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CITY COURT OF BOSSIER CITY,
a component unit of the City of Bossier City, Louisiana

Financial Statements

December 31, 1999

(With Independent Auditors' Report Thereon)

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 8-16-00



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

Independent Auditors' Report

Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana:

We have audited the accompanying financial statements of the City Court of Bossier City, a component unit of the City of Bossier City, Louisiana, as of and for the year ended December 31, 1999. These financial statements are the responsibility of management of the City Court of Bossier City. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2000, on our consideration of the City Court of Bossier City's internal control over financial reporting and our tests of its compliance with 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 our audit.

KPMG LLP

March 10, 2000



**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Balance Sheet

December 31, 1999

	<u>General Fund</u>	<u>Court Fines Agency Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
Assets				
Cash	\$ 270,393	91,839	362,232	401,955
Investments	250,000	-	250,000	155,216
Total assets	<u>\$ 520,393</u>	<u>91,839</u>	<u>612,232</u>	<u>557,171</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 10,185	-	10,185	2,543
Deferred revenue	106,064	-	106,064	99,936
Due to City of Bossier City	-	66,759	66,759	90,146
Due to other government entities:				
City Marshal	-	4,460	4,460	5,420
Other	-	20,620	20,620	28,716
Total liabilities	<u>116,249</u>	<u>91,839</u>	<u>208,088</u>	<u>226,761</u>
Fund balance - unreserved - undesignated	<u>404,144</u>	-	<u>404,144</u>	<u>330,410</u>
Total liabilities and fund balance	<u>\$ 520,393</u>	<u>91,839</u>	<u>612,232</u>	<u>557,171</u>

See accompanying notes to financial statements.

**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Years ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
Fees and charges for services	\$ 329,325	297,249
Interest income	17,488	9,350
Total revenues	<u>346,813</u>	<u>306,599</u>
Expenditures - current - general government:		
Travel, lodging, and meals	41,476	36,631
Supplemental salaries	79,778	81,704
Other operating	79,244	37,833
Payments to:		
Marshal/Sheriff	43,538	45,219
Louisiana Judge's Fund	29,043	29,204
City of Bossier City	-	7,339
Total expenditures	<u>273,079</u>	<u>237,930</u>
Excess of revenues over expenditures	73,734	68,669
Fund balance, beginning of year	<u>330,410</u>	<u>261,741</u>
Fund balance, end of year	<u>\$ 404,144</u>	<u>330,410</u>

See accompanying notes to financial statements.

**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Court Fines Agency Fund

Statement of Changes in Assets and Liabilities

For the year ended December 31, 1999

	<u>January 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 1999</u>
Assets				
Cash	\$ <u>116,943</u>	<u>1,546,491</u>	<u>1,571,595</u>	<u>91,839</u>
Liabilities				
Due to City of Bossier City	\$ 82,807	1,119,206	1,135,254	66,759
Due to other government entities:				
City Marshal	5,420	70,570	71,530	4,460
Other	<u>28,716</u>	<u>356,715</u>	<u>364,811</u>	<u>20,620</u>
	\$ <u>116,943</u>	<u>1,546,491</u>	<u>1,571,595</u>	<u>91,839</u>

See accompanying notes to financial statements.

**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

(1) Summary of Significant Accounting Policies

The City Court of Bossier City (the "Court") was created by a special legislative act. Its jurisdiction includes the incorporated area of the City of Bossier City (the "City"). The City judge is elected and cannot be removed by City officials. The Court is fiscally dependent on the City, and the City has the ability to modify or approve the budget for support costs of the Court that are paid by the City. These Court expenses such as payroll and related costs, maintenance, utilities, etc., are paid through the General Fund of the City. There are certain funds collected by the Court, pursuant to state statute, which are under the control of the Court and are reported in these financial statements. The Court serves the citizenry of the City. These financial statements account for all activities of the Court's office not funded by the City.

(A) Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The Court's financial statements are included in the City's reporting entity as a discretely presented component unit because of the significance of its financial relationship with the City.

(B) Basis of Accounting

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 measurements made, regardless of the measurement focus applied. Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Expenditures are recognized when the related fund liability is incurred. The accompanying financial statements have been prepared on the modified accrual basis of accounting.

(C) Basis of Presentation — Fund Accounting

The accounts of the Court are organized on the basis of fund accounting and are accounted for with a set of self-balancing accounts. The General Fund (Governmental Fund) is the only governmental fund utilized by the Court. Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through the general fund.

**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

The general fund is accounted for on a spending measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination.

Fines received from the Court fines desk and investment earnings are recorded as earned since they are measurable and available. All other fines and charges are recorded when received in cash because they are not measurable until actually received.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The funds collected represent fines due to other governmental agencies.

All items of property, plant and equipment used by the Court are recorded in the general fixed assets group of accounts of the City.

(D) *Investments*

Investments are stated at fair value.

(E) *Deferred Revenue*

The balance of deferred revenue represents an estimate of court costs paid by litigants which may be refunded due to the court case not being tried. The estimate is based on historical trends.

(F) *Income Taxes*

The funds of the Court are not subject to federal or state income taxes.

(G) *Budget*

The Court does not formally adopt a budget for the General Fund and, therefore, a budget to actual comparison has not been presented with these financial statements.

(H) *Total Columns on Balance Sheet*

Total columns on the balance sheet is captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do 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) *Cash and Investments*

All cash deposits and investments of the Court are held by area financial institutions. At December 31, 1999, the carrying amount of the Court's deposits was \$362,232, and the bank balance was \$370,766. The difference is due to outstanding checks at December 31, 1999. All deposits were insured by the Federal Deposit Insurance Corporation or collateralized with securities held in the Court's name by the trust department of a bank other than the pledging bank at December 31, 1999.

**CITY COURT OF BOSSIER CITY, A COMPONENT UNIT
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

Investments of \$250,000 are comprised of various certificates of deposit purchased by the Court. The Court's investments are all classified as category 1 as defined by Governmental Accounting Standards Board Statement No. 3, which includes investments that are insured or registered for which the securities are held by the Court or its agent in the Court's name. State statutes authorize the Court to invest in United States bonds, treasury notes, government agencies' securities, certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, or mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.



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**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

The Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana:

We have audited the financial statements of the City Court of Bossier City (the "Court"), a component unit of the City of Bossier City, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatements, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Court in a separate letter dated March 10, 2000.

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

KPMG LLP

March 10, 2000



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333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

March 10, 2000

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The Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana:

We have audited the financial statements of the City Court of Bossier City, Louisiana (the "Court") for the year ended December 31, 1999, and have issued our report thereon dated March 10, 2000. In planning and performing our audit of the financial statements of the Court, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

SURPLUS

The Court is required to transfer any surplus funds, derived from costs imposed and collected by the Court in civil matters, remaining at December 31st of each year to the general fund of the City of Bossier City. No such transfer was made for the year ended December 31, 1999. We recommend annual formalized communication between the City Court and the City as to the results for the year and what, if any, transfer will be made. Explanation should be provided for the retention of significant funds.

* * * * *

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City Court gained during our work to make comments and suggestions which we hope will be useful to you.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the City Court during the course of our audit.



The Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana
March 10, 2000
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This report is intended solely for the information and use of the Judge, management and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



CITY COURT

620 BENTON ROAD
BOSSIER CITY, LOUISIANA 71111
(318) 741-8582

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MICHAEL E. DANIEL
JUDGE

JULIE B. ANDREW
CLERK OF COURT

June 30, 2000

Dr. Daniel G. Kyle
Legislative Auditor
State of Louisiana
1600 N. Third Street
Baton Rouge, Louisiana 70802

Dear Dr. Kyle:

The court has corresponded with city officials addressing the availability of surplus funds. We will implement procedures to formally document and communicate that appropriate amounts are transferred to the city of an annual basis.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Daniel", written over a horizontal line.

Michael E. Daniel
Judge



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

March 10, 2000

The Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana:

We have audited the financial statements of the City Court of Bossier City (the "Court"), a component unit of the City of Bossier City, Louisiana, for the period ended December 31, 1999, and have issued our report thereon dated March 10, 2000. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

Our Responsibility Under Generally Accepted Auditing Standards

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Significant Accounting Policies

The significant accounting policies used by the Court are described in Note 1 to the financial statements.

No new accounting standards or new accounting policies were adopted and the application of existing policies was not changed during 1999.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.



The Honorable Mike Daniel, Judge
City Court of Bossier City, Louisiana
March 10, 2000
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Significant Audit Adjustments

In connection with our audit of your financial statements, we have not discovered or discussed with management any significant financial statement misstatements that have not been corrected for in your books and records as of and for the year ended December 31, 1999.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Court's financial statements.

Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Court's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no serious difficulties in dealing with management in performing our audit.

This information is intended solely for the information and use of the Judge, management and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP