

# **KPMG** Peat Marwick LLP

1400 Commercial National Tower  
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## **INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING 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"), as of and for the year ended December 31, 1996, and have issued our report thereon dated February 28, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the 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 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.

In planning and performing our audit of the financial statements of the Court, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

February 28, 1997

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 December 31, 1996, and have issued our report thereon dated February 28, 1997. Under generally accepted auditing standards, we are providing you with the following information related to the conduct of our audit:

#### **Our Responsibilities Under Generally Accepted Auditing Standards**

Our responsibility under generally accepted auditing standards is to express an opinion on the financial statements of the Court based on our audit. In carrying out this responsibility, we assessed the risk that the financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, but not absolute, assurance of detecting misstatements that are material to the financial statements. In addition, we considered the internal control of the Court to gain a basic understanding of the internal control activities in order to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control.

#### **Significant Accounting Policies**

The significant accounting policies used by the Court are described in note 1 to the financial statements. We noted no transactions entered into by the Court that were both significant and unusual and that, under professional standards, we are required to inform you of, or transactions for which there is a lack of authoritative guidance or consensus.

#### **Significant Audit Adjustments**

We proposed no corrections of the financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the Court's financial reporting process.

#### **Disagreements With Management**

There were no disagreements with management on financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the Court's December 31, 1996, financial statements.

# KPMG Peat Marwick LLP

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February 28, 1997

## CONFIDENTIAL

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, 1996, and have issued our report thereon dated February 28, 1997. 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 and not to 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 structures and other operational matters that are presented for your consideration. These concerns 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:

### ACCOUNTING SYSTEM

The Court currently uses manual spreadsheets to track revenues and expenditures. Therefore, the accumulation of monthly and annual financial information in financial statement format requires considerable time and effort. We recommend the Court consider the utilization of PC-based software to allow more accurate, and timely accumulation of financial information related to the Court's activities.

\* \* \* \* \*

It should be appreciated that 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 systems and procedures which may exist. We aim, however, to use our knowledge of the City Court's operations 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.

# **KPMG** Peat Marwick LLP

800 Commercial National Tower  
207 Texas Street  
Baton Rouge, LA 70801-3000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE 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"), as of and for the year ended December 31, 1996, and have issued our report (cover dated February 28, 1997).

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Court is the responsibility of the Court's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Court's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

February 28, 1997

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Marshal, in a separate letter dated February 28, 1997.

This report is intended for the information of management and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*KPMG Bout Merrill LLP*

February 28, 1997

The Honorable Mike Daniel, Judge  
City Court of Bessie City  
February 28, 1997  
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#### **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 which were subject to the requirements of Statement on Auditing Standards No. 58, *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 significant difficulties in dealing with management in performing our audit.

\* \* \* \* \*

This information is intended solely for your information and use as well as management and should not be used for any other purpose. However, this report is a matter of public record and its distribution is unlimited.

Very truly yours,

*KPM's Peat Marwick LLP*

CITY COURT OF BOSSIER CITY  
City of Bossier City, Louisiana

Notes to Financial Statements

(3) Cash and Investments

All cash deposits and investments of the Court are held by area financial institutions. At December 31, 1996, the carrying amount of the Court's deposits was \$206,968, and the bank balance was \$211,786. This difference is due to outstanding checks at December 31, 1996. 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, 1996.

Investments are comprised of various certificates of deposit purchased by the City Court. The Court's investments are all classified as category 1 as defined by Governmental Accounting Standards Board No. 3, which includes investments that are insured or registered by 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.

**CITY COURT OF BOSSIER CITY**  
 City of Bossier City, Louisiana

**Notes to Financial Statements**

December 31, 1995

**(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 financially 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 citizens 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/liability relationship. In addition, an organization which is financially 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 their 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 measurement 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 receivable to normal, i.e., both reasonable 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.

(Continued)



**CITY COURT OF BOSSIER CITY**  
 City of Bossier City, Louisiana

**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

Years ended December 31, 1996 and 1995

	1996	1995
<b>Revenues:</b>		
Fees and charges for services	\$ 264,148	237,619
Interest income	<u>9,931</u>	<u>8,815</u>
Total revenues	<u>274,079</u>	<u>246,434</u>
<b>Expenditures - current:</b>		
General government:		
Travel, lodging, and meals	15,140	19,173
Supplemental salaries	71,031	58,516
Other operating	43,867	42,711
Payments to:		
Marshall Chevrolet	45,491	40,670
Louisiana judge's fund	28,312	24,383
City of Bossier City	<u>      </u>	<u>22,800</u>
Total expenditures	<u>288,821</u>	<u>217,453</u>
Excess of revenues over expenditures	30,828	33,979
Fund balance, beginning of year	<u>168,549</u>	<u>135,561</u>
Fund balance, end of year	\$ <u>235,568</u>	<u>168,549</u>

See accompanying notes to financial statements.

**CITY COUNTY OF BOSSIER CITY**  
 City of Bossier City, Louisiana

**General Fund**

**Balance Sheets**

December 31, 1996 and 1995

Assets	1996	1995
Cash	\$ 206,568	175,219
Investments	127,000	107,000
Accounts receivable	<u>          </u>	<u>3,321</u>
<b>Total assets</b>	<b>\$ <u>333,568</u></b>	<b><u>285,540</u></b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Deferred revenue	\$ 94,000	86,000
Due to other governmental units	<u>          </u>	<u>27,000</u>
<b>Total liabilities</b>	<b><u>94,000</u></b>	<b><u>113,000</u></b>
Fund balance - unreserved - undesignated	<u>239,568</u>	<u>169,540</u>
<b>Total liabilities and fund balance</b>	<b>\$ <u>333,568</u></b>	<b><u>285,540</u></b>

See accompanying notes to financial statements.

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State Secretary  
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CITY COURT OF BOSSIER CITY  
City of Bossier City, Louisiana

Financial Statements

December 31, 1986

(With Independent Auditor's Report Thereon)

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the auditor, or reviewer, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Audit for and, where appropriate, at the office of the parish clerk of court.

Revised Date: 12/1/86



**CITY COURT OF BOSSIER CITY**  
 City of Bossier City, Louisiana

**Notes to Financial Statements**

**(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 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 governmental funds. All governmental funds are accounted for on a spending measurement basis 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.

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

**(D) Investments**

Investments are stated at cost.

**(E) Deferred Revenue**

The balance of deferred revenue represents an advance of court cost 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.

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