

Bossier City Marshal

Bossier City, Louisiana

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 8-4-04

BOSSIER CITY MARSHAL
Bossier City, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2003

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Independent Auditors' Report

Mr. Johnny Wyatt, Marshal
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Bossier City Marshal, 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 Bossier City Marshal's management. Our responsibility is to express opinions on these basic 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 aggregate remaining fund information of the Bossier City Marshal 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2004, on our consideration of the Bossier City Marshal'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 Bossier City Marshal'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 Marshal's (hereafter referred to as the Marshal) annual financial report presents our discussion and analysis of the Marshal's financial performance during the fiscal year that ended on December 31, 2003. Please read it in conjunction with the Marshal's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Marshal experienced an increase in its Change in Net Assets by 18.36% (\$53,111) during the fiscal year ended December 31, 2003. Program revenues accounted for \$145,655 or 90.1% of total revenues, and general revenues accounted for \$16,029 or 9.9%.

As of December 31, 2003, the assets of the Marshal exceeded liabilities by \$342,382. \$91,131 or 26.6% of net assets are invested in capital assets while \$251,251 or 73.4% of net assets is unrestricted and may be used at the Marshal's discretion to meet ongoing obligations to the citizens of Bossier City, Louisiana.

During the year ended December 31, 2003, the Marshal purchased an automobile with the necessary patrol equipment, an 800 MHZ radio, and computer equipment to facilitate the operation of the Marshal's office.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Marshal's basic financial statements. The Marshal'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 Bossier City Marshal - 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.

Basic Financial Statements (Continued)

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Marshal's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Marshal's financial position, which assists users in assessing the Marshal'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 Marshal's financial statements contain only governmental activities. The government-wide financial statements include two statements:

- **The *statement of net assets*** presents all of the Marshal's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Marshal's net assets may serve as a useful indicator of whether the financial position of the Marshal is improving or deteriorating.
- **The *statement of activities*** presents information showing how the Marshal'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 Marshal, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Marshal 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 Marshal'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 Marshal's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Marshal.

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 Marshal's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Marshal has two governmental funds: the Contingency Fund and Probation Fund.

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

The Marshal has two fiduciary funds: Sales and Seizures Fund and Garnishment 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 Contingency 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 Marshal's financial position. The Marshal's assets exceeded liabilities by \$342,382 as of December 31, 2003, compared to \$289,271 at the end of the previous year.

The largest portion of the Marshal's net assets totaling \$246,565 (72%) is in cash and cash equivalents.

\$91,131 (26.6%) of the Marshal's net assets reflects capital assets with a historical cost of \$202,756 and accumulated depreciation of \$111,625.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES (CONTINUED)

Net Assets (Continued)

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Current assets	\$ 254,455	\$ 205,683
Capital assets, net of accumulated depreciation	91,131	86,004
Total assets	<u>345,586</u>	<u>291,687</u>
Current liabilities	<u>3,204</u>	<u>2,416</u>
Invested in capital assets	91,131	86,004
Unrestricted	<u>251,251</u>	<u>203,267</u>
Total net assets	<u>\$ 342,382</u>	<u>\$ 289,271</u>

Changes in Net Assets

The Marshal's net assets increased by \$53,111 (18.36%) during the year ended December 31, 2003. This increase is primarily due to a \$62,458 (81.48%) decrease in the cost of supplies and equipment purchases below the capitalization threshold adopted by the Marshal, a \$7,571 (53.49%) decrease in training costs, and a \$5,177 (45.93%) decrease in travel expenditures compared to the prior year.

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues:		
Program revenues:		
Charges for services	\$ 145,655	\$ 141,508
General revenues:		
Interest	2,858	3,226
Other	<u>13,171</u>	<u>15,605</u>
Total revenues	<u>161,684</u>	<u>160,340</u>
Expenses:		
Public Safety	<u>108,573</u>	<u>173,898</u>
Increase in net assets	53,111	(13,559)
Net assets, beginning of year	<u>289,271</u>	<u>302,829</u>
Net assets, end of year	<u>\$ 342,382</u>	<u>\$ 289,271</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the Marshal'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 Marshal's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Marshal's net resources available for spending at the end of the year.

As of the end of the current year, the Marshal's governmental funds reported an ending fund balance of \$251,251, an increase of \$47,984 (23.6%) compared to the prior year. The ending fund balance is unreserved and available for spending in the coming year.

The contingency fund is the operating fund of the Marshal. Unreserved general fund balance as of December 31, 2003, totaled \$189,720 compared to \$136,687 at the end of the prior year. This increase and the total increase for the governmental funds are both due primarily to a decrease in capital outlay expenditures in 2003.

CONTINGENCY FUND BUDGETARY HIGHLIGHTS

The Marshal's budget was amended on December 11, 2003 because the amounts actually received for traffic fines was significantly less than originally anticipated in the original budget. The amount spent for capital outlays was also more than the original budget due to the purchase of a new automobile, radio equipment, and computer equipment.

Actual expenditures were \$892 less than the final budget amounts.

Revenues available for expenditure were \$550 above the final budgeted amounts.

Transfers from other funds were \$50,000 above final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Marshal's investment in capital assets for its governmental activities as of December 31, 2003, totaled \$202,756, net of accumulated depreciation of \$111,625, leaving a book value of \$91,131. This investment in capital assets consists of automobiles, office equipment, and furniture and fixtures.

In terms of historical cost, the Marshal's investment in capital assets increased \$5,127, about 6%, during 2003. Actual costs to construct and purchase capital assets were \$38,538.

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:

- The Marshal plans to provide increased training for officers during 2004 at an additional cost of about \$12,000.
- The Marshal expects to purchase new furniture, fixtures, and computer hardware and software in 2004 at an estimated cost of \$185,000.
- The Marshal plans to purchase two vehicles and accompanying law enforcement equipment next year at an expected cost of approximately \$66,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Marshal and seeks to demonstrate the Marshal'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 Mr. Johnny Wyatt, Bossier City Marshal for Bossier Parish, 620 Benton Road, Bossier City, Louisiana 71111, or by calling (318) 741-8835.

Basic Financial Statements

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Statement of Net Assets
Governmental Activities

December 31, 2003

Assets	
Cash and cash equivalents	\$ 246,565
Due from City Court	7,890
Capital assets, net of accumulated depreciation	<u>91,131</u>
Total Assets	<u>345,586</u>
 Liabilities	
Accounts payable	<u>3,204</u>
Total Liabilities	<u>3,204</u>
 Net Assets	
Invested in capital assets	91,131
Unrestricted	<u>251,251</u>
Total Net Assets	<u>\$ 342,382</u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Statement of Activities
Governmental Activities

For the Year Ended December 31, 2003

Expenses:	
Public Safety	\$ 108,573
Program Revenues:	
City Court - traffic fines	93,362
Commissions and fees	52,293
Total Program Revenues	<u>145,655</u>
Net Program Revenues	<u>37,082</u>
General Revenues:	
Interest income	2,858
Miscellaneous	13,171
Total General Revenues	<u>16,029</u>
Change in Net Assets	53,111
Net Assets - Beginning of Year	<u>289,271</u>
Net Assets - End of Year	<u>\$ 342,382</u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Balance Sheet
Governmental Funds

December 31, 2003

	<u>Contingency Fund</u>	<u>Probation Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 183,630	\$ 62,935	\$ 246,565
Due from City Court	7,890	-	7,890
Total Assets	<u>\$ 191,520</u>	<u>\$ 62,935</u>	<u>\$ 254,455</u>
Liabilities			
Accounts payable	<u>\$ 1,800</u>	<u>\$ 1,404</u>	<u>\$ 3,204</u>
Fund Equity			
Fund balances - unreserved - undesignated	<u>189,720</u>	<u>61,531</u>	<u>251,251</u>
Total Liabilities and Fund Equity	<u>\$ 191,520</u>	<u>\$ 62,935</u>	<u>\$ 254,455</u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets**

For the Year Ended December 31, 2003

Fund Balances - Total Governmental Funds	\$ 251,251
 Amounts reported for governmental activities in the statement of net assets are different because:	
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Add - capital assets	202,756
Deduct - accumulated depreciation	<u>(111,625)</u>
Net Assets of Governmental Activities	<u>\$ 342,382</u>

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

Bossier City Marshal
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

	<u>Contingency Fund</u>	<u>Probation Fund</u>	<u>Total</u>
Revenues			
City Court - traffic fines	\$ 93,362	\$ -	\$ 93,362
Commissions and fees	-	52,293	52,293
Interest income	2,257	601	2,858
Miscellaneous	13,171	-	13,171
Total Revenues	<u>108,790</u>	<u>52,894</u>	<u>161,684</u>
Expenditures			
Current - Public Safety			
Automobiles	9,040	-	9,040
Dues and publications	8,065	-	8,065
Law enforcement supplies	7,516	-	7,516
Office expense	14,520	-	14,520
Training	6,581	-	6,581
Travel, lodging, and meals	6,095	-	6,095
Other operating	15,402	7,943	23,345
Capital outlay	<u>38,538</u>	<u>-</u>	<u>38,538</u>
Total Expenditures	<u>105,757</u>	<u>7,943</u>	<u>113,700</u>
Excess of revenues over expenditures	<u>3,033</u>	<u>44,951</u>	<u>47,984</u>
Other Financing Sources (Uses)			
Transfers from other funds	50,000	-	50,000
Transfers to other funds	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	53,033	(5,049)	47,984
Fund Balance at Beginning of Year	<u>136,687</u>	<u>66,580</u>	<u>203,267</u>
Fund Balance at End of Year	<u>\$ 189,720</u>	<u>\$ 61,531</u>	<u>\$ 251,251</u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2003

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

Net Change in Fund Balances - Governmental Fund \$ 47,984

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$38,538) exceed depreciation expense (\$33,411) in the current period.

5,127

Change in Net Assets of Governmental Activities \$ 53,111

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Statement of Fiduciary Assets and Liabilities
Agency Funds

December 31, 2003

	<u>Sales and Seizures Fund</u>	<u>Garnishment Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,358	\$ 54,277	\$ 57,635
Total Assets	<u>\$ 3,358</u>	<u>\$ 54,277</u>	<u>\$ 57,635</u>
Liabilities			
Unsettled deposits	\$ 3,358	\$ 54,277	\$ 57,635
Total Liabilities	<u>\$ 3,358</u>	<u>\$ 54,277</u>	<u>\$ 57,635</u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

INTRODUCTION

The Bossier City Marshal (the Marshal) is a separate organization within the City of Bossier City's (the City) organizational structure. The Marshal's office is funded by the City. Property and equipment purchased by the City and for which the City holds title are recorded in the City's governmental-wide financial statements. The Marshal's departmental expenses, such as payroll and related costs, maintenance, utilities, etc., are paid by the City. These financial statements account for all activities of the Marshal's office not funded by the City.

The Marshal is the executor of City Court and, therefore, is responsible for executing the orders and mandates of the City Court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Marshal 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 Marshal is an independently elected official; however, the Marshal is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Marshal's office is located and provides funds for equipment and furniture of the Marshal's office. Because the Marshal is fiscally dependent on the City, the Marshal 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 Marshal 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 Marshal 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.

Bossier City Marshal
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 Marshal 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 Marshal'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 Marshal. The following are the Marshal's governmental funds:

Contingency Fund- The Contingency Fund is the general operating fund of the Marshal. The Marshal'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.

Probation Fund – The Probation Fund is used to account for the collection of probation fees as ordered by City Court. These funds are used for equipment and other operational expenditures of the Marshal's office.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Marshal in a trustee capacity or as an agent for individuals, private organizations, other government units, and /or other funds. 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. The following are the Marshal's fiduciary funds:

Sales and Seizure Fund - The Sales and Seizure Fund is used to account for the collection and disbursement of the sale and seizure of property in accordance with the orders and writs of City Court. The Marshal receives a 6% commission for the execution of the seizure and sale, and fees for related services as established by Louisiana Statute R.S. 33:1704.

Bossier City Marshal
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):

Fiduciary Funds (Continued)

Garnishment Fund – The Garnishment Fund is used to account for the collection and disbursement of garnishments of wages in accordance with the orders and writs of City Court. The Marshal receives a 6% commission for the executions of orders and writs of City Court as established by Louisiana Statute R.S. 33:1704.

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 Marshal's operations.

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 Marshal 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

Commissions and fees 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 Bossier City Marshal.

Based on the above criteria, commissions and fees for services are treated as susceptible to accrual.

Bossier City Marshal
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

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

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 Marshal as a whole. These statements include all non-fiduciary activities of the Marshal. Information contained in these statements 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 non-exchange 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 Marshal users as a fee for services; program revenues reduce the cost of the function to be financed from the Marshal'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.

Bossier City Marshal
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 when purchased. Under state law, the Marshal 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. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Furniture and equipment	5 years
Vehicles	5 years

H. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

I. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation.

Bossier City Marshal
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 Marshal has cash and cash equivalents (book balances) totaling \$304,200 as follows:

	Book Balance	Bank Balance
<u>Governmental Funds:</u>		
Contingency Fund - operating	\$ 16,707	\$ 17,142
Contingency Fund - savings	5	5
Contingency Fund - Certificates of Deposit	166,918	166,501
Probation Fund - operating	62,935	62,977
Total Governmental Funds	246,565	246,625
<u>Fiduciary (Agency) Funds:</u>		
Sales and Seizures Fund - operating	3,358	3,383
Garnishment Fund - operating	54,272	60,058
Garnishment Fund - savings	5	5
Total Fiduciary (Agency) Funds	57,635	63,446
Total - All Funds	\$ 304,200	\$ 310,071

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 Marshal has \$310,071 in cash and cash equivalents (collected bank balances). These deposits are secured from custodial credit risk by \$310,071 of federal deposit insurance and by the National Credit Union Administration (GASB Category 1). At December 31, 2003, \$139,670 of securities were pledged as collateral for these deposits and 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 Marshal that the fiscal agent has failed to pay deposited funds upon demand.

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

3. DUE FROM CITY COURT

The Contingency Fund due from City Court of \$7,890 at December 31, 2003, reports fines collected in December 2003 by the City court not remitted to the Marshal until January 2004.

4. CAPITAL ASSETS

Changes in capital assets and depreciation for the year ended December 31, 2003, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 164,218	\$ 38,538	\$ -	\$ 202,756
Less accumulated depreciation:				
Furniture and equipment	(78,214)	(33,411)	-	(111,625)
Net capital assets	\$ 86,004	\$ 5,127	\$ -	\$ 91,131

5. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	Sales and Seizures Fund	Garnishment Fund	Total
Balance at Beginning of Year	\$ 1,728	\$ 43,051	\$ 44,779
Additions	23,337	575,936	599,273
Reductions	(21,707)	(564,710)	(586,417)
Balance at End of Year	\$ 3,358	\$ 54,277	\$ 57,635

6. EXPENDITURES OF THE MARSHAL PAID BY THE CITY

The Marshal'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.

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2003

7. MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)

A. Plan Description

The System is composed of two distinct cost sharing multiple employer defined benefit plans, Plan A and Plan B, with separate assets and benefit provisions. The Marshal is a member of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from Marshal funds are eligible to participate in the System. Under Plan B, employees can retire providing he (she) meets one of the following criteria: (a) any age with thirty (30) years of creditable service; (b) at age 60 with a minimum of ten (10) or more years of creditable service; (c) under age 60 with ten (10) years of creditable service eligible for disability benefits; (d) survivor's benefits require five (5) years creditable service at death of member. Retirement benefits are payable monthly for life equal to 2% of their final average salary for each year of creditable service. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

B. Funding Policy

Under Plan B, members are required by state statute to contribute 5% of their annual covered salary and the Marshal is required to contribute at an actuarially determined rate. The rate was 6.25% for periods through June 30, 2003, and the current rate effective July 1, 2003, is 7.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Marshal are established and may be amended by state statute. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Marshal's contributions to the System under Plan B for the year ended December 31, 2003, was \$5,526, equal to the required contribution.

Required Supplementary Information

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

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

For the Year Ended December 31, 2003

	Budget		Actual	Favorable
	Original	Final		(Unfavorable)
Revenues				
City Court - traffic fines	\$ 101,000	\$ 90,000	\$ 90,312	\$ 312
Interest income	-	150	2,257	2,107
Miscellaneous	3,800	15,040	13,171	(1,869)
Total Revenues	\$ 104,800	\$ 105,190	\$ 105,740	\$ 550
Expenditures				
Current - Public Safety				
Automobiles	\$ 8,600	\$ 9,350	\$ 9,040	\$ 310
Dues and publications	3,000	8,000	8,065	(65)
Law enforcement supplies	-	-	7,516	(7,516)
Office expense	9,700	9,200	14,520	(5,320)
Training	16,225	8,525	6,581	1,944
Travel, lodging, and meals	6,200	6,700	6,095	605
Other operating	21,450	15,950	13,928	2,022
Capital outlay	14,000	47,450	38,538	8,912
Total Expenditures	79,175	105,175	104,283	892
Excess of Revenues Over Expenditures	25,625	15	1,457	1,442
Other Financing Sources				
Transfers from other funds	-	-	50,000	50,000
Excess of Revenues and Other Financing Sources over Expenditures	25,625	15	51,457	51,442
Fund Balance at Beginning of Year	136,687	136,687	136,687	-
Fund Balance at End of Year	\$ 162,312	\$ 136,702	\$ 188,144	\$ 51,442

See accompanying independent auditors' report

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Notes to Budgetary Comparison Schedule

December 31, 2003

The Marshal adopts an annual budget for the Contingency Fund. A budget is not required nor prepared for the probation fund. Through the budget, the Marshal allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Marshal'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 Marshal'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 Marshal may revise or amend the budget at its discretion. Management may not amend the budget.

The proposed budget for the December 31, 2003, fiscal year was made available for public inspection at the Marshal'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).

The Marshal amended the budget for the Contingency Fund on December 11, 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 Contingency Fund.

Budgetary Basis Fund Balance, December 31, 2002	\$ 136,687
Excess of total revenues over total expenses (Budgetary Basis)	51,457
Budgetary Basis Fund Balance, December 31, 2003	<u>188,144</u>
Basis Differences:	
Add: Net accrued revenues and related receivables	3,050
Less: Net accrued expenditures and related liabilities	<u>(1,474)</u>
GAAP Basis Fund Balance, December 31, 2003	<u><u>\$ 189,720</u></u>

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

Bossier City Marshal
A Component Unit of the City of Bossier City, Louisiana

Notes to Budgetary Comparison Schedule

December 31, 2003

	<u>Actual on GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>
Revenues			
City Court - traffic fines	\$ 93,362	\$ (3,050)	\$ 90,312
Interest income	2,257	-	2,257
Miscellaneous	13,171	-	13,171
Total Revenues	<u>108,790</u>	<u>(3,050)</u>	<u>105,740</u>
Expenditures			
Current - Public Safety			
Automobiles	9,040	-	9,040
Dues and publications	8,065	-	8,065
Law enforcement supplies	7,516	-	7,516
Office expense	14,520	-	14,520
Training	6,581	-	6,581
Travel, lodging, and meals	6,095	-	6,095
Other operating	15,402	(1,474)	13,928
Capital outlay	<u>38,538</u>	<u>-</u>	<u>38,538</u>
Total Expenditures	<u>105,757</u>	<u>(1,474)</u>	<u>104,283</u>
Excess of Revenues Over Expenditures	3,033	(1,576)	1,457
Other Financing Sources:			
Transfers from other funds	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess of Revenues and Other Financing Sources over Expenditures	53,033	<u>\$ (1,576)</u>	<u>\$ 51,457</u>
Fund Balance at Beginning of Year	<u>136,687</u>		
Fund Balance at End of Year	<u>\$ 189,720</u>		



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***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***

Mr. Johnny Wyatt, Marshal
City of Bossier City, Louisiana:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bossier City Marshal (the Marshal), 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 Marshal'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 one 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 Marshal'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 Marshal, 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

BOSSIER CITY MARSHAL,
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 Marshal’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 Marshal 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 Marshal.

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 Marshal should take steps to ensure the budget is adopted with a budget message and budget adoption instrument.

**BOSSIER CITY MARSHAL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2003**

02-1

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 12, 2002. The budget for 2002 was not published as required by state law.

Follow-up: The Marshal's office adopted a budget for the General Fund for the year ended December 31, 2003 on December 11, 2002, however it was not accompanied by a budget message or a budget adoption instrument.

02-2

The Louisiana Local Government Budget Act requires that when actual expenditures exceed budgeted expenditures by more than 5%, a budget amendment is required. Actual expenditures for the Contingency Fund were \$175,511 while final budgeted expenditures were \$73,000. A budget amendment was not adopted.

Follow-up: Actual expenditures did not exceed budgeted by more than 5%.



June 3, 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: When preparing future budgets, the City Marshall 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."


Johnny Wyatt
Bossier City Marshal