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a component unit of the City of Bossier City, Louisiana

Financial Statements

December 31, 1998

(With Independent Auditors' Report Thereon)

Durider provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is evailable 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 - JUL 2 1 899



1900 Deposit Guaranty Tower 333 Texas Street 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, 1998. 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.

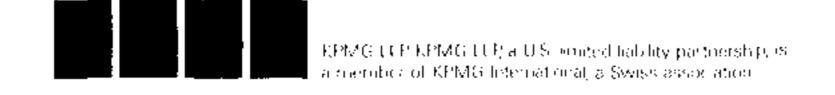
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City Court of Bossier City as of December 31, 1998, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 8 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City Court of Bossier City is or will become year 2000 compliant, that the City Court of Bossier City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City Court of Bossier City does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated March 26, 1999, 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.



March 26, 1999



Balance Sheets

December 31, 1998 and 1997

	_	General Fund	Court Fines Agency Fund	Tota (Memorand 1998	
Assets					
Cash Investments	\$	285,012 155,216	116,943	401,955 155,216	328,578 127,000
Total assets		440,228	116,943	557,171	455,578
Liabilities and Fund Balance					
Liabilities: Accounts payable Deferred revenue Due to City of Bossier City		2,543 99,936 7,339	82,807	2,543 99,936 90,146	8,828 98,857 47,948
Due to other government entities: City Marshal Other Total liabilities		109,818	5,420 28,716 116,943	5,420 28,716 226,761	4,480 33,724 193,837
Fund balance - unreserved - undesignated		330,410		330,410	261,741
Total liabilities and fund balance	\$	440,228	116,943	557,171	455,578

See accompanying notes to financial statements.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Years ended December 31, 1998 and 1997

	1998	1997
Revenues:		
Fees and charges for services	\$ 297,249	276,666
Interest income	9,350	10,326
Total revenues	306,599	286,992
Expenditures - current - general government:		
Travel, lodging, and meals	36,631	41,293
Supplemental salaries	81,704	91,092
Other operating	37,833	51,480
Payments to:		
Marshal/Sheriff	45,219	44,305
Louisiana Judge's Fund	29,204	29,825
City of Bossier City	7,339	6,824
Total expenditures	237,930	264,819
Excess of revenues over expenditures	68,669	22,173
Fund balance, beginning of year	261,741	239,568
Fund balance, end of year	\$ 330,410	261,741

See accompanying notes to financial statements.

Court Fines Agency Fund

Statement of Changes in Assets and Liabilities

For the year ended December 31, 1998

	January 1, 1998	Additions	Deductions	December 31, 1998
Assets				
Cash	\$ 79,328	1,384,954	1,347,339	116,943
Liabilities				
Due to City of Bossier City Due to other government entities:	\$ 41,124	970,103	928,420	82,807
City Marshal	4,480	63,730	62,790	5,420
Other	33,724	351,121	356,129	28,716
	\$ 79,328	1,384,954	1,347,339	116,943

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1998

(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 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 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 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 focus where the focus is upon determination of changes in financial position rather than upon net income determination.

5 (Continued)

Notes to Financial Statements

December 31, 1998

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 fixed assets group of accounts of the City.

(D) Investments

Investments are stated at market value.

(E) Deferred Revenue

The balance of deferred revenue represents an estimate 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.

(2) Cash and Investments

All cash deposits and investments of the Court are held by area financial institutions. At December 31, 1998, the carrying amount of the Court's deposits was \$401,955, and the bank balance was \$416,042. This difference is due to outstanding checks at December 31, 1998. 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, 1998.

Investments 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 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.

Required Supplementary Information

Disclosure About Year 2000 Issues

For the year ended December 31, 1998 (unaudited)

The Court is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. The Year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment - such as environmental systems and vehicles - containing computer chips that have date recognition features.

The Court has informally completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting Court operations. The Court has identified the court system used to maintain information regarding all dockets and bench warrants as a mission critical system.

The Court has completed the awareness and assessment stage of work with respect to its mission critical systems whereby a plan has been established for dealing with these issues and systems have been identified which are in need of year 2000 compliance work. The Court is currently within the remediation stage, during which changes are being made to systems and equipment. The costs associated with these changes are being funded on a pay as you go basis. The validation and testing phase of the work is targeted to be completed by July 31, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Court is or will be Year 2000 ready, that the Court's remediation efforts will be successful in whole or in part, or that parties with whom the Court does business will be year 2000 ready.



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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"), as of and for the year ended December 31, 1998, and have issued our report thereon dated March 26, 1999. 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.

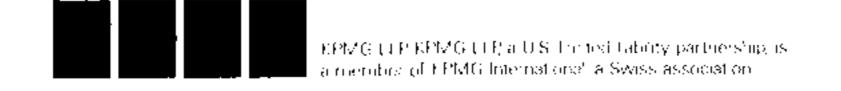
Internal Control Over Financial Reporting

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.

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

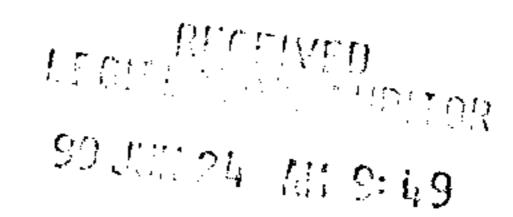


March 26, 1999





1900 Deposit Guaranty Tower 333 Texas Street Shreveport, LA 71101-3692



March 26, 1999

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, 1998, and have issued our report thereon dated March 26, 1999. 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.

Furthermore, our audit was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, on the adequacy of the Court's remediation plans related to Year 2000 financial or operational issues, or on whether the Court is or will become Year 2000 compliant on a timely basis. Year 2000 compliance is the responsibility of management.

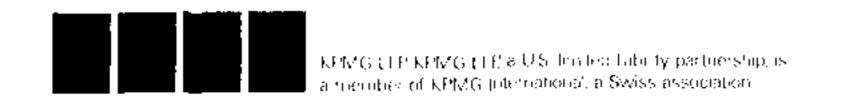
Significant Accounting Policies

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 1998.

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 26, 1999 Page 2

Significant Audit Adjustments

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

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 legislative auditor and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP