

CITY COURT OF BOSSIER CITY

A Component Unit of the City of Bossier City, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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 8-11-04

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2003

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Independent Auditors' Report

The Honorable Thomas Wilson, Jr., Judge
City Court of Bossier City, Louisiana:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2003. These financial statements are the responsibility of the City Court of Bossier City's management. Our responsibility is to express opinions 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. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the basic 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bossier City as of December 31, 2003, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2004, on our consideration of the City Court of Bossier City's internal control over financial reporting and on 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 and budgetary comparison information listed as Required Supplementary Information in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bossier City's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

March 26, 2004

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Bossier City Court's (hereafter referred to as the Court) annual financial report presents our discussion and analysis of the Court's financial performance during the fiscal year that ended on December 31, 2003. Please read it in conjunction with the Court's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Court experienced an increase in its Change in Net Assets by 11.72% (\$98,473) during the fiscal year ended December 31, 2003. As of December 31, 2003, the assets of the Court exceeded its liabilities by \$938,543. This amount is reported as "unrestricted net assets" and represents the amount available to be used to meet the Court's ongoing obligations to the citizens of Bossier City, Louisiana.

During the year ended December 31, 2003, the Court paid \$100,000 to the City of Bossier City, Louisiana to provide funds for the purchase of a computer system to be used jointly by the Court and various other component units of the City of Bossier City, Louisiana. The computer system is to be considered owned by the City of Bossier City, Louisiana because the City is accepting all responsibilities of ownership and will be responsible for future repairs, maintenance and upkeep of the computer system. The payment was recorded as "office expense" by the Court.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Court - the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Court's financial position, which assists users in assessing the Court's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid. The Court's financial statements contain only governmental activities. The government-wide financial statements include two statements:

- **The *statement of net assets*** presents all of the Court's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Court's net assets may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.
- **The *statement of activities*** presents information showing how the Court's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Court are divided into two categories: governmental funds and fiduciary funds.

- ***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Court's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Court.

Fund Financial Statements (continued):

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Court's near-term financing decisions. Due to nature of the operations there were no differences between the fund financial statements and the government-wide financial statements.

The Court has three governmental funds: the General Fund, the Building Fund, and the Victims of Juvenile Crime Fund.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside of the Court. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Court's own programs. The accrual basis of accounting used for fiduciary funds.

The Court has four fiduciary funds: the Cash Bond Fund, the Civil Fund, the Fines Fund, and the Registry of the Court Fund.

The funds financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund. The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting policies (GAAP). Annual budgets are prepared on the cash basis of accounting.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

Net assets may serve over time as a useful indicator of the Court's financial position. The Court's assets exceeded liabilities by \$938,543 at the end of 2003, compared to \$840,070 at the end of the previous year.

The largest portion of the Court's net assets totaling \$767,497 (82%) is in cash and cash equivalents.

\$120,501 (13%) of the Court's net assets is invested in certificates of deposit with local banks.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES (CONTINUED)

Net Assets (Continued)

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Current Assets	\$ 942,958	\$ 840,710
Current Liabilities	4,415	640
Total Net Assets- Unrestricted	<u>\$ 938,543</u>	<u>\$ 840,070</u>

Changes in Net Assets

The Court's net assets increased by \$98,473 (11.72%) during the year ended December 31, 2003. Approximately 96% (\$309,460) of the Court's total revenues was derived through charges for services. Program revenues (charges for services) decreased 3.5% and interest income decreased 39% during the year ended December 31, 2003. Expenses increased \$108,862 (95%) due primarily to the Court paying the City of Bossier City, Louisiana \$100,000 to participate in the purchase of a new computer system for the use of the Court, and various other component units of the City of Bossier City, Louisiana.

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues:		
Program revenues:		
Charges for services	\$ 309,460	\$ 320,829
General revenues:		
Interest	10,875	17,910
Other	1,631	-
Total revenues	<u>321,966</u>	<u>338,739</u>
Total expenses- public safety	<u>223,493</u>	<u>114,631</u>
Increase in net assets	98,473	224,108
Net assets- beginning of year	840,070	615,962
Net assets, end of year	<u>\$ 938,543</u>	<u>\$ 840,070</u>

FINANCIAL ANALYSIS OF THE COURT'S INDIVIDUAL FUNDS

As noted earlier, the Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Court's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Court's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Court's net resources available for spending at the end of the year.

As of the end of the current year, the Court's governmental funds reported a combined ending fund balance of \$938,543, an increase of \$98,473 compared to the prior year.

The General Fund is the chief operating fund of the court. Unreserved fund balance was \$738,633 at the end of the current fiscal year, an increase of \$111,378 from the prior year. The increase is due to normal operations with no unusual expenditures.

The Building Fund is used to account for the accumulation of reserves for facility expenses. During 2003 the court paid \$100,000 toward the purchase of a new software system. Fund balance decreased \$12,674 during fiscal 2003.

The Victims of Juvenile Crime Fund is used to account for fees levied on certain juvenile defendants. There was no significant change during fiscal 2003.

The ending governmental fund balance is unreserved and available for spending in the coming year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The Budget policy of the Court complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Court's budget was amended on December 8, 2003 because the amounts actually paid for employee benefits, office expense, public education, professional fees, and uniforms were more than originally anticipated in the original budget. Expenditures were \$8,121 more than the amount originally budgeted.

The actual expenditures were \$11,929 less than the final budget amounts.

Revenues available for expenditure were \$18,731 above the final budgeted amounts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2004 was prepared:

- Revenues are expected to remain consistent with the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- Expenses are expected to remain consistent with the prior year with the exception that no further payments to the City of Bossier City, Louisiana for computer equipment costs are anticipated during 2004.
- The Court expects to hire one (1) new full-time employee and a temporary employee to assist the permanent staff during peak periods of activity in the year ended December 31, 2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Court and seeks to demonstrate the Court's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk of Court of the City Court of Bossier City, 620 Benton Road, Bossier City, LA 71111, or by calling (318) 741-8587.

Basic Financial Statements

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Statement of Net Assets
Governmental Activities

December 31, 2003

Assets	
Cash and cash equivalents	\$ 767,497
Investments	120,501
Due from agency fund	54,960
Total Assets	<u>942,958</u>
Liabilities	
Accounts payable	1,202
Payroll deductions payable	655
Due to agency fund	2,558
Total Liabilities	<u>4,415</u>
Net Assets - Unrestricted	<u>\$ 938,543</u>

The notes to the financial statements are an integral part of this statement.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Statement of Activities
Governmental Activities

For the Year Ended December 31, 2003

Expenses:

Judiciary:

Salaries	\$ 39,853
Employee benefits	5,720
Office expense	107,927
Travel and other charges	11,414
Conventions and seminars	2,175
Public education	10,000
Accounting fees	19,575
Court operating expenses	10,513
Payroll taxes	4,562
Other	4,450
Uniform expense	7,304
Total Expenses	223,493

Program Revenues:

Fees, charges, and commissions for services:

Court costs, fees and charges	105,278
Clerk costs	15,149
Service charges	85,635
Civil fees	63,645
301 funds	6,563
25% bond fee	14,257
Act 74 of 1988	15,933
DWI fees	3,000
Total Program Revenues	309,460
Net Program Revenues	85,967

General Revenues:

Miscellaneous	1,631
Use of money and property-interest income	10,875
Total General Revenues	12,506

Change in Net Assets

Net Assets - December 31, 2002	840,070
Net Assets - December 31, 2003	\$ 938,543

The notes to the financial statements are an integral part of this statement.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Balance Sheet
Governmental Funds

December 31, 2003

	General Fund	Building Fund	Victims of Juvenile Crime Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 574,587	\$ 190,002	\$ 2,908	\$ 767,497
Investments	120,501	-	-	120,501
Receivables	47,910	7,050	-	54,960
Total Assets	\$ 742,998	\$ 197,052	\$ 2,908	\$ 942,958
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 1,152	\$ -	\$ 50	\$ 1,202
Due to other funds	2,558	-	-	2,558
Payroll deductions payable	655	-	-	655
Total liabilities	4,365	-	50	4,415
Fund Balance:				
Fund balance - unreserved - undesignated	738,633	197,052	2,858	\$ 938,543
Total Liabilities and Fund Balance	\$ 742,998	\$ 197,052	\$ 2,908	
Net assets of governmental activities				\$ 938,543

The notes to the financial statements are an integral part of this statement.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2003

	General Fund	Building Fund	Victims of Juvenile Crime Fund	Total Governmental Funds
Revenues				
Court costs, fees and charges	\$ 105,278	\$ -	\$ -	\$ 105,278
Clerk costs	15,149	-	-	15,149
Service charges	-	85,485	150	85,635
Civil fees	63,645	-	-	63,645
301 funds	6,563	-	-	6,563
25% bond fee	14,257	-	-	14,257
Act 74 of 1988	15,933	-	-	15,933
DWI fees	3,000	-	-	3,000
Miscellaneous	1,631	-	-	1,631
Interest income	9,030	1,841	4	10,875
Total Revenues	<u>234,486</u>	<u>87,326</u>	<u>154</u>	<u>321,966</u>
Expenditures				
Salaries	39,853	-	-	39,853
Employee benefits	5,720	-	-	5,720
Office expense	7,927	100,000	-	107,927
Travel and other charges	11,414	-	-	11,414
Conventions and seminars	2,175	-	-	2,175
Public education	10,000	-	-	10,000
Accounting fees	19,575	-	-	19,575
Court operating expenses	10,513	-	-	10,513
Payroll taxes	4,562	-	-	4,562
Other	4,065	-	385	4,450
Uniform expense	7,304	-	-	7,304
Total Expenditures	<u>123,108</u>	<u>100,000</u>	<u>385</u>	<u>223,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	111,378	(12,674)	(231)	<u>\$ 98,473</u>
Fund Balance at Beginning of Year	627,255	209,726	3,089	
Fund Balance at End of Year	<u>\$ 738,633</u>	<u>\$ 197,052</u>	<u>\$ 2,858</u>	
Change in net assets - statement of activities				<u>\$ 98,473</u>

The notes to the financial statements are an integral part of this statement.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana
Statement of Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended December 31, 2003

	<u>Total</u>
Assets	
Cash and cash equivalents	\$ 452,804
Investments	120,000
Receivables	2,563
Total Assets	<u>\$ 575,367</u>
Liabilities	
Unsettled deposits	\$ 575,367
Total Liabilities	<u>\$ 575,367</u>

The notes to the financial statements are an integral part of this statement.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

INTRODUCTION

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. 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 the accompanying financial statements. The Court pays supplemental salaries to its employees from these funds. These financial statements account for all activities of the Court's office not funded by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. 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 34, *Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The City Judge is an independently elected official; however, the Court is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Court's office is located and provides funds for equipment and furniture of the Court's office. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City, the financial reporting entity.

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

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. FUND ACCOUNTING - (Continued):

Funds of the Court are classified into two categories: governmental funds and fiduciary (agency) funds. These funds are described as follows:

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Court. The Court reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Court. The Court's share of court costs assessed by City Court as authorized by Louisiana Statute R.S. 13:1899C, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Building Fund - The Building Fund is used to account for the collection of fees as authorized by Louisiana Statute R.S. 13-19:10. These funds are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing City Courts and for the maintenance and payment of any bond indebtedness on any such existing facilities.

Victims of Juvenile Crime - The Victims of Juvenile Crime Fund is used to account for receipts of fees levied by the Judge on certain non-indigent juvenile defendants.

Fiduciary Funds

The only funds accounted for in this category by the Court are agency funds. The Cash Bond, Civil, Registry of the Court, and Fines agency funds account for assets held by the Court as an agent for others pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations. For the year ended December 31, 2003, there were no differences between the fund financial statements and the government-wide financial statements.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Revenues

Recordings, cancellations, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when received by the Court.

Based on the above criteria, recordings, criminal costs, and other fees, charges, and commissions for service are treated as susceptible to accrual.

Expenditures

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

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – (Continued):

Expenditures (Continued)

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Court.

Capital outlays are reported at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

Government-wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriations, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred to assure that applicable appropriations are not exceeded.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposit and those investments with original maturities of 90 days or less. Under state law, the Court may deposit funds in demand deposits, interest bearing demand deposits, 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.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. NET ASSETS

Net assets represent the difference between assets and liabilities. Unrestricted net assets represent net assets not appropriable for expenditures or legally segregated for a specific future use.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

2. CASH AND CASH EQUIVALENTS

At December 31, 2003, the Court has cash and cash equivalents (book balances) totaling \$1,220,301 as follows:

<u>Governmental Funds:</u>	
General Fund - operating	\$ 574,587
Building Fund - operating	190,002
Victims of Juvenile Crime - operating	2,908
Total Governmental Funds	<u>767,497</u>
<u>Fiduciary (Agency) Funds:</u>	
Cash Bond Fund - operating	97,685
Civil Fund - operating	203,645
Fines Fund - operating	130,441
Registry of Court Fund - operating	21,033
Total Fiduciary (Agency) Funds	<u>452,804</u>
Total - All Funds	<u><u>\$1,220,301</u></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 Court has \$1,261,532 in demand deposits (collected bank balances). These deposits are secured from custodial credit risk by \$300,000 of federal deposit insurance (GASB Category 1) and \$961,532 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Bossier City Court that the fiscal agent has failed to pay deposited funds upon demand.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

3. RECEIVABLES

The Courts receivables of \$54,960 at December 31, 2003 are as follows:

	General Fund	Building Fund	Total
Due from Civil Fund	\$ 38,370	\$ 1,830	\$ 40,200
Due from Fines Fund	9,265	5,220	14,485
Accured Interest Receivable	275	-	275
Total	\$ 47,910	\$ 7,050	\$ 54,960

4. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	Cash Bond Fund	Civil Fund	Fines Fund	Registry of Court Fund	Total
Balance at Beginning of Year	\$ -	\$ 304,087	\$ 96,331	\$ -	\$ 400,418
Additions	171,605	274,149	1,644,161	21,033	2,110,948
Reductions	(73,915)	(252,057)	(1,610,027)	-	(1,935,999)
Balance at End of Year	\$ 97,690	\$ 326,179	\$ 130,465	\$ 21,033	\$ 575,367

5. EXPENDITURES OF THE COURT PAID BY THE CITY

The Court's administrative office is located in a building owned by the City. The cost of maintaining and operating the building, as required by statute is paid by the City government and are not included in the accompanying financial statements.

6. INVESTMENTS

At December 31, 2003, the Court held certificates of deposits totaling \$120,501 in the General Fund and \$120,000 in the Civil Fund that were classified as investments since their maturity was in excess of 90 days subsequent to their initial purchase. These certificates of deposits are carried at cost which approximates market value and are secured by federal deposit insurance (GASB Category 1).

Required Supplementary Information

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Cash Basis) – General Fund

For the Year Ended December 31, 2003

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Court costs, fees and charges	\$ 90,000	\$ 90,000	\$ 96,110
Clerk costs	15,000	15,000	15,149
Civil fees	60,000	60,000	58,153
301 funds	-	-	6,563
25% bond fee	12,000	12,000	14,257
Act 74 of 1988	14,000	14,000	14,800
DWI fees	2,000	2,000	3,000
Miscellaneous	3,500	3,500	1,516
Interest Income	3,000	3,000	8,683
Total Revenues	199,500	199,500	218,231
Expenditures			
Salaries	42,500	42,500	40,493
Employee benefits	-	6,525	5,720
Office expense	5,500	6,000	7,800
Travel and other charges	16,000	16,000	11,414
Conventions and seminars	4,500	4,500	2,175
Public education	-	8,000	10,000
Accounting fees	-	12,000	18,575
Court operating expenses	10,000	10,000	10,513
Payroll taxes	13,050	6,525	4,562
Other	22,950	22,500	4,065
Uniform expense	-	-	7,304
Total Expenditures	114,500	134,550	122,621
Excess of Revenues Over Expenditures	85,000	64,950	95,610
Fund Balance at Beginning of Year	627,255	627,255	627,255
Fund Balance at End of Year	\$ 712,255	\$ 692,205	\$ 722,865

Unaudited - see accompanying independent auditors' report

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Budgetary Comparison Schedule

For the Year Ended December 31, 2003

The proposed budget for the December 31, 2003, fiscal year was made available for public inspection at the Court's office on December 16, 2002. The proposed budget is prepared on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. The budget was amended for the year ended December 31, 2003.

Through the budget, the Court allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Court's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Court's performance.

The budget is structured such that revenues are budgeted by source and appropriations are budgeted by principal type of expenditure. Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. The Court may revise or amend the budget at its discretion. Management may not amend the budget.

The Court amended the budget for the General Fund on December 8, 2003.

The Budgetary Comparison Schedule- Budget to Actual (Cash Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis (cash basis) differ significantly from those used to present financial statements in conformity with GAAP (modified accrual basis), a reconciliation of resulting basis differences in the revenues in excess of (less than) expenditures between budgetary and GAAP presentations for the year ended December 31, 2003, is presented below for the General Fund.

Budgetary Basis Fund Balance, December 31, 2002	\$ 627,255
Excess of total revenues over total expenses (Budgetary Basis)	<u>95,610</u>
Budgetary Basis Fund Balance, December 31, 2003	722,865
Basis Differences:	
Add: Net accrued revenues and related receivables	16,255
Less: Net accrued expenditures and related liabilities	<u>(487)</u>
GAAP Basis Fund Balance, December 31, 2003	<u><u>\$ 738,633</u></u>

See the following Budgetary/GAAP Reporting Reconciliation – General Fund.

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Notes to Budgetary Comparison Schedule

For the Year Ended December 31, 2003

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues			
Court costs, fees and charges	\$ 105,278	\$ (9,168)	\$ 96,110
Clerk costs	15,149	-	15,149
Civil fees	63,645	(5,492)	58,153
301 funds	6,563	-	6,563
25% bond fee	14,257	-	14,257
Act 74 of 1988	15,933	(1,133)	14,800
DWI fees	3,000	-	3,000
Miscellaneous	1,631	(115)	1,516
Interest Income	9,030	(347)	8,683
Total Revenues	234,486	(16,255)	218,231
Expenditures			
Salaries	39,853	640	40,493
Employee benefits	5,720	-	5,720
Office expense	7,927	(127)	7,800
Travel and other charges	11,414	-	11,414
Conventions and seminars	2,175	-	2,175
Public education	10,000	-	10,000
Accounting fees	19,575	(1,000)	18,575
Court operating expenses	10,513	-	10,513
Payroll taxes	4,562	-	4,562
Other	4,065	-	4,065
Uniform expense	7,304	-	7,304
Total Expenditures	123,108	(487)	122,621
Excess of Revenues Over Expenditures	111,378	\$ (15,768)	\$ 95,610
Fund Balance at Beginning of Year	627,255		
Fund Balance at End of Year	\$ 738,633		

Supplementary Information

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds

December 31, 2003

	Cash Bond Fund	Civil Fund	Fines Fund	Registry of Court Fund	Total
Assets					
Cash and cash equivalents	\$ 97,685	\$ 203,645	\$ 130,441	\$ 21,033	\$ 452,804
Investments	-	120,000	-	-	120,000
Receivables	5	2,534	24	-	2,563
Total Assets	<u>\$ 97,690</u>	<u>\$ 326,179</u>	<u>\$ 130,465</u>	<u>\$ 21,033</u>	<u>\$ 575,367</u>
Liabilities					
Unsettled deposits	\$ 97,690	\$ 326,179	\$ 130,465	\$ 21,033	\$ 575,367
Total Liabilities	<u>\$ 97,690</u>	<u>\$ 326,179</u>	<u>\$ 130,465</u>	<u>\$ 21,033</u>	<u>\$ 575,367</u>

See accompanying independent auditors' report

CITY COURT OF BOSSIER CITY
A Component Unit of the City of Bossier City, Louisiana

Combing Statement of Changes in Fiduciary Unsettled Deposits
Agency Funds

For the Year Ended December 31, 2003

	Cash Bond Fund	Civil Fund	Fines Fund	Registry of Court Fund	Total
Additions:					
Deposits:					
Advanced court costs collected	\$ 171,605	\$ 272,628	\$ -	\$ -	\$ 444,233
Costs	-	-	656,592	21,000	677,592
Fees	-	-	31,612	-	31,612
Fines	-	-	954,897	-	954,897
Interest	-	1,521	1,060	33	2,614
Total additions	<u>171,605</u>	<u>274,149</u>	<u>1,644,161</u>	<u>21,033</u>	<u>2,110,948</u>
Deductions:					
Act 74 fees	-	14,800	-	-	14,800
Bossier City Court Fines account	49,541	-	-	-	49,541
Bossier City Marshall	-	35,232	90,313	-	125,545
Building Fund	-	22,180	59,425	-	81,605
Civil excess fees	-	69,098	-	-	69,098
Court costs	-	-	105,295	-	105,295
DWI fees	-	-	6,750	-	6,750
Fines	-	-	1,052,243	-	1,052,243
Indigent Defender Board	-	-	170,631	-	170,631
Interest (transfer to Gen. Fund)	-	843	1,064	-	1,907
Judge's Compensation Fund	-	31,859	-	-	31,859
LA Commission	-	-	20,854	-	20,854
LRS - TH/SCI T.F.	-	-	11,828	-	11,828
Northwest LA Crime Lab	-	-	47,167	-	47,167
Other fees	-	1,846	-	-	1,846
Other reductions	-	4,458	1	-	4,459
Probation fees	-	-	11,914	-	11,914
Refunds	24,374	18,645	5,321	-	48,340
Salary	-	35,758	-	-	35,758
Sheriff's fees	-	17,338	-	-	17,338
State of LA CMIS	-	-	12,072	-	12,072
Stenographer's Fees	-	-	15,149	-	15,149
Total Deductions	<u>73,915</u>	<u>252,057</u>	<u>1,610,027</u>	<u>-</u>	<u>1,935,999</u>
Changes in Unsettled Deposits	<u>97,690</u>	<u>22,092</u>	<u>34,134</u>	<u>21,033</u>	<u>174,949</u>
Unsettled Deposits - Beginning	-	304,087	96,331	-	400,418
Unsettled Deposits - Ending	<u>\$ 97,690</u>	<u>\$ 326,179</u>	<u>\$ 130,465</u>	<u>\$ 21,033</u>	<u>\$ 575,367</u>

See accompanying independent auditors' report



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

**Independent Auditors' 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 Thomas Wilson, Jr., Judge
City Court of Bossier City, Louisiana:

We have audited the financial statements of the governmental activities, the major fund, and the remaining fund information 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, 2003, and have issued our report thereon dated March 26, 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 Court's basic financial statements are free of material misstatement, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 03-01.

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 opinions on the basic 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 basic 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 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 26, 2004

CITY COURT OF BOSSIER CITY,
A Component Unit of the City of Bossier City, Louisiana
Schedule of Findings and Questioned Costs
Year ended December 31, 2003

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the financial statements? None reported

Noncompliance material to financial statements noted? No

Section 2 – Financial Statement Findings Reported in Accordance With *Government Auditing Standards*

Item: 03-1

Criteria or specific requirement: The Louisiana Local Government Budget Act requires that the budget for the Court’s general fund be accompanied by a budget message signed by the preparer describing such things as the financial plan, the budgetary basis, policies, assumptions, and objectives. Additionally, the budget is to be accompanied by a budget adoption instrument. The budget adoption instrument would consist of a letter from the Judge authorizing the implementation of the adopted budget and the authority to management to make changes to the budget within various budget classifications without approval from the Judge.

Condition: The budget for the year ended December 31, 2003 was not accompanied by a budget message or a budget adoption instrument.

Effect: Budget policies were not adhered to by the omission of the budget message and the budget adoption instrument.

Cause: Unknown

Recommendation: The Court should take steps to ensure the budget is adopted with a budget message and budget adoption instrument.



CITY COURT

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

THOMAS A. WILSON, JR.
JUDGE

CYNDY GAY
CLERK OF COURT

May 25, 2004

CORRECTIVE ACTION PLAN

Item: 03-1

Condition: The budget for the year ended December 31, 2003 was not accompanied by a budget message or a budget adoption instrument.

Corrective Action: The budget for fiscal year ended December 31, 2003 was prepared and adopted by the previous city judge prior to the current judge taking office. The current administration will comply with all provisions of Louisiana Revised Statute 39:1301, the "Louisiana Local Government Budget Act" including R.S. 39:1304C(1) which requires the budget to be accompanied by " a budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features" and R.S. 39:1304D which states in part "A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget."


Thomas Wilson, Jr.
City Judge

CITY COURT OF BOSSIER CITY

Summary Schedule of Prior Year Findings

Year Ended December 31, 2003

MANAGEMENT LETTER

Financial Reporting – The Court does not maintain its accounting records on a basis consistent with generally accepted accounting principles. Significant analysis, computation, and adjustment is necessary to compile the financials at year-end for financial reporting. This effort largely consists of determining transfers among funds so that revenues and expenses are not “grossed up” as well as proper classification of expenses. The Court’s accounting records are not maintained on a general ledger system but rather are accounted for through computerized spreadsheets. We recommend the Court implement more formal accounting records and ensure that those records are maintained on a basis consistent with generally accepted accounting principles. This will provide management with more accurate financial information throughout the year as well as allow management to make accurate comparisons to budget to ensure compliance with budget laws.

Follow-up – The Court has hired a CPA to maintain the accounting records for the Court and prepare the financial report consistent with generally accepted accounting principles. This includes keeping the accounting records on a general ledger system.

FINDINGS RELATED TO COMPLIANCE

02-1:

The Court had bank balances of \$992 in excess of the market value of securities pledged and FDIC insurance.

Status:

As of December 31, 2003, all balances were secured by FDIC insurance or a collateral pledge of securities.

02-2:

The budget for the year ended December 31, 2002 was not accompanied by a budget message or a budget adoption instrument. The budget for the year ended December 31, 2002 should have been adopted by December 16, 2001. Instead the budget was adopted on July 8, 2002. The budget for 2002 was not published as required by state law.

Status:

The Bossier City Court adopted a budget for the General Fund for the year ended December 31, 2003 on December 16, 2002, however it was not accompanied by a budget message or a budget adoption instrument.