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**CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA**

Oakdale, Louisiana

Annual Financial Statements and Independent Auditor's Report

Year Ended December 31, 2006

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 8/29/07

Royce T. Scimemi, CPA, APAC

**CITY JUDGE
CITY COURT OF OAKDALE AND WARD 5
OF ALLEN PARISH, LOUISIANA**

Financial Report for Year Ended December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

HONORABLE PERRELL FUSELIER
CITY JUDGE
CITY COURT OF OAKDALE
AND WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

I have audited the accompanying financial statements of the governmental activities of the City Judge, City Court of Oakdale and Ward 5 of Allen Parish, Louisiana (the Court) as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Court. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City Judge, City Court of Oakdale and Ward 5 of Allen Parish, Louisiana as of December 31, 2006, and the changes of financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 29, 2007, on my consideration of the Court's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the required supplementary information on page 31 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Court's basic financial statements. The other supplementary information on pages 33 through 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Royce T. Scimemi, CPA, APAC
June 29, 2007

Royce T. Scimemi, CPA, APAC

CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Management's Discussion and Analysis

Within this section of the City Judge, City Court of Oakdale and Ward 5 of Allen Parish, Louisiana annual financial report, the Court's management is pleased to provide this narrative discussion and analysis of the financial activities of the Court for the fiscal year ended December 31, 2006. The Court's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Court's assets exceeded its liabilities by \$93,529 and \$50,979 (net assets) for the fiscal years ended December 31, 2006 and 2005, respectively.
- Total revenues of \$269,963 exceeded total expenses of \$227,413, which resulted in a 2006 surplus of \$42,550. Total revenues of \$249,626 were exceeded by total expenses of \$280,924, which resulted in a 2005 deficit of \$31,298.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$7,369 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt, if any, related to the purchase of capital assets.
 - (2) Unrestricted net assets of \$86,160.
- The Court's governmental funds reported total ending fund balance of \$86,160 this year. This compares to the prior year ending fund balance of \$44,697, reflecting an increase of \$41,463 during the 2006.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$86,160, or 38% of total General Fund expenditures and 32% of total General Fund revenues.
- Overall, the Court financial position has improved as a result of the proper funding of the Court's operational expenses by the City of Oakdale. The unreserved and undesignated governmental fund balance increased by \$41,463 during the current year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Court also includes in this report additional information to supplement the basic financial statements.

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CITY COURT OF OAKDALE AND
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Oakdale, Louisiana

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

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

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Court's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Court as a whole is improving or deteriorating. Evaluation of the overall health of the Court would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Court's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Court's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 13 through 14 of this report.

Fund Financial Statements

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

The Court uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Court's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 20 of this report.

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Management's Discussion and Analysis (Continued)

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Court's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These schedules demonstrate compliance with the Court's adopted and final revised budget. Required supplemental information can be found on page 31 of this report.

Financial Analysis of the Court as a Whole

The Court's net assets at December 31, 2006 and 2005 were \$93,529 and \$50,979, respectively. The following table provides a summary of the Court's net assets:

	<u>2006</u>		<u>2005</u>	
Assets:				
Current assets	\$ 90,527	92%	\$ 48,851	89%
Capital assets	<u>7,369</u>	<u>8</u>	<u>6,282</u>	<u>11</u>
Total assets	<u>97,896</u>	<u>100%</u>	<u>55,133</u>	<u>100%</u>
Liabilities:				
Current liabilities	4,367	100%	4,154	100%
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,367</u>	<u>100%</u>	<u>4,154</u>	<u>100%</u>
Net assets:				
Investment in capital assets, net of debt	7,369	8%	6,282	12%
Unrestricted	<u>86,160</u>	<u>92</u>	<u>44,697</u>	<u>88</u>
Total net assets	<u>\$ 93,529</u>	<u>100%</u>	<u>\$ 50,979</u>	<u>100%</u>

CITY JUDGE
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Management's Discussion and Analysis (Continued)

The Court continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio was 20.73 to 1 and 11.76 to 1 in 2006 and 2005, respectively.

The following table provides a summary of the Court's changes in net assets:

Revenues:	<u>2006</u>		<u>2005</u>	
Program:				
Charges for services/court costs	\$ 73,602	28%	\$ 72,482	29%
Operating grants and contributions	195,600	72	176,170	71
General:				
Interest	436	-	88	-
Miscellaneous	<u>325</u>	<u>-</u>	<u>886</u>	<u>-</u>
Total revenues	269,963	<u>100%</u>	249,626	<u>100%</u>
Program expenses:				
Court administration	<u>227,413</u>		<u>280,924</u>	
Change in net assets	42,550		(31,298)	
Beginning net assets	<u>50,979</u>		<u>82,277</u>	
Ending net assets	\$ <u>93,529</u>		\$ <u>50,979</u>	

Governmental Revenues

Note that program revenues covered 100% and 100% of governmental operating expenses in 2006 and 2005, respectively.

Governmental Functional Expenses

The total function of the Court is administration of law. Of the total cost, depreciation on the equipment was \$1,939 or 1% and \$2,481 or 1% of total expenses in 2006 and 2005, respectively.

Financial Analysis of the Court's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$86,160 and \$44,697 in 2006 and 2005, respectively.

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Management's Discussion and Analysis (Continued)

The unreserved, undesignated fund balance increased by \$41,463 during the current year.

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to decrease mainly due to a decrease in intergovernmental revenues. It was also anticipated that the total expenditures were going to decrease primarily due to a reduction in salaries. The budget was amended once during the year. The amendment was made primarily to increase revenues and expenses recognized as on-behalf payment of fringe benefits and salaries.

Capital Assets and Debt Administrators

Capital assets

The Court's investment in capital assets, net of accumulated depreciation as of December 31, 2006 and 2005, were \$7,369 and \$6,282, respectively. See Note 5 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2006</u>	<u>2005</u>
Nondepreciable assets-land	\$ -	\$ -
Depreciable assets:		
Furniture, fixtures, and equipment	54,102	51,076
Less accumulated depreciation	<u>46,733</u>	<u>44,794</u>
Book value-depreciable assets	\$ <u>7,369</u>	\$ <u>6,282</u>
Percentage depreciated	<u>86%</u>	<u>85%</u>
Book value-all assets	\$ <u>7,369</u>	\$ <u>6,282</u>

Long-term debt

The court had no long-term debt during 2006.

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Management's Discussion and Analysis (Continued)

Contacting the Court's Financial Management

This financial report is designed to provide a general overview of the Court's finances, comply with finance-related laws and regulations, and demonstrate the Court's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Court's office, Honorable Judge Perrell Fuselier, at (318) 335-1121.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

CITY JUDGE
CITY COURT OF OAKDALE AND
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Oakdale, Louisiana

Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Interest-bearing deposits	\$ 5,755
Non interest-bearing deposits	67,289
Investments	9,960
Interest receivable	175
Intergovernmental receivable	7,348
Capital assets, net	<u>7,369</u>
Total assets	<u>97,896</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,767
Accrued payroll liabilities	<u>2,600</u>
Total liabilities	<u>4,367</u>
NET ASSETS	
Invested in capital assets	7,369
Unrestricted	<u>86,160</u>
Total net assets	<u>\$ 93,529</u>

The accompanying notes are an integral part of the basic financial statements.

CITY JUDGE
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Statement of Activities
Year Ended December 31, 2006

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets
		Court Costs Other Charges	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Court Administration	<u>\$227,413</u>	<u>\$ 73,602</u>	<u>\$195,600</u>	<u>\$ 41,789</u>
		General revenues:		
				401
				35
				<u>325</u>
			Total general revenues	<u>761</u>
			Change in net assets	42,550
			Net assets-December 31, 2005	<u>50,979</u>
			Net assets-December 31, 2006	<u>\$ 93,529</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CITY JUDGE
 CITY COURT OF OAKDALE AND
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 Oakdale, Louisiana

Balance Sheet - Governmental Funds
 December 31, 2006

	<u>Governmental Fund Type</u>
ASSETS	
Interest-bearing deposits	\$ 5,755
Non interest-bearing deposits	67,289
Investments	9,960
Accounts Receivable:	
Interest	175
Intergovernmental	<u>7,348</u>
Total assets	<u>\$ 90,527</u>
LIABILITIES AND FUND EQUITY	
Accounts payable	\$ 1,767
Accrued payroll liabilities	<u>2,600</u>
Total liabilities	<u>4,367</u>
Fund equity:	
Fund balance - unreserved and undesignated	<u>86,160</u>
Total fund equity	<u>86,160</u>
Total liabilities and fund equity	<u>\$ 90,527</u>

The accompanying notes are an integral part of the basic financial statements.

CITY JUDGE
CITY COURT OF OAKDALE AND
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Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2006

Total fund balances for governmental funds at December 31, 2006	\$ 86,160
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Office furniture, fixtures and equipment, net of \$46,733 accumulated depreciation	<u>7,369</u>
Total net assets of governmental activities at December 31, 2006	<u>\$ 93,529</u>

The accompanying notes are an integral part of the basic financial statements

CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
Year Ended December 31, 2006

Revenues:	
Court costs	\$ 73,602
Interest	436
Intergovernmental	195,600
Miscellaneous	<u>325</u>
Total revenues	<u>269,963</u>
Expenditures:	
Current	
Contract services	9,600
Computer	2,668
Dues & subscriptions	1,346
Education	1,519
Equipment lease	3,444
Insurance	4,766
Library	2,977
Miscellaneous	47
Office	1,713
Payroll taxes	1,980
Postage	3,416
Professional fees	7,829
Retirement	24,165
Salaries	139,401
Supplies	6,575
Telephone	7,017
Travel	4,543
Uniforms	2,436
Capital Outlay	3,026
Debt Service	
Interest	<u>32</u>
Total expenditures	<u>228,500</u>
Excess (deficiency) of revenues over expenditures	41,463
Fund balance, beginning of year	<u>44,697</u>
Fund balance, end of year	<u>\$ 86,160</u>

The accompanying notes are an integral part of the basic financial statements

CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
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Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2006

Total net changes in fund balances at December 31, 2006 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 41,463
The change in net assets reported for governmental activities in the statement of activities is 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 outlays that are considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 3,026	
Depreciation expense for the year ended December 31, 2006	<u>(1,939)</u>	<u>1,087</u>
Total changes in net assets at December 31, 2006 per Statement of Activities		<u>\$ 42,550</u>

The accompanying notes are an integral part of the basic financial statements

CITY JUDGE
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Statement of Fiduciary Net Assets and Liabilities
Fiduciary Funds
December 31, 2006

	<u>Agency Funds</u>
Assets	
Non interest-bearing deposits	<u>\$7,449</u>
Liabilities	
Advanced costs	<u>\$7,449</u>

The accompanying notes are an integral part of the basic financial statements

CITY JUDGE
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Notes to the Basic Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies

The City Judge, City Court of Oakdale and Ward 5 of Allen Parish, Louisiana was established under Louisiana Revised Statute 13:1870 et. seq. Its territorial jurisdiction extends throughout Ward 5 of Allen Parish in which the City of Oakdale is located. The Court is composed of a city judge (elected) and a city clerk (appointed by the city judge). The city judge in all criminal matters including traffic violations assesses court costs. These costs are utilized in the operation of the Court. Costs are deposited into separate special accounts for the ward marshal and the city judge. The city judge is elected for a term of six years.

The accounting and reporting policies of the City Judge, City Court of Oakdale and Ward 5 of Allen Parish, conform to generally accepted accounting principles as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The following is a summary of certain significant accounting policies:

A. Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net assets and the statement of activities display information about the Court as a whole. These statements include all the financial activities of the Court except for fiduciary-agency funds. Information contained in these statements reflects 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 exchanges occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly

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Notes to the Basic Financial Statements-Continued

December 31, 2006

identifiable to a particular function. Program revenues include court cost income. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid managements by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Court or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The funds of the Court are described below:

Governmental Fund -

The General Fund is the principal fund of the Court and is used to account for the operations of the Court. The various fees and charges due to the Court are accounted for in this fund. General operation expenditures are paid from this fund.

Fiduciary Funds -

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in the category by the Court are agency funds. The agency funds (Civil Fee Fund, Cash Bond Fund, and Fines and Restitution Fund) account for assets held by the Court as an agent for outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

B. Financial Reporting Entity

The city court judge and marshal are independently elected officials and each represents a separate reporting entity.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component unit should be considered part of the reporting for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - (a) the ability of the primary government to impose its will on that organization and/or
 - (b) the potential for the organization to provide specific financial benefits to or impose

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Notes to the Basic Financial Statements-Continued

December 31, 2006

specific financial burdens on the primary government.

2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City of Oakdale or the Allen Parish Police Jury, the general government services provided by that governmental unit, or any other governmental units.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the 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 is the reconciled, through adjustment, to a government-wide view of Court operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use 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 pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Penalties, fines, and miscellaneous revenues are recorded in the year in which they are received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income is accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

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Notes to the Basic Financial Statements-Continued

December 31, 2006

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

D. Budgetary Accounting

A general fund budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before December 15 of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Judge for review. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level. The original budget for 2006 was amended once during the year.

E. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Court maintains a threshold level of \$150 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	3-50 Years

F. Compensated Absences

The Court has the following policy relating to vacation and sick leave:

Employees of the Court earn two to three weeks of vacation and 10 days of sick leave each year. Vacation is cumulative and sick leave must be used in the year earned.

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Notes to the Basic Financial Statements-Continued

December 31, 2006

The Court's recognition and measurement criteria for compensated absences follow:

- a. The employee's rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The accrued compensated absences at December 31, 2006 amounted to \$0.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Court as an extension of formal budgetary integration in the funds.

H. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

I. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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J. Advanced Costs

Advanced costs represents money received in connection with civil suits. The plaintiff of each civil suit is required to make an advance payment to cover the cost incurred by the court in processing the suit. These cash advances remain in the advance costs account until the court earns them. At which time they are disbursed to the proper entities, or until the case has been dismissed and the remaining amount is refunded.

K. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market.

(2) Court Operations

Fines collected by the Court are required to be remitted to the City of Oakdale, LA, when prosecutions are on behalf of the City, to the Allen Parish Police Jury when the prosecution is on behalf of the state or parish and to other various state agencies as required by law.

The City Judge in both criminal and civil cases under the authority of Louisiana Revised Statutes 13:5204, 13:841 and 13:1899 assesses court costs. Costs collected in criminal (including traffic violations) are used to pay the operational expenses of the Court. The Court receives no fees in criminal matters, including peace bonds. Court costs collected in civil cases are paid to the City Judge, the City Marshal and other agencies.

The City of Oakdale, LA and the Allen Parish Police Jury pay salary payments directly to the City Judge and the Courts employees. The Court supplements the City Court employees salaries. The Court is provided space by the City of Oakdale without charge.

(3) Cash and Interest-Bearing Deposits

Under state law, the Court may deposit funds within a fiscal agent bank located in the parish or congressional district that is organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Court may also invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2006, the Court has cash and interest-bearing deposits (book balances) totaling \$90,453.

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 bank. 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. Deposit balances (bank balances) at December 31, 2006 totaled \$93,145 and are fully secured by federal deposit insurance.

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December 31, 2006

(4) Investments

GASB Statement 31 generally mandates that investments be reported in the financial statements at their fair value. For this purpose, the "fair value" or investment is defined as follows:

Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If a quoted market price is available for an investment, the fair value to be used in applying this Statement is the total of the number of trading units times the market price per unit.

Investments on the balance sheet, which is a fully insured certificate of deposit, amounted to \$9,960 at December 31, 2006. All investment income, including changes in the fair value of investments, should be recognized in the operating statement. Reported investment earnings for the year ended December 31, 2006 are as follows:

Interest income	\$ 401
Realized loss	<u>35</u>
Reported as interest income	<u>\$ 436</u>

(5) Changes in Capital Assets

A summary of changes in capital assets follows:

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/06</u>
Furniture, fixtures and equipment	\$ 51,076	\$ 3,026	\$ -	\$ 54,102
Less: Accumulated Depreciation	<u>(44,794)</u>	<u>(1,939)</u>	-	<u>(46,733)</u>
Net	<u>\$ 6,282</u>	<u>\$ 1,087</u>	\$ -	<u>\$ 7,369</u>

Depreciation expense in the amount of \$1,939 was charged to court administration.

(6) Pension Plan

Louisiana State Employees' Retirement System

On behalf of the Judge, the Court contributes to the Louisiana State Employees' Retirement System (the System), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. All state employees except certain classes excluded by statute become members of the System as a condition of employment unless they elect to continue as a contribution member in any other retirement system for which they are eligible for membership. Elected officials and officials appointed by the governor may, at their option, become members of the System.

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December 31, 2006

The System also provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (800) 256-3000.

Covered employees are required by state statute to contribute a percent of their salary to the plan. The Court is required by the same statute to contribute a percent of their salary to the plan. Since the Judge entered the DROP Program after January 2004, there will no longer be any contributions by the Court on his behalf. The Court contributions to the System for the year ended December 31, 2006, 2005 and 2004 were \$0, \$0 and \$0, respectively.

Municipal Employees' Retirement System of Louisiana

On behalf of eligible employees, other than the Judge, the Court contributes to the Municipal Employees' Retirement System (the System), a cost sharing multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed to two district plans (Plan A and Plan B). Employees are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Municipal Employees' Retirement System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, LA 70809 or by calling (225) 925-4810.

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary to the plan. The Court is required by the same statute to contribute an actuarially determined rate. The rate was 16 percent from January 1, 2006 to December 31, 2006. In addition, contributions to the System include ¼ of one percent of the taxes shown to be collectible by the tax rolls of each respective parish, except Orleans Parish. The tax dollars are divided between Plan A and Plan B based proportionately on the salaries of active members of each plan. The contribution requirements of plan members and the Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the

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Notes to the Basic Financial Statements-Continued

December 31, 2006

prior fiscal year. The Court's contributions to Plan A of the System for the year ended December 31, 2006, 2005 and 2004 were \$7,752, \$6,756, and \$5,628, respectively.

(7) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	Unsettled Deposits <u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	Unsettled Deposits <u>12/31/06</u>
Agency funds:				
Civil Fee Fund	\$ 4,870	\$ 29,773	\$ 27,694	\$ 6,949
Cash Bond Fund	500	200	200	500
Fines and Restitution Fund	<u>0</u>	<u>192,844</u>	<u>192,844</u>	<u>0</u>
Total	<u>\$ 5,370</u>	<u>\$ 222,817</u>	<u>\$ 220,738</u>	<u>\$ 7,449</u>

(8) Risk Management

The Court is exposed to various risks of loss related to torts, damage to, theft of and destruction of assets; errors and omissions, injuries to employees and the public; and natural disasters. The Court is covered by the City of Oakdale's commercial insurance, including workers' compensation and employee health and accident insurance. No claims from these risks have exceeded commercial insurance coverage in any of the past three years.

(9) Expenditures of the Court Paid by the City of Oakdale, LA

The Court is located in Oakdale City Hall. The City of Oakdale, LA, as required by statute, pays the cost of maintaining and operating the Court. These expenditures, except those noted in Note 10, are not included in the accompanying basic financial statements.

(10) On-Behalf Payments of Fringe Benefits and Salaries

GASB Statement No. 24 establishes accounting and financial reporting for on-behalf payments for fringe benefits and salaries. The following amounts paid on-behalf of the Court for employee salaries and fringe benefits during 2006:

Revenue:	
Allen Parish Police Jury	\$ 32,936
City of Oakdale	33,258
Judicial Branch of Louisiana	<u>30,812</u>
Total	<u>\$ 97,006</u>

In accordance with Statement No. 24, they are included as intergovernmental revenues, and expenditures in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY JUDGE
CITY COURT OF OAKDALE AND
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General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2006

	Original Budget	Amended/ Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Court costs	\$65,000	\$ 72,000	\$ 73,602	\$ 1,602
Interest	500	100	436	336
Intergovernmental	65,000	160,000	195,600	35,600
Miscellaneous	<u>1,000</u>	<u>200</u>	<u>325</u>	<u>125</u>
Total revenues	<u>131,500</u>	<u>232,300</u>	<u>269,963</u>	<u>37,663</u>
Expenditures:				
Current -				
Contract services	10,000	10,000	9,600	400
Computer	1,500	2,700	2,668	32
Dues & subscriptions	2,000	1,500	1,346	154
Education	2,500	2,500	1,519	981
Equipment lease	4,000	4,000	3,444	556
Insurance	5,000	5,500	4,766	734
Library	6,000	4,200	2,977	1,223
Miscellaneous	250	250	47	203
Office	2,500	2,200	1,713	487
Payroll taxes	8,000	13,000	1,980	11,020
Postage	3,000	3,400	3,416	(16)
Professional fees	10,000	8,000	7,829	171
Repairs and maintenance	500	500	-	500
Retirement	10,000	19,000	24,165	(5,165)
Salaries	65,000	165,000	139,401	25,599
Supplies	6,000	7,200	6,575	625
Telephone	8,000	8,000	7,017	983
Travel	12,000	5,500	4,543	957
Uniforms	-	-	2,436	(2,436)
Capital Outlay	6,000	5,000	3,026	1,974
Debt Service				
Interest	<u>300</u>	<u>-</u>	<u>32</u>	<u>(32)</u>
Total expenditures	<u>162,530</u>	<u>267,450</u>	<u>228,500</u>	<u>38,950</u>
Excess (deficiency) of revenues over expenditures	(31,050)	(35,150)	41,463	76,613
Fund balance, beginning of year	<u>44,697</u>	<u>44,697</u>	<u>44,697</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,647</u>	<u>\$ 9,547</u>	<u>\$ 86,160</u>	<u>\$ 76,613</u>

OTHER SUPPLEMENTARY INFORMATION

CITY JUDGE
 CITY COURT OF OAKDALE AND
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 Oakdale, Louisiana

Fiduciary Fund Type – Agency Funds
 Combining Statement of Fiduciary Assets and Liabilities
 December 31, 2006

	<u>Civil Fee Fund</u>	<u>Cash Bond Fund</u>	<u>Fines and Restitution Fund</u>	<u>Totals</u>
ASSETS				
Cash	\$ 6,949	\$ 500	\$ -	\$ 7,449
Total Assets	\$ 6,949	\$ 500	\$ -	\$ 7,449
LIABILITIES				
Advanced Costs	\$ 6,949	-	-	\$ 6,949
Bond Deposits	-	500	-	500
	\$ 6,949	\$ 500	\$ -	\$ 7,449

CITY JUDGE
CITY COURT OF OAKDALE AND
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Oakdale, Louisiana

Fiduciary Fund Type – Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
Year Ended December 31, 2006

	Civil Fee Fund	Cash Bond Fund	Fines and Restitution Fund	Totals
Balances, beginning of year	\$ 4,870	\$ 500	\$ -	\$ 5,370
Additions:				
Deposits –				
Fines and court costs	29,773	-	192,844	222,617
Cash bonds	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total additions	<u>29,773</u>	<u>200</u>	<u>192,844</u>	<u>222,817</u>
Total	<u>34,643</u>	<u>700</u>	<u>192,844</u>	<u>228,187</u>
Reductions:				
Deposits settled to –				
Allen Parish Clerk of Court	2,150	-	-	2,150
Allen Parish Police Jury	-	-	5,503	5,503
Allen Parish District Attorney	-	-	1,221	1,221
Allen Parish Sheriff	1,414	-	-	1,414
City of Oakdale	-	-	53,787	53,787
Indigent Defenders Board	-	-	24,854	24,854
Miscellaneous	3,542	200	3,677	7,419
Oakdale City Court	12,465	-	69,074	81,539
Other State Agencies	5,869	-	10,730	16,599
Town of Elizabeth	-	-	2,366	2,366
Ward Marshall	<u>2,254</u>	<u>-</u>	<u>21,632</u>	<u>23,886</u>
Total reductions	<u>27,694</u>	<u>200</u>	<u>192,844</u>	<u>220,738</u>
Balances, end of year	<u>\$ 6,949</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 7,449</u>

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

HONORABLE PERRELL FUSELIER
CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

I have audited the basic financial statements of City Judge, City Court of Oakdale and Ward 5 of Allen Parish, Louisiana (the Court) as of and for the year ended December 31, 2006, and have issued my report thereon dated June 29, 2007. I conducted my 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 my audit, I considered the Court's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, I do not express an opinion over the effectiveness of the Court's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

CITY COURT OF OAKDALE, LOUISIANA
Compliance and Internal Control Report (Continued)

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Royce T. Scimemi, CPA, APAC
June 29, 2007

Royce T. Scimemi, CPA, APAC

CITY JUDGE
CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

Current Year Findings:

1. Summary of Auditor's Results:

- a. Auditor issued an unqualified opinion on the financial statements.
- b. No deficiencies in internal control over financial reporting that I consider to be material weaknesses were disclosed by the audit of the financial statements.
- c. No noncompliance, which is material to the financial statements, was disclosed by the audit of the financial statements.

2. Findings Relating to the Financial Statements Which are Required to be Reported by the Audit of the Financial Statements:

N/A

3. Findings and Questioned Costs for Federal Awards:

N/A

Prior Year Findings:

N/A