal limits for budgeting controls.

05-04 Payroll

We noted the following during our test of payroll:

- Salaries and wages per the general ledger did not agree by a material amount with salaries and wages per form W-3, 'Transmittal of Wages and Tax Statements' for the year 2005.
- Payroll taxes per the general ledger did not agree by a material amount with form W-3, 'Transmittal of Wages and Tax Statements' for the year 2005.

During the audit an adjustment was made by **the Constable** to properly record salaries and related payroll taxes at December 31, 2005.

We recommend that **the Constable** established procedures to review on a quarterly basis that the payroll entries recorded to the general ledger agrees with the quarterly tax filings and to investigate and correct any variance noted during the review.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005**

**I INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS**

04-01 Segregation of Duties

We recommended that **the Constable** review current accounting duties and segregate, when possible, those duties that are incompatible. When segregating duties are not feasible, **the Constable** should actively provide oversight over those duties and activities.

Current Status

Resolved.

04-02 Untimely Bank Reconciliations

We recommended that **the Constable** ensure that the monthly bank reconciliations are prepared timely to ensure that cash is accurately reflected in the general ledger and that effective internal controls are being maintained.

Current Status

Partially resolved. See finding 05-01.

04-03 Financial Statements

We recommended that **the Constable** review its procedures to ensure that financial statements are prepared on a monthly basis in order to assess **the Constable's** financial position at any time during the year.

Current Status

Resolved.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

**I INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS, CONTINUED**

04-04 Reconciliation of Agency Fund Cash

We recommended that the Agency Fund cash account be reconciled to the general ledger balance on a monthly basis.

Current Status

Unresolved. See finding 05-01.

04-05 Subsidiary Records

We recommended that **the Constable** establish procedures to reconcile the general ledger to the deposit escrow subsidiary records to ensure accuracy of and provide supporting documentation for reported financial information.

Current Status

Unresolved. See finding 05-02.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

II **FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

Not applicable.

III **MANAGEMENT LETTER**

See the status of prior year audit management letter comments reported to management of **the Constable** in a separate letter dated August 24, 2006.



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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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

We have audited the financial statements of the **Constable First City Court, City of New Orleans (the Constable)** for the year ended December 31, 2005 and have issued our report thereon dated August 24, 2006.

In planning and performing our audit of the financial statements of **the Constable** for the year ended December 31, 2005, we consider **the Constable's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal controls or result in other operating efficiencies and are listed in Appendix A to this report.

Additionally, the status of the comments from our prior year letter to you dated June 20, 2005 is included in Appendix B. While we recognize that a number of our observations and comments require additional financial resources which may not be currently available, we believe that they still warrant continued consideration by management.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
CONTINUED

Constable Lambert C. Boissiere, Jr.
First City Court
City of New Orleans
New Orleans, Louisiana
Page 2

This report is solely for the use of **the Constable**, its management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 24, 2006

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
CURRENT YEAR MANAGEMENT COMMENTS

05-01 OUTSTANDING CHECKS - AGENCY FUND

As in several prior years, we continue to note that **the Constable** does not have procedures established to remit agency fund checks outstanding over one (1) year to the State of Louisiana.

Under Louisiana Revised Statutes 9:151-9:196, outstanding checks held in trust by **the Constable** older than one (1) year should be reported and remitted to the State.

We recommend that **the Constable** comply with abandoned property laws and report and remit to the State amounts of agency fund checks outstanding over one (1) year.

05-02 FIXED ASSET INVENTORY

We noted during our audit as well as the prior year that **the Constable** has not performed a physical fixed asset inventory within a two (2) year period.

We continue to recommend that **the Constable** implement property management procedures that require fixed assets to be physically inventoried annually. Based on the results of the physical inventory, **the Constable** should adjust its fixed asset records.

05-03 DEVELOP AN ACCOUNTING PROCEDURES MANUAL

The Constable does not have a written accounting procedures manual. A written accounting procedures manual can help to reduce errors and other situations that can result in inaccurate or untimely accounting records. Also, this accounting manual should be an aid for training new employees and possibly allow for delegation of accounting functions to other employees.

We recommend as in the prior year that **the Constable** develop an accounting procedures manual to ensure that accounting transactions are accounted for using the proper accounting principles and that the accounting system will continue to operate in an efficient and effective manner in the event of accounting personnel changes.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
PRIOR YEAR MANAGEMENT COMMENTS**

04-01 OUTSTANDING CHECKS - AGENCY FUND

We recommended that **the Constable** comply with abandoned property laws and report and remit to the State amounts of agency fund checks outstanding over one (1) year.

Current Status

Unresolved. See current year management letter comment 05-01.

04-02 ACCOUNTS PAYABLE

We recommended that **the Constable** take the steps necessary to implement a system to age individual accounts payable so that purchases can be controlled and vendor payments made timely.

Current Status

Resolved.

FIXED ASSET INVENTORY

We recommended that **the Constable** implement property management procedures that require fixed assets to be physically inventoried annually. Based on the results of the physical inventory, **the Constable** should adjust its fixed asset records.

Current Status

Unresolved. See current year management letter comment 05-02.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
PRIOR YEAR MANAGEMENT COMMENTS, CONTINUED

04-04 CASH DISBURSEMENTS/BLANK CHECKS

We recommended that **the Constable** establish policies and procedures to ensure that proper internal controls are maintained over checks issued, voided, and unused. If possible, check processing should be scheduled on a particular day of the week for accounts payable, garnishments, seizures, out-of-town service, etc. In addition, the check register should be reviewed monthly, as part of the bank reconciliation process, for errors, unauthorized transactions, etc. and out-of-sequence checks should periodically be accounted for.

Current Status

Resolved.

04-05 RECURRING JOURNAL ENTRIES

We recommended that payroll journals be reviewed and the actual payroll transactions for each payroll period be recorded in the general ledger, thus eliminating the need to set up recurring journal entries.

Current Status

Resolved.

04-06 BUDGET

We recommended that the annual budget be prepared for each significant expenditure and revenue source and such information be compared to ensure effective budgetary control and accountability.

Current Status

Resolved.

**CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
PRIOR YEAR MANAGEMENT COMMENTS, CONTINUED**

04-07 DEVELOP AN ACCOUNTING PROCEDURES MANUAL

We recommended that **the Constable** develop an accounting procedures manual to ensure that the transactions of the office are accounted for using the proper accounting principles and the accounting functions will continue in the event that the employee over accounting is unable to perform their duties.

Current Status

Unresolved. See current year management letter comment 05-03.

04-08 DOCUMENTATION FOR PAYROLL CHANGES

We recommended that **the Constable** ensure that employees' approved salaries/wages and any subsequent changes are properly documented in each employee's file.

Current Status

Resolved.

04-09 VOID CHECKS/CHECK SEQUENCING

We recommended that **the Constable** establish procedures to properly maintain void checks in an organized manner to allow for simple retrieval of such information and to ensure that relevant accounting documentation is maintained. In addition, we recommended that **the Constable** ensure that checks are disbursed in sequential order.

Current Status

Resolved.

CONSTABLE OF THE FIRST CITY COURT
CITY OF NEW ORLEANS
PRIOR YEAR MANAGEMENT COMMENTS, CONTINUED

04-10 UNTIMELY AUDIT

We recommended that **the Constable** review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana within the six (6) month time frame.

Current Status

Resolved. **The Constable** was granted an extension to file its 2005 audit report due to delays caused by the adverse affects of Hurricane Katrina.



LAMBERT C. BOISSIERE, JR.

CONSTABLE

FIRST CITY COURT - CITY OF NEW ORLEANS
ROOM 208, CIVIL DISTRICT COURT BUILDING
421 LOYOLA AVENUE
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(504) 523-3258
FAX: (504) 523-0419

September 28, 2006

Bruno & Tervalon, LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

Re: Letter of Response/2005 Audit

To Whom It May Concern:

The Constable's Office of First City Court, City of New Orleans (the Constable), has completed its annual audit for the year December 31, 2005. Resolutions and corrective actions related to all previous and current year findings and management letter comments are as follows:

FINDINGS:

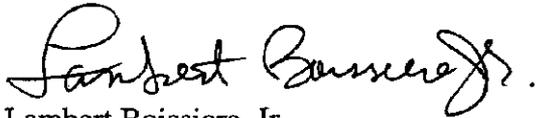
1. 05-01 Reconciliation of Agency Fund Cash - The Constable has reconciled the Agency Cash Fund account to the general ledger through August 31, 2006. The Agency Cash fund account will continue to be reconciled on a monthly basis to ensure that the amount of cash held for escrow transactions at all times equal or reconcile to the escrow deposit liability account.
2. 05-02 Subsidiary Records - The Constable has established procedures for reconciliation of its deposit escrow liability account. The subsidiary ledger account has been reconciled to the general ledger account through August 2006 and will be continued to be reconciled on a monthly basis.
3. 05-03 Budget Amendment - The Constable has established procedures to monitor its budget on a monthly basis to ensure that the budget is always within the legal limits for budgeting controls.
4. 05-04 Payroll - The Constable has established procedures to review its payroll entries recorded in the general ledger and reconcile them to the quarterly tax filings on a monthly basis.

MANAGEMENT LETTER COMMENTS:

1. 05-01 Outstanding Checks – Agency Fund – The Constable has reviewed its current list of outstanding checks through August 2006. The Constable will comply with the abandoned property laws and report and remit all valid checks outstanding over one (1) year.
2. 05-02 Fixed Asset Inventory - The Constable has created property management procedures and has identified an inventory manager responsible for the annual property inventory. The inventory manager is currently conducting an inventory of all fixed assets and should be completed no later than October 31, 2006.
3. 05-03 Develop an Accounting Procedures Manual – The Constable is currently developing an accounting procedures manual to ensure that proper accounting procedures will be consistently implemented by the constable's staff.

We will continue to improve the operation of the Constable's office in order to comply with the law, accounting practices, and general service to the public.

Respectfully submitted,



Lambert Boissiere, Jr.
Constable First City Court