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City of Shreveport City Court
Shreveport, Louisiana

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2003

Under provisions of state law this report is a public document. Any office report has been submitted to this entity and other appropriate public officials. This 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 7-28-04

City of Shreveport, City Court
Shreveport, Louisiana

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2000-2001 FISCAL YEAR
ALICE J. COOK, CPA

2000-2001 FISCAL YEAR
AUDITED FINANCIAL STATEMENTS

CITY OF STENOVERT
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

City of Stenovert City Court
Stenovert, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Stenovert City Court, a component unit of the City of Stenovert, as of and for the year ended December 31, 2003, which collectively comprise the City of Stenovert City Court as listed in the table of contents. These financial statements are the responsibility of the City of Stenovert City Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. These 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Stenovert City Court as of December 31, 2003, 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.

The City of Stenovert City Court has not presented budgetary comparison schedules that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated March 5, 2004, on our consideration of the City of Stenovert City Court's internal control over financial reporting and our tests of its compliance with certain provisions of 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.

The management's discussion and analysis on pages 2 through 7 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Cook & Marshall
Certified Public Accountants
March 8, 2004

CITY OF SHREVEPORT CITY COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Shreveport City Court's financial performance provides an overview of the City Court's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the City's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The City Court's net assets increased by \$109,872 or 4%.

The City Court's total program revenues were \$528,889 in 2003 compared to \$583,604 in 2002.

During the year ended December 31, 2003, the City Court had total expenses, excluding depreciation, of \$383,752, compared to \$282,780 in 2002.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 7 and 8) provide information about the activities of the City Court as a whole. Fund financial statements start on page 9. For governmental activities, these statements will have those services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Shreveport for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employer benefit costs. Because the City Court is fiscally dependent on the City of Shreveport, the City Court was determined to be a component unit of the City of Shreveport. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the City Court as a whole begins on page 7. One of the most important questions asked about the City Court's finances is "Is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the City Court as a

whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City Court's net assets and changes in them. You can think of the City Court's net assets – the difference between assets and liabilities – as one way to measure the City Court's financial health, or *financial position*. Over time, increases or decreases in the City Court's net assets are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the City Court as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the City Court are reported here which consists primarily of certain materials and supplies, travel, repairs and maintenance and other program services. These represent expenses not paid out of the City of Shosport's budget for judicial expenses. Fees, fees for services and interest income finance most of these activities.

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 8. The fund financial statements begin on page 9 and provide detailed information about the most significant funds maintained by the City Court – not the City Court as a whole. However, the City Court establishes other funds to help it control and manage money for particular purposes (like the probation fund) to show that it is meeting legal responsibilities for using certain fees. The City Court's governmental funds use the following accounting approaches.

Governmental funds – All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City Court expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City Court as Trustee

The City Court is the trustee, or fiduciary, for its civil division, traffic violation bureau, and a portion of the small claims fund. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 11. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net assets changed from a year ago, increasing from \$2,952,849 to \$3,062,731. In comparison, last year net assets increased \$211,155. Our analysis below will focus on key elements of the total governmental funds for the 2002 and 2003 years.

Table 1
Net Assets

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
Current assets	\$ 2,670,951	\$ 2,567,890
Capital assets	<u>491,521</u>	<u>482,049</u>
Total assets	<u>3,071,472</u>	<u>3,029,939</u>
Current liabilities	<u>8,751</u>	<u>77,099</u>
Net assets:		
Investments in capital assets	491,521	482,049
Unrestricted	<u>2,682,209</u>	<u>2,493,800</u>
Total net assets	<u>\$ 3,062,731</u>	<u>\$ 2,952,842</u>

Net assets of the funds maintained by the City Court's governmental activities increased by \$108,872 or 4%. Unrestricted net assets, the part of net assets that can be used to finance City Court expenses without constraints or other legal requirements increased by \$171,400 from \$2,490,800 at December 31, 2002 to \$2,662,209 at December 31, 2003.

Table 2
Change in Net Assets

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
Revenues		
Program Revenues		
Charges for services, fines and fees	\$ 528,889	\$ 500,404
Interest income	<u>29,254</u>	<u>51,286</u>
Total revenues	558,143	554,690
Expenses		
General governmental - judicial	<u>449,271</u>	<u>243,518</u>
Increase in net assets	<u>\$ 108,872</u>	<u>\$ 211,155</u>

For the funds maintained by the City Court, total revenues increased \$3,453 (7%) from total revenues in 2002 of \$534,690 to total revenues of \$538,143 in 2003. For the funds maintained by the City Court, program revenues increased \$25,485 (5%) from program revenue in 2002 of \$503,404 to program revenues of \$528,889 in 2003.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on pages 10-11) reported a combined fund balance of \$2,682,208 which is an increase of \$171,400 from last year.

Budgetary Highlights

For the funds maintained by the City court, formal budgets in accordance with state law were not adopted. Informal in-house budgets were maintained.

CAPITAL ASSETS

At the end of 2003, the City Court had invested \$678,379 in capital assets from those funds maintained by the City Court. (see table 3 below)

Table 3
Capital Assets At Year End

	Governmental Activities 2003	Governmental Activities 2002
Computer equipment	\$ 125,713	\$ 122,732
Office equipment	85,306	85,306
Office furniture and improvements	467,358	465,358
Total	\$ 678,379	\$ 673,398

This year's major additions included:

Computer equipment	\$ 2,691
--------------------	----------

More detail information about the capital assets are presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected (judges) and appointed officials considered many factors when writing a fiscal year 2004 budget. Amounts available for appropriation in the governmental funds are expected to remain the same as the revenues available in 2003 which was approximately \$538,800.

As previously stated, a formal budget process, in accordance with state law, has not been implemented for those funds maintained by the City Court. Informal income budgets are prepared.

It is anticipated that the governmental funds' fund balance will increase modestly by the close of 2003. For those funds maintained by the City Court, the City Court will use those revenues for program costs which are not budgeted by the City of Shreveport for the City Court. The City Court has added no major new programs or initiatives to be funded in 2004.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Shreveport City Court, Clerk of Court, Judicial Administrators' office at 1246 Texas Avenue, Shreveport, Louisiana 71101.

City of Shreveport City Court
 Shreveport, Louisiana
 Statement of Net Assets
 December 31, 2000

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 3,461,890
Receivables	8,058
Total current assets	<u>3,470,948</u>
Capital assets, net	480,521
Total assets	<u>3,951,479</u>
LIABILITIES	
Accounts payable	8,750
Total current liabilities	<u>8,750</u>
NET ASSETS	
Investment in capital assets	480,521
Unrestricted	3,470,958
Total net assets	<u>\$ 3,951,479</u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2002

	Functions / Programs			
	Total	Judicial	Probation	Pre. Serv.
GOVERNMENTAL ACTIVITIES				
Expenses:				
Materials and supplies	1 181,237	1 181,094	0 250	0
Travel	27,334	27,318	18	
Repairs and maintenance	1,823	1,823		
Depreciation	84,519	84,388	131	
Other program services	252,258	252,229	485	
Total expenses	<u>448,211</u>	<u>447,258</u>	<u>1,015</u>	
Program revenues:				
Charges for services - fees and fines	528,868	470,875	180,823	791
Net program revenue (expense)	<u>80,657</u>	<u>(26,383)</u>	<u>180,808</u>	<u>791</u>
General revenues:				
Interest income	26,254			
Total general revenues	<u>26,254</u>			
Change in net assets	106,912			
Net assets - beginning	<u>2,552,849</u>			
Net assets - ending	<u>1 3,082,721</u>			

See accompanying notes to the basic financial statements.

City of Shreveport City Court
 Shreveport, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2003

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	Other Governmental - Probation	Other Governmental - Pre Plans	
Assets				
Cash and cash equivalents	\$ 1,084,819	\$ 895,421	\$ 1,586	\$ 2,981,822
Receivables	2,858			2,858
Total assets	\$ 1,087,677	\$ 895,421	\$ 1,586	\$ 2,981,821
Liabilities				
Accounts payable	\$ 8,751			\$ 8,751
Total liabilities	\$ 8,751			\$ 8,751
Fund balances				
Unreserved	1,089,233			1,089,233
Unreserved, special revenue		895,421	1,586	898,027
Total fund balances	\$ 1,089,233	\$ 895,421	\$ 1,586	\$ 2,982,308
Total liabilities and fund balances	\$ 1,073,834	\$ 895,421	\$ 1,586	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

480,629

Net assets of governmental activities

\$ 2,082,721

See accompanying notes to the basic financial statements.

City of Stoneport City Court
 Stoneport, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2003

Revenues:	Major Funds:		Non-Major	Total Governmental Funds
	General	Other Governmental- Production	Fund Other Governmental- Pro Bond	
Charges for services -				
Fees and fines	\$ 418,075	\$ 109,023	\$ 791	\$ 527,889
Interest income	18,204	19,308	12	37,524
Total revenues	<u>436,279</u>	<u>128,331</u>	<u>803</u>	<u>565,413</u>
Expenditures:				
Current:				
General government:				
Operating services	254,880	486		255,366
Materials and supplies	181,883	250		182,133
Travel and other charges	37,313	19		37,332
Capital outlay	2,861			2,861
Total expenditures	<u>476,937</u>	<u>755</u>		<u>477,692</u>
Excess of revenues over expenditures	59,342	118,576	803	178,721
Fund balances at beginning of year	1,613,291	815,048	763	2,429,102
Fund balances at end of year	<u>\$ 1,672,633</u>	<u>\$ 933,624</u>	<u>\$ 1,566</u>	<u>\$ 2,607,823</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Activities:

Net change in fund balances - total governmental funds \$ 178,721
 Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of these assets is allocated over
 their estimated useful lives and reported as depreciation expense.
 This is the amount by which depreciation (\$94,535) exceeded
 capital outlays (\$15,814) in the current period.

(81,528)

Change in net assets of governmental activities

\$ 107,193

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Statement of Net Assets
Fiduciary Funds
December 31, 2000

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,308,451
Total assets	<u>\$ 1,308,451</u>
Liabilities	
Unsettled deposits due to others	\$ 1,308,451
Total liabilities	<u>\$ 1,308,451</u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2003

INTRODUCTION

The City of Shreveport City Court represents the court system for the City of Shreveport. It is governed by the four independently elected judges from the four divisions of the City of Shreveport. The City Court maintains certain funds comprised of fines and fees collected which are authorized by various state statutes.

(1) Summary of Significant Accounting Policies

The City of Shreveport City Court's financial statements are prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP). 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. The more significant accounting policies established in GAAP and used by the City Court are discussed below.

A. Reporting Entity

The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Shreveport for office space, courtrooms, related utility costs, insurance, and substantially all salary and related employee benefit costs. Because the City Court is fiscally dependent on the city, the City Court was determined to be a component unit of the City of Shreveport, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the City of Shreveport, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements - Government-Wide Statements

The City Court's basic financial statements include both government-wide (reporting the funds maintained by the City Court as a whole) and fund financial statements (reporting the City Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City Court's cost account, criminal account, probation account, and pre-trial account are classified as governmental activities. The City Court does not have any business-type activities. The government-wide statements include all funds of the City Court except for fiduciary funds.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

term assets and receivables. The City Court's net assets are reported in two parts - invested in capital assets, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the City Court's functions. The functions are also supported by general government revenues (interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs by function are normally covered by general revenue (interest income).

This government-wide focus is more on the sustainability of the City Court as an entity and the change in the City Court's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City Court are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City Court:

1. **Governmental Funds** - the focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City Court:
 - a. **General funds** are the general operating funds of the City Court. They are used to account for all financial resources except those required to be accounted for in another fund. Included in the City Court's general funds are the cost account and interest fund.
 - b. The **special revenue fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds of the City Court are the Probation fund and the State fund.
2. **Fiduciary funds** - fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City Court programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2009
(Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City Court's fiduciary funds are presented in the fiduciary fund financial statements by type. The only fiduciary funds of the City Court are agency funds, consisting of the Civil Division fund, Traffic Violation/Driver License fund, and the Small Claims fund. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

B. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual

The governmental funds in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the City Court consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits.

Under state law, the City Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, 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.

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 years
Office equipment	5-10 years
Office furniture and improvements	3-20 years

G. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from these estimates.

(2) Budgets

A complete budget was not adopted for the year ended December 31, 2003, for the City Court's general funds and special revenue funds.

(Continued)

City of Shreveport City Court
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

(2) Cash and Cash Equivalents

At December 31, 2003, the City Court has cash and cash equivalents (book balances) totaling \$3,698,343 as follows:

Petty cash	\$	414
Demand deposits		3,019,838
Certificates of deposit		<u>673,111</u>
	\$	<u>3,698,343</u>

Reconciliation to government-wide Statement of Net Assets:

Cash and cash equivalents	\$	3,691,982
Agency funds (not in government-wide statements)		<u>6,361</u>
	\$	<u>3,698,343</u>

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 or exceed the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the City Court has \$2,861,100 in deposits (collected bank balances). These deposits are secured from risk by \$478,080 of federal deposit insurance and \$3,274,232 of pledged securities held by the custodial bank in the name of the fiscal agent bank (EAGB Category 3). The remaining balance of \$100,000 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of EAGB Statement 3, Louisiana Revised Statute 33:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

City of Shreveport City Court
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	Balance at Jan. 1, 2003	Additions	Deletions	Balance at Dec. 31, 2003
Governmental Activities:				
Computer equipment	\$ 132,730	\$ 2,801	\$ --	\$ 135,531
Office equipment	85,908	--	--	85,908
Office furniture and improvements	485,258	--	--	485,258
Totals at historical cost	<u>\$703,900</u>	<u>2,801</u>	<u>--</u>	<u>\$706,701</u>
Less accumulated depreciation:				
Computer equipment	(85,473)	(24,888)	--	(110,361)
Office equipment	(21,898)	(3,613)	--	(25,511)
Office furniture and improvements	(190,823)	(21,847)	--	(212,670)
Total accumulated depreciation	<u>(398,194)</u>	<u>(50,348)</u>	<u>--</u>	<u>(448,542)</u>
Governmental activities capital assets, net	<u>\$ 305,706</u>	<u>\$ 22,453</u>	<u>\$ --</u>	<u>\$ 328,159</u>

Depreciation expense was charged to Governmental Activities as follows:

Judicial expenses	\$ 64,280
Probation	250
	<u>\$ 64,530</u>

(Continued)

City of Shreveport City Court
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

(5) Changes in Agency Fund Balances:

A summary of changes in agency funds follows:

	Balance at Jan. 1, 2003	Additions	Deductions	Balance at Dec. 31, 2003
Civil Division	\$ 828,101	\$ 749,858	\$ 897,858	\$ 679,214
Violations Bureau	748,248	1,820,247	1,844,544	123,948
Small Claims	178,258	285,831	228,801	235,289
	<u>\$ 1,234,308</u>	<u>\$ 2,055,347</u>	<u>\$ 2,071,201</u>	<u>\$ 1,308,481</u>

(6) Risk Management:

The City of Shreveport purchases commercial insurance to provide workers compensation and general liability and property insurance for the City Court. There were no significant reductions in insurance coverage from the previous year.

(7) Expenditures of the City Court Paid by the City of Shreveport:

The City of Shreveport provides office space, courtroums, related utility costs, insurance, and substantially all salary and related employee benefit costs. No amounts have been recognized in the accompanying financial statements for expenditures paid by the City of Shreveport.

(8) Leases:

The City Court leases a copier under an operating lease. Rental costs on that lease for the year ended December 31, 2003, was \$ 3,433.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending December 31,	
2004	\$ 3,433
2005	3,433
2006	3,582
Total minimum future rentals	<u>\$ 10,448</u>

COOK & BIRDWANT

Certified Public Accountants

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SHREVEPORT
CERTIFIED PUBLIC ACCOUNTANTS

SHREVEPORT, LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

City of Shreveport City Court
Shreveport, Louisiana

We have audited the financial statements of the City of Shreveport City Court as of and for the year ended December 31, 2003, and have issued our report thereon dated March 8, 2004. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Shreveport City Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings as item number 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Shreveport City 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Shreveport City Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item number 2003-3.

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. 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 reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material

weakness. We also noted other matters involving the internal control over financial reporting which we have reported to management of the City of Shreveport City Court in a separate management letter dated March 8, 2004.

This report is intended solely for the information and use of management and the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 245:112, this report is distributed by the Legislative Auditor as a public record.



Cash & Marshart
Certified Public Accountants
March 8, 2004

City of Shreveport City Court
Shreveport, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2003

Summary Schedule of Prior Audit Findings

There were three findings in the prior audit for the year ended December 31, 2002, as follows:

Reference No.:	2002-1
Description of Finding:	The City Court did not appropriately adopt a budget for its general and special revenue funds for the year ended December 31, 2002, as required by the Louisiana Local Government Budget Act.
Current Status / Planned Corrective Action:	See finding 2002-1 in current year audit for the year ended December 31, 2003.
Reference No.:	2002-2
Description of Finding:	<p>The City Court did not appropriately advertise and let for bid in selecting its fiscal agency. Louisiana Revised Statute 38:1214 states that the City Court shall give written notice to each of the banks located in the parish in which the City Court is domiciled, setting forth the intention of the City Court to select a fiscal agency.</p> <p>In addition, the City Court did not have its deposits adequately secured as of December 31, 2002 through federal deposit insurance or the pledge of securities. The total unsecured bank balances as of December 31, 2002, was \$180,800. (See note 4 to the financial statements)</p>
Current Status / Planned Corrective Action:	<p>The City Court's deposits are included under the umbrella of the fiscal agency contract between the City of Shreveport and its designated fiscal agent, as per correspondence received dated January 23, 2004.</p> <p>See finding 2003-2 in current year audit for the year ended December 31, 2003.</p>
Reference No.:	2002-3
Description of Finding:	<p>Reportable Condition</p> <p>During our audit for the year ended December 31, 2000, the City Court made an award of a personal services contract entered into during 1997 between an</p>

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2003
(Continued)

outside third party management services company and the City of Shreveport City Court, the City of Shreveport City Marshal, and the City of Shreveport. The contractor was to provide management analysis and services in regards to management and collection of delinquent fines, court costs, charges and fees from persons subject to unsatisfied attachments or arrests warrants related to traffic misdemeanors and violations through December 31, 1995. The contractor was to receive compensation based upon a percentage of collections for these past due violations. The contract states that the contractor would establish a trust account at a certain bank, deposit all amounts received as payments for the violations and deduct the fees provided in the contract and remit the amount due the City Court on a monthly basis.

Since the contract was entered into in July, 1993 the contractor has maintained the checking account, has signature authority over the account and has had the bank statements mailed to the contractor's office. The contractor has also prepared the checks written out of the account. The City Court did not maintain the checking account on a current basis from the inception of the contract.

Paper control and monitoring of the account was not done by the City Court. The checking account should have been controlled by the City Court.

**Current Status / Planned
Corrective Action:**

The contract with TCMS was terminated and the checking account closed.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Schedule for Louisiana Legislative Auditor
December 31, 2003
(Continued)

There were six management letter comments in the prior year audit for the year ended December 31, 2003, as follows:

Comment 1: General Ledger - Veterans Bureau Account

See reportable condition in current year audit.

Comment 2: Separation of Duties - Veterans Bureau Account

See reportable condition in current year audit.

Comment 3: Separation of Duties - Bank Reconciliations

No comment in current year audit.

Comment 4: Monthly Financial Statements

No comment in current year audit.

Comment 5: Veterans Account

No comment in current year audit.

Comment 6: Travel Reimbursements

Improvement noted in current year audit.

(Continued)

City of Shreveport, City Court
Shreveport, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2003
(Continued)

Corrective Action Plan For Current Year Audit Findings

Reference No.:	2003-1
Description of Finding:	The City Court did not appropriately adopt a complete budget for its general and special revenue funds for the year ended December 31, 2003, as required by the Louisiana Local Government Budget Act. The City Court did adopt a budget for its general funds and major special revenue fund; however, this budget included expenditures only. Louisiana Local Government Budget Act states that a budget should be adopted for the general fund and for each special revenue fund showing the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, recognized expenditures, other financing sources / uses, and estimated fund balances at the end of the year.
Corrective Action Planned:	All budgets in the future will have revenues included.
Name of Contact Person:	Virginia Hester, Court Administrator
Anticipated Completion Date:	September 30, 2004
Reference No.:	2003-2
Description of Finding:	The City Court did not have its deposits adequately secured as of December 31, 2003 through federal deposit insurance or the pledge of securities. The total unsecured bank balances as of December 31, 2003, was \$180,800. (See note 4 to the financial statements)
Corrective Action Planned:	In the future, the Court will have all of its deposits adequately secured at all times through federal deposit insurance or by the pledge of securities.
Name of Contact Person:	Virginia Hester, Court Administrator
Anticipated Completion Date:	September 30, 2004

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2003
(Continued)

Reference No.: 2003-3

Description of Reportable Condition:

The City Court does not record the activity of the Violations Bureau Account on any fund's general ledger and a Senior Deputy Court Clerk issues the checks and reconciles the bank statement for the account.

Recommendation:

We recommend that the City Court record the activity of the Violations Bureau Account in a general ledger on a timely basis. We also recommend that all bank statements be delivered to the Judicial Administrator or Assistant Judicial Administrator for review and approve the bank reconciliation each month after preparation.

Corrective Action Planned:

The activities of the Violations Bureau account will be recorded in a general ledger. We are reviewing the bank statements for this account and will approve the bank reconciliations after preparation.

Anticipated Completion Date: September 30, 2004

Management Letter Comments:

Management's response to the current year management letter comment is as follows:

Comment 1: Disbursement Procedures

We will begin approving all invoices prior to checks being written and backup will accompany all checks requiring signature. We will consider instituting a purchase order system.

COOK & MORRIS

Chartered Public Accountants

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AN AFFILIATE OF COOK, PART 1

MEMBER
ASSOCIATION OF ACCOUNTANTS
INDEPENDENT ACCOUNTANTS
SOCIETY OF ACCOUNTANTS
INDEPENDENT ACCOUNTANTS

1. BY APPOINTMENT TO THE
COURT OF COMMONS

Management Letter

March 8, 2004

Virginia Foster
Judicial Administrator

Judge R. Leo Iryle
Judge Charles W. Kelley, III
Judge Leatrice Walker-Aford
Judge Nancy E. Collins

City of Shreveport City Court

RECEIVED
LEGAL SERVICES DIVISION
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04 2004

We have audited the financial statements of the City of Shreveport City Court (City Court), for the year ended December 31, 2003, and have issued our report thereon dated March 8, 2004. In planning and performing our audit of the financial statements of the City Court, we considered its 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.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of the City Court.

Comment #1: - Disbursement Procedures

During our audit, we noted the following in regards to expenditures - disbursements:

- 1) Invoices for payment are not physically approved and do not accompany checks for signature.
- 2) There is no formal purchase order - purchase requisition system in place.

We recommend the City Court implement the following procedures:

- 1) All invoices should be approved for payment by the Judicial Administrator or Assistant Judicial Administrator prior to payment.
- 2) All invoices and supporting documents should accompany the checks when presented for signature.
- 3) A purchase order - purchase requisition system should be implemented for purchases.

We express sincere thanks to the City Court personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and is not intended to be used for any other purpose.



Cook & Marshak
Certified Public Accountants