

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2010

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 7/6/11

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Annual Financial Statements
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City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Robert J. Black, Judge
City Court of Bogalusa
Bogalusa, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bogalusa, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 2010, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City Court of Bogalusa, Louisiana's management. My responsibility is to express opinions 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 the 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 opinions.

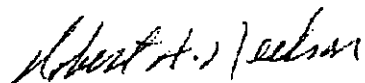
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bogalusa, Louisiana, as of December 31, 2010, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 17, 2011, on my consideration of the City Court of Bogalusa, Louisiana's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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. I have applied certain limited procedures to the budgetary comparison information on page 18 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the

information because the limited procedures do not provide me 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 of America 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. My opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in cursive script, appearing to read "Robert A. Jackson".

Bogalusa, Louisiana
June 17, 2011

Basic Financial Statements

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Statement of Net Assets
December 31, 2010

ASSETS	<u>Governmental Activities</u>
Cash	\$ 96,595
Investments	16,785
Due from other governmental entities	162
Capital assets, net of accumulated depreciation	<u>276</u>
 Total Assets	 <u>113,818</u>
LIABILITIES	
Due to litigants and others	33,560
Due to fiduciary fund	6,000
Payroll tax payable	<u>4,264</u>
 Total Liabilities	 <u>43,824</u>
NET ASSETS	
Invested in capital assets	276
Unrestricted	<u>69,718</u>
 Total Net Assets	 <u>\$ 69,994</u>

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

City Court of Bogalusa
 (A Component Unit of the City of Bogalusa, Louisiana)
 Bogalusa, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2010

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs Governmental activities: Judicial	\$ 295,045	\$ 108,043	\$ 201,957	\$ 14,955
General Revenues Interest Total general revenues Change in net assets Net assets-beginning Net assets-ending				823 <u>823</u> 15,778 54,216 <u>\$ 69,994</u>

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

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Civil Court Fund	Total
ASSETS			
Cash	\$ 47,797	\$ 48,798	\$ 96,595
Investments	3,000	13,785	16,785
Due from other governmental entities	0	162	162
Due from other funds	<u>14,758</u>	<u>0</u>	<u>14,758</u>
Total Assets	<u>\$ 65,555</u>	<u>\$ 62,745</u>	<u>\$ 128,300</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to litigants and others	\$ 0	\$ 33,560	\$ 33,560
Payroll tax payable	103	4,161	4,264
Due to other funds	<u>6,000</u>	<u>14,758</u>	<u>20,758</u>
Total Liabilities	<u>6,103</u>	<u>52,479</u>	<u>58,582</u>
Fund Balance:			
Unreserved, reported in:			
General fund	59,452	0	59,452
Special revenue fund	<u>0</u>	<u>10,266</u>	<u>10,266</u>
Total Fund Balance	<u>59,452</u>	<u>10,266</u>	<u>69,718</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 65,555</u>	 <u>\$ 62,745</u>	

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	<u>276</u>
Net assets of governmental activities.	<u>\$ 69,994</u>

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

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Civil Court Fund	Total
REVENUES			
Court fees	\$ 68,736	\$ 36,952	\$ 105,688
Judges supplemental compensation	0	8,794	8,794
Intergovernmental	120,509	72,654	193,163
Interest	209	613	822
Other	375	1,980	2,355
Total Revenues	<u>189,829</u>	<u>120,993</u>	<u>310,822</u>
EXPENDITURES			
Judicial:			
Salaries	94,845	92,523	187,368
Fringe benefits	16,990	12,164	29,154
Judge's supplemental compensation	0	8,538	8,538
Contract labor	11,277	0	11,277
Legal and professional	12,667	0	12,667
Continuing education	450	0	450
Telephone and postage	105	0	105
Court costs	0	652	652
Retirement	3,447	0	3,447
Commissions to clerk	0	3,075	3,075
Travel	12,313	0	12,313
Supplies	17,305	0	17,305
Dues and subscriptions	100	0	100
Repairs and maintenance	3,297	0	3,297
Miscellaneous	1,056	0	1,056
Meals and entertainment	944	0	944
Seminars and conventions	1,375	0	1,375
Capital outlay	0	0	0
Total Expenditures	<u>176,171</u>	<u>116,952</u>	<u>293,123</u>
Net change in fund balances	13,658	4,041	17,699
Fund balances – beginning	<u>45,794</u>	<u>6,225</u>	<u>52,019</u>
Fund balances – ending	<u>\$ 59,452</u>	<u>\$ 10,266</u>	<u>\$ 69,718</u>

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

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Governmental Funds
For the Year ended December 31, 2010

Net change in fund balances - total governmental funds	\$ 17,699
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. This is the amount by which depreciation exceeded capital outlays	<u>(1,921)</u>
Change in net assets of government activities	<u>\$ 15,778</u>

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

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2010

	Agency Fund
ASSETS	
Cash	\$ 46,269
Due from general fund	<u>6,000</u>
Total Assets	<u>\$ 52,269</u>
LIABILITIES	
Liabilities:	
Due to litigants and others	<u>\$ 52,269</u>
Total Liabilities	<u>\$ 52,269</u>

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

Notes to the Financial Statements

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2010

INTRODUCTION

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City Court of Bogalusa (a component unit of the City of Bogalusa) is a court of limited jurisdiction and serves Ward 4 of Washington Parish, Louisiana. The Judge of the court is an elected official.

According to Governmental Accounting Standards Board Statement No. 14, the City of Bogalusa (the City) is the financial reporting entity for the Court. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Even though the City Court Judge is an independently elected official, and is legally separate from the City, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays retirement and a portion of the salaries for the Court's clerks. The accompanying financial statements present information only on the funds maintained by the Court, and do not present information on the City.

B. Basis of Presentation

The accompanying basic financial statements of the Washington Parish Sheriff 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 Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the Financial Statements (continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Court. For the most part, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 management 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 funds is at least ten percent of the corresponding total for all governmental funds.

The Court reports the following major governmental fund:

The General Fund is the primary operating fund of the Court. It accounts for all the financial resources except those that are required to be accounted for in other funds.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the Financial Statements (continued)

The Special Revenue fund accounts for the Court's civil filings.

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the Court is the agency fund. The agency fund accounts for assets held by the Court in a trustee capacity. These funds are custodial in nature (assets equal liabilities) and do not involve measurement focus, but use the accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting.

D. Budget Practices

Proposed budgets are prepared on the modified accrual basis of accounting. Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device.

Budget amounts included in the accompanying financial statements include the original adopted budget and the final budget.

E. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the 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. The Court is allowed, under state law, to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The Court invests in collateralized certificate of deposits.

F. Activity Between Funds

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds"

G. 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 market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and depreciation is recorded in the 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>Description</u>	<u>Estimated Lives</u>
Equipment	5 – 20 years

H. Compensated Absences

The salaries of Court employees are the responsibility of the City of Bogalusa. All related accruals for wages, vacations, or sick pay are reported on the City's financial statements.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted net assets are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

The budget was prepared on the modified accrual basis of accounting.

3. Cash and Cash Equivalents

At December 31, 2010, the Court had cash and cash equivalents (book balance) totaling \$96,595 as follows:

Interest-bearing demand deposits	<u>\$ 96,595</u>
Total unrestricted cash	<u>\$ 96,595</u>

City Court of Bogalusa
 (A Component Unit of the City of Bogalusa, Louisiana)
 Notes to the Financial Statements (continued)

3. Cash and Cash Equivalents (continued)

At December 31, 2010, the Court maintained a cash balance of \$46,269 in the agency fund, which is not reflected in the Statement of Net Assets.

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.

4. Custodial Credit Risk

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2010, the Court has \$253,107 in deposits (collected) bank balances. These deposits are secured from risk by federal deposit insurance.

5. Investments

At December 31, 2010, the Court held investments of Certificates of Deposit totaling \$16,785. These investments were fully secured from risk by federal deposit insurance.

6. Interfund receivables/payables

Individual balances due from/to other funds at December 31, 2010 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 14,758	\$ 0
Special Revenue Funds:		
Civil Court Fund	<u>0</u>	<u>14,758</u>
Total	<u>\$ 14,758</u>	<u>\$ 14,758</u>

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the Financial Statements (continued)

7. Capital Assets

A summary of the capital asset and accumulated depreciation activity and the current year depreciation follows:

	<u>Balance</u> <u>12/31/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/10</u>
Governmental activities:				
Capital assets being depreciated				
Equipment	\$ 15,092	\$ 0	\$ 0	\$ 15,092
Total capital assets being depreciated	<u>15,092</u>	<u>0</u>	<u>0</u>	<u>15,092</u>
Less accumulated depreciation for:				
Equipment	(12,895)	(1,921)	0	(14,816)
Total accumulated depreciation	<u>(12,895)</u>	<u>(1,921)</u>	<u>0</u>	<u>(14,816)</u>
Capital assets being depreciated, net	<u>\$ 2,197</u>	<u>\$ (1,921)</u>	<u>\$ 0</u>	<u>\$ 276</u>

For the year ended December 31, 2010, depreciation expense was \$1,921.

8. On Behalf Payments for Salaries

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits and salaries. The following were amounts paid on-behalf of the Court for employee salaries and fringe benefits during 2010:

Revenue:	
State of Louisiana	\$ 44,132
Washington Parish Government	34,187
City of Bogalusa	<u>99,536</u>
Total	<u>\$177,855</u>

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

9. Pension Plans

a. City Judge

Plan Description. The City Court Judge is a member of the Louisiana State Employees' Retirement System (LASERS). LASERS is the administrator of a single-employer defined benefit pension plan and is a component unit of the State of Louisiana and is included in the state's CAFR as a pension trust fund. The financial report may be obtained by writing the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, LA 70804-4213.

LASERS is one of several public retirement systems in Louisiana. Each has specific membership requirements established by legislation.

Summary of Significant Accounting Policies. LASERS' financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Investments are reported at fair value.

Funding Policy. Plan members contribution rates for LASERS are established by Louisiana Revised Statute 11:62. Member contributions are deducted from their salary and remitted to LASERS by participating employers.

b. Clerks

Plan Description. City of Bogalusa Employees' Retirement System (COBERS) is a single-employer defined benefit pension plan that covers appointive officers and permanent employees of the City. The Court clerks participate in this plan. COBERS provides retirement, disability, and death benefits to plan members and their beneficiaries. COBERS financial statements are included in the general-purpose financial statements of the City of Bogalusa. The financial report may be obtained by writing the City of Bogalusa Employees' Retirement System, Post Office Box 1179, Bogalusa, LA 70429-1179.

Summary of Significant Accounting Policies. The financial statements of the COBERS are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the employee is

9. Pension Plans (continued)

compensated for services. Benefits and refunds are recognized when due and payable. All investments are fixed-income securities and common stock, and are reported at fair market value based on quoted market prices.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the year ended December 31, 2010, the City contributed 11% of covered salaries.

10. Supplemental Compensation

Louisiana Revised Statute 13:10.3 requires that a filing fee of \$21.50 for every civil case be collected and remitted monthly to the State Treasurer's office to be credited to the Judge's Supplemental Compensation Fund to defray costs of the Judges' salaries.

11. Changes in Agency Fund Balances

The financial activity of agency funds does not represent revenues and expenditures and as such is not included in the combined statements of revenues, expenditures, and changes in fund balances. This fund is used to account for the assets held by the Court for other governmental entities.

Additions and deductions of the agency funds for 2010 follow:

	Bond Fund	Criminal Fund	Total
Balance as of 12/31/09	\$ 85,868	\$ -	\$ 85,868
Additions	91,732	395,944	487,676
Deductions	(126,584)	(394,691)	(521,275)
Balance as of 12/31/10	<u>\$ 51,016</u>	<u>\$ 1,253</u>	<u>\$ 52,269</u>

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information-
Part II

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Governmental Fund – General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance- Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
REVENUES				
Court fees	\$ 32,600	\$ 32,600	\$ 68,736	\$ 36,136
Intergovernmental	90,500	90,500	120,509	30,009
Interest	8,000	8,000	209	(7,791)
Other	<u>1,500</u>	<u>1,500</u>	<u>375</u>	<u>(1,125)</u>
Total Revenues	<u>132,600</u>	<u>132,600</u>	<u>189,829</u>	<u>57,229</u>
EXPENDITURES				
Judicial:				
Salaries	98,000	98,000	94,845	3,155
Fringe benefits	15,000	15,000	16,990	(1,990)
Contract labor	8,700	8,700	11,277	(2,577)
Legal and professional	6,200	6,200	12,667	(6,467)
Continuing education	6,000	6,000	450	5,550
Telephone and postage	500	500	105	395
Retirement	2,200	2,200	3,447	(1,247)
Travel	5,600	5,600	12,313	(6,713)
Supplies	500	500	17,305	(16,609)
Dues and subscriptions	1,300	1,300	100	900
Repairs and maintenance	3,700	3,700	3,297	403
Miscellaneous	1,000	1,000	1,056	(56)
Meals and entertainment	1,000	1,000	944	56
Seminars and conventions	3,500	3,500	1,375	2,125
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>156,200</u>	<u>156,200</u>	<u>176,171</u>	<u>(19,971)</u>
Excess (deficiency) of revenues over expenditures	(23,600)	(23,600)	13,658	37,258
Fund Balance, Beginning	<u>20,677</u>	<u>45,794</u>	<u>45,794</u>	<u>0</u>
Fund Balance, Ending	<u>\$ (2,923)</u>	<u>\$ 22,194</u>	<u>\$ 59,452</u>	<u>\$ 37,258</u>

The accompanying notes are an integral part of this schedule.

Other Reports

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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 Robert J. Black, Judge
City Court of Bogalusa
Bogalusa, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bogalusa, Louisiana (the Court), as of and for the year ended December 31, 2010, which collectively comprise the Court's basic financial statements and have issued my report thereon dated June 17, 2011. 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 City Court of Bogalusa, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the 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 on the effectiveness of the Court's internal control over financial reporting.

My 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 corrective action plan for current year audit findings, I identified certain deficiencies in internal control over financial reporting that I 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. I consider the deficiencies described in the accompanying corrective action plan for current year audit findings as items 2010-1 and 2010-2 to be material weaknesses.

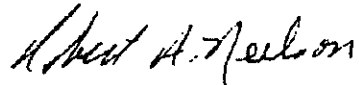
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Bogalusa, Louisiana's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests

disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying corrective action plan for current year audit findings as item 2010-3.

The Court's response to the findings identified in my audit is described in the accompanying corrective action plan for current year audit findings. I did not audit the court's response and accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Albert A. Nelson". The signature is written in a cursive style with a large initial "A".

Bogalusa, Louisiana
June 17, 2011

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Section II – Financial Statement Findings

2010-1

Criteria	A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles, (GAAP).
Condition	For the year ended December 31, 2010, there was no one on staff with sufficient knowledge to prepare GAAP based financial statements.
Effect	Certain material adjustments were required as part of the audit process.
Recommendation	The additional costs required to achieve the desired benefit may not be economically feasible.
Management’s Response	Management plans to continue the practice of requesting the auditor to prepare a draft of the financial statements, including the related footnotes.

2010-2

Criteria	Management should develop and implement a system of internal controls to detect and prevent misstatements in financial reporting.
Condition	The following weaknesses were noted in the Court’s internal control (a) ineffective controls to ensure timely preparation and review of reconciliations and significant financial statement accounts; (b) the lack of segregation of duties; (c) ineffective computer system controls to ensure the integrity of information contained therein; and, (d) ineffective controls over cash receipts and cash disbursements to detect and prevent misstatements and illegal or fraudulent acts.
Effect	There is a danger that intentional fraud or unintentional errors could occur and not be detected.

City Court of Bogalusa
 (A Component Unit of the City of Bogalusa, Louisiana)
 Bogalusa, Louisiana
 Corrective Action Plan for
 Current Year Audit Findings
 For the Year Ended December 31, 2010
 (continued)

2010-2 (continued)

Recommendation It was noted that the size of the Court's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide adequate segregation of duties. However, the current bookkeeper is in charge of making daily deposits, receiving and opening the mail, reconciling the bank statements, recording transactions into the accounting software, printing checks, and is a signer on a single required signature checking account. Procedures should be implemented to institute monthly review of bank statements, account reconciliations, and financial statements by management; a cash management system that includes individual cash boxes for each clerk, a two-person review of daily bank deposits, rotation of clerks assigned to make daily bank deposits, and checks requiring dual signatures; and, computer controls utilizing individual passwords and data control to prevent unauthorized changes.

Management's Response Management has already instituted procedures which address the majority of the recommendations.

2010-3

Criteria Louisiana Revised Statutes §39:1305 requires each political subdivision to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. The budget is to be presented with a message signed by the budget preparer summarizing the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. Adoption of the budget by an independently elected official shall be effective by attachment of a letter from such official authorizing implementation of the adopted budget.

Condition A budget for the general fund and the special revenue fund was not properly prepared, and was not presented, adopted or amended as required.

Effect Violation of State Law.

Recommendation A budget for the general fund and special revenue fund should be prepared, presented, adopted, and amended as necessary to comply with state law.

Management's Response Management intends to comply with Louisiana Revised Statute 39:1305

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Bogalusa, Louisiana
Summary Schedule of
Prior Audit Findings
For the Year Ended December 31, 2010

Section I – Internal Control Over Financial Reporting

None

Section II – Compliance and Other Matters

None

Section III – Management Letter

None