

**ALEXANDRIA CITY COURT
ALEXANDRIA, LOUISIANA**

SEPTEMBER 30, 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alexandria City Court, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Alexandria City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Alexandria City Court as of September 30, 2017, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alexandria City Court's basic financial statements. The schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017 on our consideration of the Alexandria City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alexandria City Court's internal control over financial reporting and compliance.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 23, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Alexandria City Court
Statement of Net Position
September 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash	\$ 193,972	\$ -	\$ 193,972
Investments, at cost	966,948	-	966,948
Accrued interest receivable	4,392	-	4,392
Due from City of Alexandria	8,500	-	8,500
Due from Alexandria City Marshal	21,756	-	21,756
Capital assets, net of accumulated depreciation	49,635	-	49,635
Total assets	1,245,203	-	1,245,203
 <u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 1,515	\$ -	\$ 1,515
Other liabilities	2,290	-	2,290
Total current liabilities	3,805	-	3,805
 <u>Net Position</u>			
Net investment in capital assets	49,635	-	49,635
Restricted	653,788	-	653,788
Unrestricted	537,975	-	537,975
Total net position	\$ 1,241,398	\$ -	\$ 1,241,398

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

**Alexandria City Court
Statement of Activities
For the year ended September 30, 2017**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES							
Primary Government							
Governmental activities							
General fund	\$ 318,175	\$ 274,837	\$ -	\$ -	\$ (43,338)	\$ -	\$ (43,338)
Probation Fund	138,394	83,444	-	-	(54,950)	-	(54,950)
Maintenance Fund	64	-	-	-	(64)	-	(64)
Building Fund	102,537	87,628	-	-	(14,909)	-	(14,909)
Total governmental activities	<u>559,170</u>	<u>445,909</u>	<u>-</u>	<u>-</u>	<u>(113,261)</u>	<u>-</u>	<u>(113,261)</u>
Total primary government	<u>\$ 559,170</u>	<u>\$ 445,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(113,261)</u>	<u>\$ -</u>	<u>\$ (113,261)</u>

General revenues:

Interest and investment earnings	4,094
Cooperative agreement income	102,000
Miscellaneous	58,316
Total general revenues and transfers	<u>164,410</u>
Change in net position	<u>51,149</u>
Net position-beginning of year	<u>1,190,249</u>
Net position-end of year	<u>\$ 1,241,398</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, 2017**

<u>Assets</u>	<u>General</u>	<u>Probation</u>	<u>Maintenance</u>	<u>Building</u>	<u>Total Governmental Funds</u>
Cash	\$ 93,622	\$ 42,257	\$ 35,585	\$ 22,508	\$ 193,972
Investments, at cost	396,963	433,421	-	136,564	966,948
Accrued interest receivable	443	3,923	-	26	4,392
Due from Alexandria City Marshal	21,756	-	-	-	21,756
Due from City of Alexandria	8,500	-	-	-	8,500
Due from other funds	22,243	-	-	1,918	24,161
Total assets	\$ 543,527	\$ 479,601	\$ 35,585	\$ 161,016	\$ 1,219,729
 <u>Liabilities and fund balance</u>					
Liabilities:					
Accounts payable	\$ 39	\$ -	\$ -	\$ 1,476	\$ 1,515
Due to other funds	6,417	20,938	-	-	27,355
Other liabilities	2,290	-	-	-	2,290
Total liabilities	8,746	20,938	-	1,476	31,160
Fund balance:					
Committed	-	458,663	35,585	159,540	653,788
Unassigned	534,781	-	-	-	534,781
Total fund balances	534,781	458,663	35,585	159,540	1,188,569
Total liabilities and fund balances	\$ 543,527	\$ 479,601	\$ 35,585	\$ 161,016	\$ 1,219,729

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 Position
September 30, 2017**

Total fund balance-total governmental funds		\$ 1,188,569
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets of \$816,514 net of accumulated depreciation of (\$766,879), are not financial resources and, therefore, are not reported in the funds.	\$ 49,635	
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 \$3,194 are not included in governmental activities in the statement of net position.	<u>3,194</u>	<u>52,829</u>
Net position of governmental activities		<u><u>\$ 1,241,398</u></u>

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

**Statement of Revenues, Expenditures, and Changes
in Fund Balances-Governmental Funds
Alexandria City Court
For the year ended September 30, 2017**

	<u>General Fund</u>	<u>Probation</u>	<u>Maintenance Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Court costs	\$ 274,837	\$ 83,444	\$ -	\$ 87,628	\$ 445,909
Cooperative agreement income	102,000	-	-	-	102,000
Other revenue	48,866	9,450	-	-	58,316
Interest	1,195	2,672	18	209	4,094
Total revenues	<u>426,898</u>	<u>95,566</u>	<u>18</u>	<u>87,837</u>	<u>610,319</u>
Expenditures:					
Current:					
General Fund	318,886	-	-	-	318,886
Probation	-	136,091	-	-	136,091
Maintenance	-	-	64	-	64
Building	-	-	-	84,823	84,823
Capital outlay	-	-	-	3,479	3,479
Total expenditures	<u>318,886</u>	<u>136,091</u>	<u>64</u>	<u>88,302</u>	<u>543,343</u>
Excess (deficiency) of revenues over expenditures	108,012	(40,525)	(46)	(465)	66,976
Other financing sources (uses)					
Transfers (to) from other funds	-	-	-	-	-
Fund balances, beginning of year	<u>426,769</u>	<u>499,188</u>	<u>35,631</u>	<u>160,005</u>	<u>1,121,593</u>
Fund balances, end of year	<u>\$ 534,781</u>	<u>\$ 458,663</u>	<u>\$ 35,585</u>	<u>\$ 159,540</u>	<u>\$ 1,188,569</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, 2017**

Net changes in fund balances-total governmental funds	\$ 66,976
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	3,479
Depreciation expense	(20,147)
Changes in internal service fund balances	<u>841</u>
Change in net position of governmental activities	<u>\$ 51,149</u>

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

FIDUCIARY FUND

Statement of Fiduciary Net Assets-Fiduciary Fund
Alexandria City Court
September 30, 2017

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 1,290,861
Investments, at cost	559,664
Due from General Fund	<u>4,499</u>
Total assets	<u><u>\$ 1,855,024</u></u>
<u>Liabilities</u>	
Advanced court costs	\$ 1,853,719
Due to General Fund	<u>1,305</u>
Total liabilities	<u><u>\$ 1,855,024</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, 2017

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 Position 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.

The Alexandria City Court has implemented GASB 63 which requires the presentation of a Statement of Net Position instead of a Statement of Net Assets in the government wide financial statements.

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 criteria 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 criteria used in evaluating potential component units is the scope of public service. Application of this criteria involves considering whether the activity benefits the government and/or its citizens, or whether the

Alexandria City Court
Notes to Financial Statements

September 30, 2017

activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criteria 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 an autonomous unit and is a separate political division of the Judicial Division of the State of Louisiana. 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.

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, 2017

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.

Restitution Fund – The Court collects restitution from persons who have been convicted of crimes. The court acts only a collection agent for restitution funds. The restitution funds are collected and then remitted to the injured party in criminal cases.

Fund Balances

Alexandria City Court has adopted the provisions of GASB 54 related to the classification of governmental fund balances. The governmental fund balances are classified as follows:

Committed – amounts that can be used only for specific purposes as defined by law. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City of Alexandria or changes in Louisiana state law.

Alexandria City Court
Notes to Financial Statements

September 30, 2017

Unassigned – all other spendable amounts.

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 has four 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 less than 30 days. 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 30 days, they are classified as investments; however, if the original maturities are 30 days or less, they are classified as cash equivalents. Investments are recorded at cost which approximates market value.

Alexandria City Court
Notes to Financial Statements

September 30, 2017

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:

As of September 30, 2017, cash deposits totaled \$1,484,833, of which \$1,290,861 is restricted and accounted for in the fiduciary funds. Cash balances are insured to Federal Deposit Insurance Corporation limits. Alexandria City Court had no cash balances that were not adequately secured.

As of September 30, 2017, the Alexandria City Court had certificates of deposit totaling \$1,526,612. The certificates bear interest ranging from 0.05% to 2.23% and have maturities ranging from ninety-one days to sixty months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The certificates are reflected as investments, at cost, on the Governmental Funds Balance Sheet and the Statement of Fiduciary Net Assets.

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.

**Alexandria City Court
Notes to Financial Statements**

September 30, 2017

4. INTERFUND RECEIVABLES AND PAYABLES:

A summary of the interfund receivables and payables by fund at September 30, 2017 is presented below:

	<u>Interfund Payables</u>	<u>Interfund Receivables</u>
Advanced Court Costs Fund	\$ 1,305	\$ 0
Bond Forfeiture Fund	0	903
Garnishments Fund	0	97
Restitution Fund	0	3,499
Building Fund	0	1,918
General Fund	6,417	22,243
Probation Fund	<u>20,938</u>	<u>0</u>
	<u>\$ 28,660</u>	<u>\$ 28,660</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, 2017

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance <u>9/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/17</u>
Furniture and fixtures	\$ 160,808	\$ -0-	\$ -0-	\$ 160,808
Office equipment	501,735	3,479	-0-	505,214
Vehicles	64,277	-0-	-0-	64,277
Building improvements	<u>86,215</u>	<u>-0-</u>	<u>-0-</u>	<u>86,215</u>
Totals	813,035	3,479	-0-	816,514
Accumulated Depreciation	<u>(746,732)</u>	<u>(20,147)</u>	<u>-0-</u>	<u>(766,879)</u>
Capital assets, net	<u>\$ 66,303</u>			<u>\$ 49,635</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, 2017, 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 Court's office. These monies are expended in the operation of the office of the Alexandria City Court.

8. **EMPLOYEE BENEFIT PLAN – DEFINED CONTRIBUTION:**

Alexandria City Court adopted a Saving Incentive Match Plan for Employees of Small Employers (SIMPLE) plan that covers employees that are not covered under a labor negotiated retirement plan. The plan is a defined contribution plan. The employees may voluntarily contribute a portion of their wages to the SIMPLE plan on a tax-deferred basis. The Court matches up to 3% of compensation that each participant contributed to the plan, which are immediately 100% vested. The employer contribution is established by the plan document and is in accordance with IRS guidelines. The Court's contributions of \$710 were funded prior to year end.

SUPPLEMENTARY INFORMATION

Alexandria City Court
Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Officer
For the year ended September 30, 2017

Agency Head Judge Richard Starling

Salary	\$ 149,312
Retirement	57,551
Health insurance	25,834
Seminars, meals, lodging	3,945
Licenses	<u>650</u>
Total	<u>\$ 237,292</u>

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
All Governmental Fund Types
Alexandria City Court
For the year ended September 30, 2017

	GENERAL FUND				SPECIAL REVENUE FUNDS			
	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:								
Court costs	\$ 205,000	\$ 205,000	\$ 274,837	\$ 69,837	\$ 192,000	\$ 192,000	\$ 171,072	\$ (20,928)
Other revenue	180,000	180,000	150,866	(29,134)	18,000	18,000	9,450	(8,550)
Interest	1,700	1,700	1,195	(505)	3,300	3,300	2,899	(401)
Total revenues	<u>386,700</u>	<u>386,700</u>	<u>426,898</u>	<u>40,198</u>	<u>213,300</u>	<u>213,300</u>	<u>183,421</u>	<u>(29,879)</u>
Expenditures:								
Salaries and wages	262,700	262,700	225,191	37,509	117,000	117,000	101,355	15,645
Payroll taxes	26,000	26,000	23,081	2,919	7,000	7,000	7,760	(760)
Retirement expense	5,000	5,000	2,996	2,004	5,000	5,000	-	5,000
Law books	-	-	-	-	3,000	3,000	3,831	(831)
Computer services	-	-	-	-	45,000	45,000	32,888	12,112
Dues and subscriptions	1,500	1,500	1,470	30	-	-	395	(395)
Capital expenditures	-	-	-	-	9,500	9,500	3,479	6,021
Uniforms	-	-	-	-	-	-	-	-
Equipment lease	-	-	-	-	-	-	-	-
Bank charges	-	-	2,779	(2,779)	600	600	1,013	(413)
Miscellaneous	-	-	13,847	(13,847)	-	-	3,187	(3,187)
Office supplies	-	-	1,889	(1,889)	400	400	21,359	(20,959)
Postage	17,000	17,000	8,629	8,371	1,500	1,500	49	1,451
Transfer to City of Alexandria	-	-	-	-	-	-	-	-
Repairs & maintenance	500	500	-	500	25,500	25,500	26,583	(1,083)
Legal & professional	20,000	20,000	9,950	10,050	5,000	5,000	15,064	(10,064)
Janitorial	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Insurance	14,000	14,000	15,107	(1,107)	8,000	8,000	5,112	2,888
Vehicle maintenance & expense	-	-	-	-	1,500	1,500	1,994	(494)
Storage	-	-	-	-	-	-	-	-
Seminars	18,000	18,000	13,947	4,053	2,000	2,000	-	2,000
Telephone	-	-	-	-	500	500	388	112
Total expenditures	<u>364,700</u>	<u>364,700</u>	<u>318,886</u>	<u>45,814</u>	<u>231,500</u>	<u>231,500</u>	<u>224,457</u>	<u>7,043</u>
Excess (deficiency) of revenues over expenditures	22,000	22,000	108,012	86,012	(18,200)	(18,200)	(41,036)	(22,836)
Other financing sources (uses)								
Transfers	-	-	-	-	-	-	-	-
Fund balances, beginning	426,769	426,769	426,769	-	694,824	694,824	694,824	-
Fund balances, ending	<u>\$ 448,769</u>	<u>\$ 448,769</u>	<u>\$ 534,781</u>	<u>\$ (86,012)</u>	<u>\$ 676,624</u>	<u>\$ 676,624</u>	<u>\$ 653,788</u>	<u>\$ 22,836</u>



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Independent Auditor's 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*

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

We have audited the financial statements of the governmental activities and each major fund of the Alexandria City Court, as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2018. 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 Alexandria City Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexandria City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alexandria City Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current and prior year findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year findings to be material weaknesses listed as items number 2017-001 and 2017-002.

Compliance

As part of obtaining reasonable assurance about whether Alexandria City Court'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Alexandria City Court's response to the findings identified in our audit are described in the accompanying Management's Corrective Action Plan. We did not audit Alexandria City Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and pass-through entities 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.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 23, 2018

**ALEXANDRIA CITY COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2017**

Section I-Summary of Auditor's Reports

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Alexandria City Court.
2. Two material weaknesses disclosed during the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of Alexandria City Court were disclosed during the audit.

Section II - Financial Statement Findings

Finding 2017-001 – Segregation of Duties

Statement of Condition – Alexandria City Court does not have adequate segregation of duties within the administrative office.

Criteria – A system of internal control procedures requires a segregation of duties so that no individual handles a transaction from start to finish.

Effect of condition – Lack of oversight could lead to improperly recorded transactions.

Cause of condition – There is a small number of personnel employed by Alexandria City Court.

Recommendation – Alexandria City Court should monitor the assignment of duties to insure as much segregation of duties as possible.

Questioned costs – None

Finding 2017-002 – Job Description

Statement of Condition – The job description for bookkeeper does not describe all of the requirements necessary so that Alexandria City Court will hire someone with sufficient training and knowledge that has the ability to prepare financial statements in accordance with GAAP.

Criteria – A reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Effect of Condition – A number of audit adjustments were recorded due to the lack of experience and training by the bookkeeper. The audit firm was also required to assist management in the preparation of financial statements in accordance with GAAP.

Cause of Condition – Job description did not stipulate requirements for hiring personnel with knowledge of GAAP.

Recommendation – Alexandria City Court should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Questioned Costs – None

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, 2016**

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

Finding No. 2016-1-The Alexandria City Court does not have adequate segregation of duties within the administrative office.

Corrective action taken- Condition is not resolved. See Finding 2017-001.

Finding No. 2016-2-The Alexandria City Court does not have a person on staff who has the qualifications and training to apply generally accepted accounting principles in recording financial transactions or preparing the financial statements.

Corrective action taken- Condition is not resolved. See Finding 2017-002.

Finding No. 2016-3-The Alexandria City Court did not deposit the receipt of an Advanced Court Cost into the Advanced Court Costs fund. Instead, a CD was purchased with those funds.

Corrective action taken- Condition is resolved.

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**

March 23, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN

Alexandria City Court respectfully submits the following corrective action plan for the year ended September 30, 2017.

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: Oestriecher and Company, CPAs, 4641 Windermere Place, Alexandria, Louisiana 71303-3548

Audit period: October 1, 2016 through September 30, 2017.

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. 2017-001:

Recommendation: Alexandria City Court should monitor the assignment of duties to ensure as much segregation of duties as possible.

Action Taken: Employees will be monitored as effectively as possible with the limited staff.

FINDING NO. 2017-002

Recommendation: Alexandria City Court should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Action Taken: While management understands the nature of the finding and the necessity of personnel with qualifications that are higher than our current job descriptions, the benefits of hiring personnel with increased qualifications do not outweigh the costs.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judge Richard Starling, Jr. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Alexandria City Court and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Alexandria City Court's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Finding: The written policies related to budgeting include information on all required elements.

- b. **Purchasing**, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.

Finding: The written policies related to purchasing include procedures for all required elements.



- c. *Disbursements*, including processing, reviewing, and approving

Finding: The written policies related to processing, reviewing, and approving disbursements include procedures for all required elements.

- d. *Receipts*, including receiving, recording, and preparing deposits

Finding: The written policies related to receiving, recording, and preparing deposits of receipts include procedures for all required elements.

- e. *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding: The written policies related to payroll processing, reviewing, and approving time and attendance records, including leave and overtime worked, include procedures for all required elements.

- f. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions (3) approval process, and (4) monitoring process

Finding: The written policies related to contracting include types of services requiring written contracts, approval process, and monitoring. Standard terms and conditions were not included.

- g. *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Finding: The written policies related to credit cards include procedures for all required elements.

- h. *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which request must be submitted and (4) required approvers.

Finding: The written policies and procedures related travel and expense reimbursements include all required elements except the dollar threshold by category of expense.

- i. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

Finding: The written policies and procedures related to ethics include all required elements.

- j. **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Finding: Alexandria City Court does not have any debt. Written policies are not applicable.

Bank Reconciliation

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Finding: Alexandria City Court provided a listing of 10 bank accounts and represented the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Finding: Bank reconciliations were prepared every month.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

Finding: There was no month with evidence that a member of management, with no involvement in the transactions associated with the bank account, has reviewed and approved all bank reconciliations for every bank account's monthly statements.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Finding: Alexandria City Court is currently researching reconciling items for all checking accounts.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Finding: Alexandria City Court provided a listing of cash collection locations.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
 - a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Findings: One employee was bonded the entire audit period. All four additional employees were bonded as of May 2017. One employee who collects cash is also responsible for making deposits. None of these employees are responsible for recording transactions or reconciling bank accounts. No employees are required to share a cash drawer.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Findings: Debra Kilgo reconciles the cash accounts and agrees cash to the general ledger. She is not responsible for cash collections. There are no written procedures related segregation of duties related to cash receipts. The ACC does not have enough resources to properly segregate duties.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

Findings: Cash received for probation is deposited on a weekly basis. All other cash received is deposited within one day of collection.

- ii. Using sequentially numbered cash receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions

Findings: All cash collections were supported by documentation.

7. Obtain existing written documentation (e.g. policy manual written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Findings: The Alexandria City Court has a written policy concerning cash receipts, deposits, and monthly reconciliations.

Disbursements – General

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: Alexandria City Court provided a list of all disbursements and represented the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Findings: Alexandria City Court does not use a requisition/purchase order system. This is not applicable.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Findings: There were no written signatures showing approval.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: Not applicable. Alexandria City Court does not utilize purchase orders.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: Alexandria City Court's written procedure regarding the addition of new vendors states that any new vendor must be approved by either the Clerk or the Judge prior to a purchase being made. Debra Kilgo processes payments and has the ability to add new vendors.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: Alexandria City Court's written procedure regarding persons with signatory authority states that the Clerk can initiate purchases up to \$500 without prior approval. Any amounts greater than \$500 must be approved by the Judge prior to the purchase. The Judge has the ability to sign and initiate purchases.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: All blank checks are stored in a locked safe. Only two employees have the code to access the safe. Of these employees, one has signing authority.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: Not applicable. Alexandria City Court does not use a signature stamp.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: Alexandria City Court has two authorized credit card users and one credit card.

Whitney Bank

Card #5512

Authorized users include Judge Richard Starling, Jr. and Tracy Liotta.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements, if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card and:

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Findings: There was no evidence that the monthly statements tested were reviewed or approved.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: There were no finance charges or late fees to document and report.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the five cards selected (i.e. each of the five cards should have one month of transactions subject to testing).

- a. For each transaction, report whether the transaction is supported by
- i. An original itemized receipt (i.e., identifies precisely what was purchased)
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Findings: Of the 8 items tested, none of the items contained an original itemized receipt. None of the items included a documented business purpose.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchase/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Findings: There were no purchases large enough to qualify for the Louisiana Public Bid Law.

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: There were no exceptions to report.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: The Alexandria City Court provided the general ledger which contained all travel reimbursements and represented that the listing was complete.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed the GSA rates.

Findings: The Alexandria City Court's written policies set per diem rates at the rate set by the Louisiana Supreme Court. The Louisiana Supreme Court refers to the IRS federal mileage rate. The GSA and IRS both set mileage rates at 53.5 cents per mile. The Alexandria City Court's travel and expense reimbursement policies are in agreement with the GSA. The per diem allowed by GSA for travel to Fort Walton Beach during time of travel was \$64 per day. Alexandria City Court paid employees \$118 per day.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

Findings: The mileage reimbursement for Judge Starling, Debra, and Tracy’s trip to the Florida conference “Nuts & Bolts Seminar” exceeds the rates established by GSA. The GSA sets per diem rates at \$64 per day for June 2017. The Alexandria City Court reimbursed Judge Starling, Debra, and Tracy \$118 per day for travel allowance. This appears to be an amount in excess of the GSA rates.

- b. Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Findings: All three expenses were reimbursed based on an established per diem amount and are not required to have a receipt.

- ii. Documentation of business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

Findings: These three expenses are supported by documentation that the public purpose of this conference was to attend seminars designed to increase their knowledge and proficiency.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Findings: All three expenses were reimbursed based on an established per diem amount and are not required to have a receipt.

- c. Compare the entity’s documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference

periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: The Alexandria City Court's documentation of the business/public purpose of these travel expenses are in compliance with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: There was no written documentation that someone other than the person receiving the reimbursement reviewed and approved the disbursement; however, an authorized signer of the check, other than the recipient, signed and approved the check.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: A listing was received and represented as complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Findings: Alexandria City Court maintained information on service arrangements and amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Findings: This is not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Findings: This is not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Findings: Invoices and related payments complied with terms and conditions of contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Findings: This is not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Findings: Auditor could not find any information concerning employment contracts or pay rates in employee personnel files. All information is filed at the City of Alexandria.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings: Auditor could not find any information concerning pay rates or salary changes in employee personnel files. All information is filed at the City of Alexandria.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not

eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Findings: Daily attendance was not documented. Alexandria City Court began keeping leave records during the audit period.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Findings: There is written documentation of the supervisor's approval, and there are no exceptions to report.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: Vacation time used was documented, but vacation time earned and remaining were not recorded.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: Alexandria City Court provided a list of terminated employees. No termination payments were made through Alexandria City Court.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: The employee and employer portions of payroll taxes and retirement contributions, including the required reporting forms, were submitted to the applicable agencies by the required deadlines without any exceptions to report.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings: There were three certificates of completion provided to demonstrate that required ethics training was completed for three of the five employees.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: No findings to report.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Findings: Not applicable. Alexandria City Court did not issue any debt during the period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: This is not applicable as Alexandria City Court did not have any outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: This is not applicable as Alexandria City Court did not have any tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: Not applicable. Alexandria City Court did not report misappropriation of public assets during the period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: Alexandria City Court posted the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: Any exceptions were noted on the appropriate AUP workpaper.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 23, 2018