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**CITY OF SHREVEPORT**  
**CITY COURT**  
**SHREVEPORT, LOUISIANA**  
**DECEMBER 31, 1999**

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 APR 26 2000

CITY OF SHREVEPORT

CITY COURT

DECEMBER 31, 1999

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# Milton E. Kelley

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March 8, 2000

## INDEPENDENT AUDITOR'S REPORT

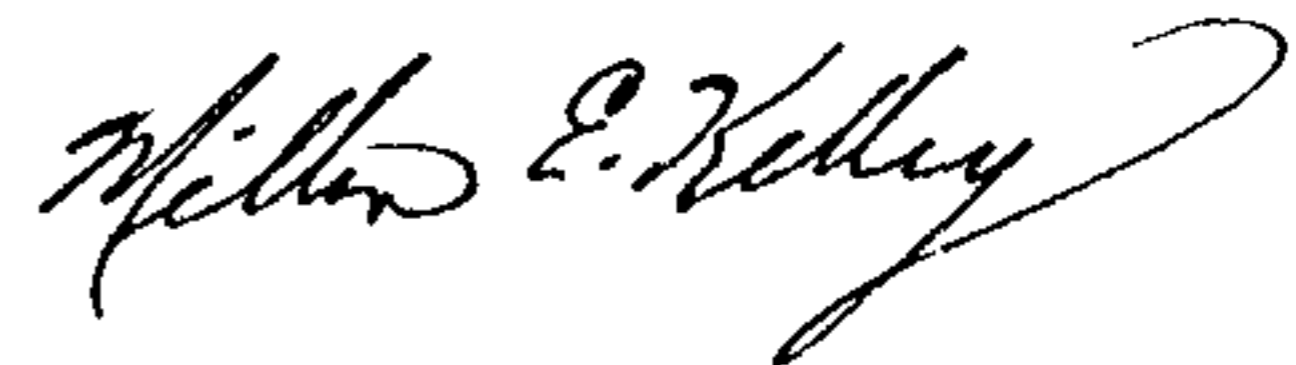
The Honorable Irvin, Kelly, Alford and Collins  
Judges, City of Shreveport City Court  
Shreveport, Louisiana

I have audited the accompanying general purpose financial statements of The City Court of the City of Shreveport ("City Court") a component unit of the City of Shreveport, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City Court management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the financial and compliance segments of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

As discussed in the notes, the financial statements present only the Funds and Account Group of the City Court and are not intended to present fairly the financial position of the City of Shreveport, Louisiana, and the results of its operations and cash flows of its proprietary and similar trust fund types in conformity with generally accepted accounting principles.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City Court as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.



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March 8, 2000

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Irvin, Kelly, Alford and Collins  
Judges, City of Shreveport  
City Court  
Shreveport, Louisiana

I have audited the component unit financial statements of City Court, City of Shreveport, Louisiana, for the year ended December 31, 1999, and have issued my report thereon dated March 8, 2000.

I have conducted my audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

The management of the City Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

The Honorable Irvin, Kelly, Alford and Collins  
Judges, City of Shreveport  
City Court  
March 8, 2000  
Page 2

In planning and performing my audit of the general purpose financial statements of the City Court for the year ended December 31, 1999, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

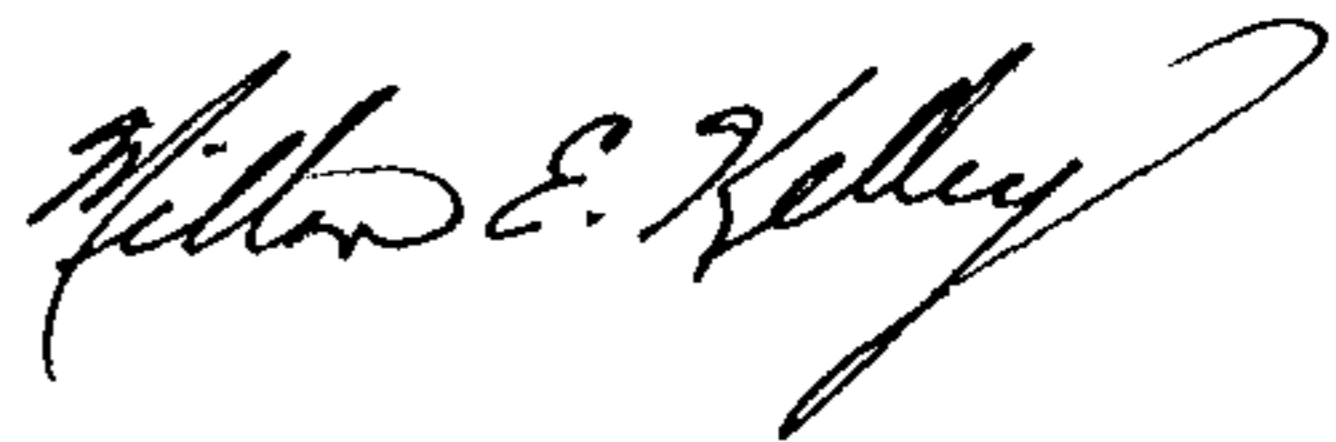
I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

There is little segregation of duties with respect to control over certain accounting functions. This condition is caused by a limited operating budget and administrative staff. A small administrative staff size results in incompatible duties being performed by the same person.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the City Council of the City of Shreveport. However, this report is a matter of public record, and its distribution is not limited.



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March 8, 2000

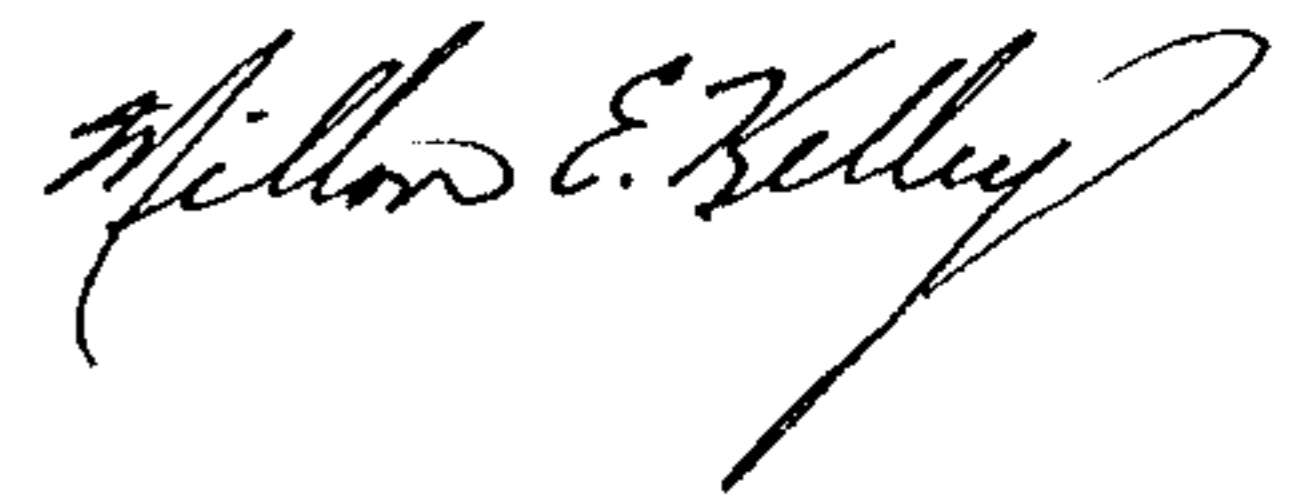
## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE AND LOCAL LAWS AND REGULATIONS

The Honorable Irvin, Kelly, Alford and Collins  
Judges, City of Shreveport  
City Court  
Shreveport, Louisiana

I have audited the accompanying component unit financial statements of the City of Shreveport, Louisiana, City Court, as of December 31, 1999, and for the year then ended and have issued my report thereon dated March 8, 2000. My examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The Judges of the City of Shreveport, Louisiana, City Court and the Clerk of Court are responsible for the Court's compliance with laws and regulations. In connection with my examination referred to above, I selected and tested transactions and records to determine the Court's compliance with laws and regulations noncompliance with which could have a material effect on the component unit financial statements of the Court.

The results of my tests indicate that for the items tested, the City of Shreveport, Louisiana, City Court, complied with those provisions of laws and regulations noncompliance with which could have a material effect on the component unit financial statements. Nothing came to my attention that caused me to believe that for the items not tested the City of Shreveport, Louisiana, City Court, was not in compliance with laws or regulations noncompliance with which could have a material effect on the Court's component unit financial statements.



COMPONENT UNIT FINANCIAL STATEMENTS  
(COMBINED STATEMENTS-OVERVIEW)

CITY OF SHREVEPORT

CITY COURT

COMBINED BALANCE SHEET-ALL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Type Special Revenue Funds</u>	<u>Fiduciary Fund Type Agency</u>	<u>Account Group General Fixed Assets</u>	<u>Memo Only 1998</u>
<u>ASSETS</u>				
Cash in bank	1,849,926	680,250		2,530,176
Computer equipment			388,355	388,355
Office equipment			280,753	280,753
Office furniture			462,205	462,205
Building improvements			97,994	97,994
Total assets	<u>1,849,926</u>	<u>680,250</u>	<u>1,229,307</u>	<u>3,759,483</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Court cost advances-held for future disposition		680,250		680,250
Total liabilities		<u>680,250</u>		<u>680,250</u>
<u>Fund equity:</u>				
Investment in general fixed assets			1,229,307	1,229,307
<u>Fund balance:</u> Unreserved-undesignated	<u>1,849,926</u>			<u>1,849,926</u>
Total fund equity	<u>1,849,926</u>		<u>1,229,307</u>	<u>3,079,233</u>
Total liabilities and fund equity	<u>1,849,926</u>	<u>680,250</u>	<u>1,229,307</u>	<u>3,759,483</u>

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



CITY OF SHIREVEPORT  
CITY COURT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE-ALL GOVERNMENTAL FUND TYPES-SPECIAL REVENUE FUNDS FOR THE YEAR  
ENDED DECEMBER 31, 1999

	<u>1999</u>
<u>Revenue:</u>	
Court fees	607,908
Interest	<u>91,135</u>
Total revenues	699,043
<u>Expenditures:</u>	
Administrative	174,608
<u>Capital outlays</u>	
Computer equipment	216,651
Office equipment	159,294
Office furniture	369,595
Building improvements	<u>3,000</u>
Total capital outlays	<u>748,540</u>
Total expenditures	<u>923,148</u>
Excess of revenues over expenditures	(224,105)
<u>Fund balance-beginning</u>	<u>2,074,031</u>
Fund balance-ending	<u><u>1,849,926</u></u>

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

CITY OF SHREVEPORT  
CITY COURT  
STATEMENT OF GENERAL FIXED ASSETS  
AS OF DECEMBER 31, 1999

<u>General fixed assets:</u>	
Computer equipment	388,355
Office equipment	280,753
Office furniture	462,205
Building improvements	<u>97,994</u>
Total general fixed assets	<u><u>1,229,307</u></u>
<u>Investment in general fixed assets:</u>	
Cost fund	354,261
Criminal court fund	873,113
Probation fund	<u>1,933</u>
	<u><u>1,229,307</u></u>

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Beginning Balance	Additions	Deletions	Ending Balance
<u>General fixed assets:</u>				
Computer equipment	171,704	216,651		388,355
Office equipment	121,459	159,294		280,753
Office furniture	92,610	369,595		462,205
Building improvements	<u>94,994</u>	<u>3,000</u>		<u>97,994</u>
Total general fixed assets	<u><u>480,767</u></u>	<u><u>748,540</u></u>		<u><u>1,229,307</u></u>

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**CITY OF SHREVEPORT**

**CITY COURT**

**NOTES TO FINANCIAL STATEMENTS**

**AT**

**DECEMBER 31, 1999**

1. Summary of significant accounting policies:

The accounting and reporting policies of the City of Shreveport-City Court conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

Financial reporting entity:

This report includes all Funds which are controlled by or dependent on the City Court Judges. Control by or dependence on the City Court Judges was determined on the basis of budget adoption, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the City Court has been determined to be a component unit of the City of Shreveport. The Judges are elected officials. However, the City of Shreveport provides facilities, approves the budget and appropriates funds for the operation of the City Court.

Fund accounting:

The accounts of the City Court are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expense as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Fund:

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Fiduciary Fund:

Agency Funds:

Agency Funds are used to account for assets held by the City Court as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of or results of operations.

1. Summary of significant accounting policies: (continued)

Civil Court Cost Fund:

To account for the collection and ultimate disposition of court costs advanced by citizens who have filed a civil suit in City Court. Court costs are remitted to the City of Shreveport General Fund, fees for service of legal notice are remitted to the City Marshal and other costs, incurred by the City Court, incident to the suit are paid from these advances for the benefit of the citizens. Any unexpended funds advanced are returned to the citizens upon final resolution of their lawsuit.

Fixed assets:

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. All fixed assets are stated at historical cost. No depreciation has been provided on general fixed assets.

No records of fixed assets acquired from the Judges' cost fund was maintained prior to 1979.

Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measureable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measureable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measureable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgets and budgetary accounting:

The City Court has not adopted a budget for the Special Revenue fund. The City Court performs only a custodial function in the case of agency funds and therefore a budget for these funds is not appropriate. In the event that the City Court were to have encumbrances or commitments relating to executory contracts for goods or services, they would be accounted for and reported consistently.

1. Summary of significant accounting policies: (continued)

Cash:

The City Court classifies demand and time deposits as cash. The carrying amount of the deposits under control of the City Court with financial institutions was \$2,530,176 and the bank balance was \$2,546,021. The bank balance is categorized as follows:

Amount insured by the FDIC	1,066,012
Amount collateralized with securities held by pledging financial institution's trust department in City Court's name (Category 2, GASB Statement No. 3)	<u>1,480,009</u>
Total bank balance	<u><u>2,546,021</u></u>

Total column on combined statement - overview:

Total column on the combined statement-all fund types-overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Court fees:

This is a fee assessed by statute which is for the use of the Judges as they direct.

3. Pension plan:

The Judges are covered by the Louisiana Employees Retirement System. The Judges are required to contribute 11% of their salary annually to the retirement system. Actuarial data to determine any unfunded liability of the system is not available.

The secretaries, clerk of court and all deputy clerks of the Court are covered by The City of Shreveport Employees Retirement System (ERS), a single employer plan. The details of this retirement system are contained in the General Purpose Financial Statements of The City of Shreveport.

4. Fund types or portions of funds omitted from the financial statements:

The General Fund for the municipal court has been omitted from the component unit financial statements. The City Council appropriates operating expenses for the Court.

The general fixed assets account group financial statements included in this report reflect only fixed assets acquired from proceeds of the Judges' Cost Fund and the Criminal Fund. All other fixed assets utilized by the Court were purchased from other resources of the City of Shreveport.

5. Changes in agency fund deposits due others:

A summary of changes in agency fund deposits due others follows:

	<u>Balances Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances Ending</u>
Agency Fund	593,968	742,116	655,834	680,250
Totals	<u>593,968</u>	<u>742,116</u>	<u>655,834</u>	<u>680,250</u>

6. Interest costs on fixed assets:

The City Court pays no interest on fixed assets and therefore does not capitalize interest costs on fixed assets.