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**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, 2005

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 7/26/06

BOSSIER CITY MARSHAL
Bossier City, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2005

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BOSSIER CITY MARSHAL
Bossier City, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2005

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Independent Auditors' Report

**Mr. Johnny Wyatt, Marshal
City of Bossier City**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the 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, 2005, which collectively comprise the Bossier City Marshal's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Bossier City Marshal's management. Our responsibility is to express an opinion 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 the 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bossier City Marshal, as of December 31, 2005, 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 a report dated March 4, 2005, on our consideration of the Bossier City Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.



Cook & Morehart
Certified Public Accountants
March 17, 2006

REQUIRED SUPPLEMENTAL INFORMATION – PART I



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, 2005. Please read it in conjunction with the Marshal's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Marshal experienced an increase in Net Assets by 1.10% (\$3,524) during the fiscal year ended December 31, 2005. Program revenues accounted for \$260,969 or 97.76% of total revenues, and general revenues accounted for \$5,978 or 2.24% of total revenues.

As of December 31, 2005, the assets of the Marshal exceeded liabilities by \$321,927. Of this amount \$162,229 (50.39%) is reported as "Unrestricted Net Assets" and represents the amount available to be used at the Marshal's discretion to meet ongoing obligations to the citizens of Bossier City, Louisiana. \$159,698 or 49.61% of net assets is invested in capital assets.

The Marshal actively participated in providing relief and security for the victims of Hurricane Katrina. The Marshal incurred expenditures totaling \$98,437 directly related to Hurricane Katrina. The City of Bossier City subsequently reimbursed the Marshal \$92,093 for these expenditures through funding provided by the Department of Homeland Security.

During the year ended December 31, 2005, the Marshal purchased two automobiles with the necessary patrol equipment, seven computers for patrol cars, and a metal detector 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.

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.

Because the focus of the governmental funds financial statements 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 three governmental funds: the Contingency Fund, the Probation Fund and the General Fund, each of which is considered a major fund for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

- *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: the 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 Probation fund and the General Fund as presented in the governmental fund financial statements. 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 \$321,927 as of December 31, 2005, compared to \$318,403 at the end of the previous year.

The Marshal continues to maintain high level of liquidity with \$185,884 consisting of highly liquid assets; \$71,882 in cash and cash equivalents and \$114,002 in investments, time deposits with local financial institutions.

\$159,698 (49.61%) of the Marshal's net assets reflects investment in capital assets with a historical cost of \$350,502 and accumulated depreciation of \$190,804.

	Governmental Activities	
	2005	2004
Current assets	\$ 220,423	\$ 219,202
Capital assets, net of accumulated depreciation	159,698	104,800
Total assets	380,121	324,002
Current liabilities	58,194	5,599
Invested in capital assets	159,698	104,800
Unrestricted	162,229	213,603
Total net assets	\$ 321,927	\$ 318,403

Changes in Net Assets

The Marshal's net assets increased by \$3,524 (1.10%) during the year ended December 31, 2005 compared to a decrease in net assets of \$23,979 (7.00%) during the prior year. This increase is primarily due to a \$29,423 (29.49%) increase in traffic fines and a \$72,392 (121.96%) increase in commissions and fees which was offset by a \$60,590 (29.87%) increase in public safety expenses consisting primarily of salaries and related expenses.

	Governmental Activities	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 260,969	\$ 159,154
General revenues:		
Interest	4,554	2,427
Other	1,424	17,273
Total revenues	266,947	178,854
Expenses:		
Public Safety	263,423	202,833
Decrease in net assets	3,524	(23,979)
Net assets, beginning of year	318,403	342,382
Net assets, end of year	\$ 321,927	\$ 318,403

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 \$162,229, a decrease of \$51,374 (24.05%) compared to the prior year. The ending fund balance is unreserved and available for spending in the coming year.

The Contingency Fund is the chief operating fund of the Marshal. Unreserved fund balance as of December 31, 2005, totaled \$64,220 compared to \$100,761 at the end of the prior year. This decrease and the total decrease for the governmental funds are both due primarily to an increase in capital outlay expenditures of \$52,562 in 2005.

CONTINGENCY FUND BUDGETARY HIGHLIGHTS

The Marshal's budget was amended on December 23, 2005 because the amounts actually spent for law enforcement supplies, office expense, other operating expenses and capital outlays were more than originally budgeted.

Actual expenditures were \$34,023 less than the final budget amounts.

Revenues available for expenditure were \$5,181 more than the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Marshal's investment in capital assets for its governmental activities as of December 31, 2005, totaled \$350,502, net of accumulated depreciation of \$190,804, leaving a book value of \$159,698. 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 \$100,154, about 40.00%, during 2005. Depreciation charges for the year totaled \$45,256.

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, 2006 was prepared:

Revenues are expected to remain consistent with the prior year.

Expenses are expected to remain consistent with the prior year.

Capital expenditures are expected to remain consistent with the prior year.

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, 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, 2005

Assets	
Cash and cash equivalents	\$ 71,882
Investments	114,002
Accounts receivable	3,877
Due from Bossier City	18,647
Due from City Court	12,015
Capital assets, net of accumulated depreciation	159,698
Total Assets	<u>380,121</u>
Liabilities	
Accounts payable	58,194
Total Liabilities	<u>58,194</u>
Net Assets	
Invested in capital assets	159,698
Unrestricted	162,229
Total Net Assets	<u>\$ 321,927</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, 2005

Expenses	
Public Safety	\$ 263,423
Program Revenues	
City Court - traffic fines	129,218
Commissions and fees	131,751
Total Program Revenues	<u>260,969</u>
Net Program Revenues	<u>(2,454)</u>
General Revenues	
Interest income	4,554
Miscellaneous	1,424
Total General Revenues	<u>5,978</u>
Change in Net Assets	3,524
Net Assets - December 31, 2004	<u>318,403</u>
Net Assets - December 31, 2005	<u><u>\$ 321,927</u></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, 2005

	Contingency Fund	Probation Fund	General Fund	Total
Assets				
Cash and cash equivalents	\$ 25,064	\$ 44,599	\$ 2,219	\$ 71,882
Investments	62,866	51,136		114,002
Accounts receivable			3,877	3,877
Due from Bossier City	18,647			18,647
Due from City Court	12,015			12,015
Total Assets	\$ 118,592	\$ 95,735	\$ 6,096	\$ 220,423
Liabilities				
Accounts payable	\$ 54,372	\$ 549	\$ 3,273	\$ 58,194
Fund Equity				
Fund balances - unreserved - undesignated	64,220	95,186	2,823	162,229
Total Liabilities and Fund Equity	\$ 118,592	\$ 95,735	\$ 6,096	\$ 220,423

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

December 31, 2005

Fund Balances - Total Governmental Funds \$ 162,229

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	350,502
Deduct - accumulated depreciation	<u>(190,804)</u>

Net Assets of Governmental Activities \$ 321,927

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, 2005

	Contingency Fund	Probation Fund	General Fund	Total
Revenues				
City Court - traffic fines	\$ 129,218	\$	\$	\$ 129,218
Commissions and fees	14,000	68,568	49,183	131,751
Interest income	1,778	2,562	214	4,554
Miscellaneous	1,424			1,424
Total Revenues	\$ 146,420	\$ 71,130	\$ 49,397	\$ 266,947
Expenditures				
Current - Public Safety				
Automobiles	15,811			15,811
Dues and publications	10,259			10,259
Law enforcement supplies	45,601			45,601
Office expense	32,405			32,405
Salaries and related expenses		8,186	46,447	54,633
Training	5,662			5,662
Travel, lodging, and meals	14,205			14,205
Other operating	38,864	600	127	39,591
Capital outlay	100,154			100,154
Total Expenditures	262,961	8,786	46,574	318,321
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(116,541)	62,344	2,823	(51,374)
Other Financing Sources (Uses)				
Transfers in	80,000			80,000
Transfers out		(80,000)		(80,000)
Total Other Financing Sources (Uses)	80,000	(80,000)		
Net Changes in Fund Balances				
	(36,541)	(17,656)	2,823	(51,374)
Fund Balance at Beginning of Year	100,761	112,842		213,603
Fund Balance at End of Year	\$ 64,220	\$ 95,186	\$ 2,823	\$ 162,229

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, 2005

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

Net Change in Fund Balances - Governmental Funds \$ (51,374)

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 (\$100,154) exceeded depreciation expense (\$45,256) in the current period.

54,898

Change in Net Assets of Governmental Activities

\$ 3,524

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, 2005

	Sales and Seizures Fund	Garnishment Fund	Total
Assets			
Cash and cash equivalents	\$ -	\$ 39,308	\$ 39,308
Account Receivable		30	30
Total Assets	<u>\$ -</u>	<u>\$ 39,338</u>	<u>\$ 39,338</u>
Liabilities			
Unsettled deposits	<u>\$ -</u>	<u>\$ 39,338</u>	<u>\$ 39,338</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, 2005

INTRODUCTION

The Bossier City Marshal (the Marshal) is a separate organization within the City of Bossier City's (the City) organizational structure established in accordance with Louisiana Revised Statute 13:1879. 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, 2005

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 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 major 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.

General Fund - The General Fund is used to account for the collection of service fees, garnishment fees, and sales and seizure fees due to the Marshal. These funds are used primarily to supplement salaries 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 accrual basis of accounting. The following are the Marshal's fiduciary funds:

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

Notes to Financial Statements

December 31, 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. **FUND ACCOUNTING - (Continued):**

Fiduciary Funds (Continued)

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.

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, 2005

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. **CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Time deposits with original maturities in excess of 90 days are recorded as investments. Investments are stated at cost, which approximates market value.

The marshal's investments comply with Louisiana Statutes (LSA R.S. 33:2955). 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.

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

Notes to Financial Statements

December 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. 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 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

For fund financial statements, capital assets are recorded as expenditures in the governmental funds at the time purchased.

No depreciation is recorded in the fund financial statements.

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. 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, 2005

2. CASH AND CASH EQUIVALENTS

At December 31, 2005, the Marshal had cash and cash equivalents (book balances) totaling \$111,190 as follows:

	Book Balance	Bank Balance
<u>Governmental Funds:</u>		
Contingency Fund - operating	\$ 25,059	\$ 28,025
Contingency Fund - savings	5	5
Probation Fund - operating	44,599	44,629
General Fund - operating	2,219	2,219
Total Governmental Funds	71,882	74,878
<u>Fiduciary (Agency) Funds:</u>		
Garnishment Fund - operating	39,303	44,780
Garnishment Fund - savings	5	5
Total Fiduciary (Agency) Funds	39,308	44,785
Total - All Funds	\$ 111,190	\$ 119,663

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.

At December 31, 2005, the Marshal had \$233,665 in cash and cash equivalents and time deposits classified as investments (collected bank balances). These deposits are secured from custodial credit risk by \$233,665 of federal deposit insurance and by the National Credit Union Administration.

3. INVESTMENTS

At December 31, 2005, the Marshal held certificates of deposit totaling \$62,866 in the Contingency Fund and \$51,136 in the Probation 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. Investments are limited by Louisiana Revised Statute 33:2955.

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

Notes to Financial Statements

December 31, 2005

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2005:

Service fees	\$ 1,430
Garnishment fees	<u>2,447</u>
	<u><u>\$ 3,877</u></u>

The Marshal has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

5. DUE FROM BOSSIER CITY

During the year ended December 31, 2005, the Marshal actively provided services to the victims of Hurricane Katrina. The Marshal incurred expenditures directly related to Hurricane Katrina totaling \$98,437. These expenditures were substantially reimbursed by the City through funding provided by the Department of Homeland Security. The amount of \$18,647 reported as "Due from Bossier City" in the Contingency Fund represents a reimbursement for these expenditures made by the City in January, 2006.

6. DUE FROM CITY COURT

The Contingency Fund "Due from City Court" in the amount of \$12,015 at December 31, 2005, reports fines collected in December 2005 by the City Court not remitted to the Marshal until January 2006.

7. CAPITAL ASSETS

Changes in capital assets and depreciation for the year ended December 31, 2005, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 250,348	\$ 100,154	\$ -	\$ 350,502
Less accumulated depreciation:				
Furniture and equipment	<u>(145,548)</u>	<u>(45,256)</u>	<u>-</u>	<u>(190,804)</u>
Net capital assets	<u><u>\$ 104,800</u></u>	<u><u>\$ 54,898</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 159,698</u></u>

Depreciation expense for the year ended December 31, 2005 was \$45,256 and was recorded in the public safety function

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

Notes to Financial Statements

December 31, 2005

8. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	<u>Sales and Seizures Fund</u>	<u>Garnishment Fund</u>	<u>Total</u>
Balance at Beginning of Year	\$ 5,395	\$ 35,786	\$ 41,181
Additions	3,050	575,253	578,303
Reductions	<u>(8,445)</u>	<u>(571,701)</u>	<u>(580,146)</u>
Balance at End of Year	<u>\$ —</u>	<u>\$ 39,338</u>	<u>\$ 39,338</u>

9. 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 9.50% for periods through June 30, 2005, and the current rate effective July 1, 2005, is 9.75% 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

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

Notes to Financial Statements

December 31, 2005

**9. MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM) –
(Continued)**

B. Funding Policy

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, 2005, 2004 and 2003 were \$8,186, \$7,540 and \$5,526 respectively, which is equal to the required contribution.

10. EXPENDITURES OF THE MARSHAL PAID BY THE CITY

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

REQUIRED SUPPLEMENTAL INFORMATION – PART II

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, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
City Court - traffic fines	\$ 95,000	\$ 127,500	\$ 132,403	\$ 4,903
Commissions and fees	15,000	14,000	14,000	
Interest income	150	1,500	1,778	278
Miscellaneous		1,424	1,424	
Total Revenues	<u>110,150</u>	<u>144,424</u>	<u>149,605</u>	<u>5,181</u>
Expenditures				
Current - Public Safety				
Automobiles	9,775	14,926	15,977	(1,051)
Dues and publications	6,000	10,000	10,248	(248)
Law enforcement supplies	10,000	28,000	39,038	(11,038)
Office expense	12,700	31,200	33,655	(2,455)
Training	5,900	6,200	5,662	538
Travel, lodging, and meals	9,000	16,000	14,205	1,795
Other operating	12,500	48,000	46,711	1,289
Capital outlay	<u>40,000</u>	<u>110,500</u>	<u>65,307</u>	<u>45,193</u>
Total Expenditures	<u>105,875</u>	<u>264,826</u>	<u>230,803</u>	<u>34,023</u>
Excess of Revenues Over Expenditures	4,275	(120,402)	(81,198)	39,204
Other Financing Sources:				
Transfer in		80,000	80,000	
Net Change in Fund Balance	4,275	(40,402)	(1,198)	<u>\$ 39,204</u>
Fund Balance at Beginning of Year	100,761	100,761	100,761	
Fund Balance at End of Year	<u>\$ 105,036</u>	<u>\$ 60,359</u>	<u>\$ 99,563</u>	

See accompanying independent auditors' report.

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) - Probation Fund

For the Year Ended December 31, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Commissions and fees	\$ 55,826	\$ 68,500	\$ 68,568	\$ 68
Interest income	1,101	2,000	2,562	562
Total Revenues	<u>56,927</u>	<u>70,500</u>	<u>71,130</u>	<u>630</u>
Expenditures				
Current - Public Safety				
Salaries and related expenses	6,533	10,500	9,671	829
Other operating	2,013	750	600	150
Total Expenditures	<u>8,546</u>	<u>11,250</u>	<u>10,271</u>	<u>979</u>
Excess of Revenues Over Expenditures	48,381	59,250	60,859	1,609
Other Financing Sources (Uses):				
Transfers to other funds		(80,000)	(80,000)	
Net Change in Fund Balance	48,381	(20,750)	(19,141)	<u>\$ 1,609</u>
Fund Balance at Beginning of Year	112,842	112,842	112,842	
Fund Balance at End of Year	<u>\$ 161,223</u>	<u>\$ 92,092</u>	<u>\$ 93,701</u>	

See accompanying independent auditors' report.

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) - General Fund

For the Year Ended December 31, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Favorable</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues				
Commissions and fees	\$ 39,050	\$ 45,200	\$ 46,865	\$ 1,665
Interest income	175	200	214	14
Total Revenues	<u>39,225</u>	<u>45,400</u>	<u>47,079</u>	<u>1,679</u>
Expenditures				
Current - Public Safety				
Salaries and related expenses	39,000	44,750	45,884	(1,134)
Other operating	120	110	127	(17)
Total Expenditures	<u>39,120</u>	<u>44,860</u>	<u>46,011</u>	<u>(1,151)</u>
Excess of Revenues Over Expenditures	105	540	1,068	528
Net Change in Fund Balance	105	540	1,068	<u>\$ 528</u>
Fund Balance at Beginning of Year				
Fund Balance at End of Year	<u>\$ 105</u>	<u>\$ 540</u>	<u>\$ 1,068</u>	

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, 2005

The Marshal adopts an annual budget for the Contingency Fund, the Probation Fund, and the General 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, 2005, fiscal year was made available for public inspection at the Marshal's office on December 6, 2004. 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, the Probation fund and the General Fund on December 23, 2005.

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, 2005, is presented below:

	Contingency Fund	Probation Fund	General Fund
Budgetary Basis Fund Balance, December 31, 2004	\$ 100,761	\$ 112,842	\$ -
Excess (deficiency) of total revenues over total expenses (Budgetary Basis)	(1,198)	(19,141)	1,068
Budgetary Basis Fund Balance, December 31, 2005	<u>99,563</u>	<u>93,701</u>	<u>1,068</u>
Basis Differences:			
Net accrued revenues and related receivables	(3,185)	-	2,318
Net accrued expenditures and related liabilities	(32,158)	1,485	(563)
GAAP Basis Fund Balance, December 31, 2005	<u>\$ 64,220</u>	<u>\$ 95,186</u>	<u>\$ 2,823</u>

See the following Budgetary/GAAP Reporting Reconciliations:

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

Notes to Budgetary Comparison Schedule
Contingency Fund

December 31, 2005

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues			
City Court - traffic fines	\$ 129,218	\$ 3,185	\$ 132,403
Commissions and fees	14,000		14,000
Interest income	1,778		1,778
Miscellaneous	1,424		1,424
Total Revenues	<u>146,420</u>	<u>3,185</u>	<u>149,605</u>
Expenditures			
Current - Public Safety			
Automobiles	15,811	166	15,977
Dues and publications	10,259	(11)	10,248
Law enforcement supplies	45,601	(6,563)	39,038
Office expense	32,405	1,250	33,655
Training	5,662		5,662
Travel, lodging, and meals	14,205		14,205
Other operating	38,864	7,847	46,711
Capital outlay	<u>100,154</u>	<u>(34,847)</u>	<u>65,307</u>
Total Expenditures	<u>262,961</u>	<u>(32,158)</u>	<u>230,803</u>
Excess of Revenues Over Expenditures	(116,541)	35,343	(81,198)
Other Financing Sources:			
Transfer in	<u>80,000</u>		<u>80,000</u>
Net Change in Fund Balance	(36,541)	<u>35,343</u>	<u>\$ (1,198)</u>
Fund Balance at Beginning of Year	<u>100,761</u>		
Fund Balance at End of Year	<u>\$ 64,220</u>		

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

Notes to Budgetary Comparison Schedule
Probation Fund

December 31, 2005

	<u>Actual on GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>
Revenues			
Commissions and fees	\$ 68,568	\$	\$ 68,568
Interest income	2,562		2,562
Total Revenues	<u>71,130</u>		<u>71,130</u>
Expenditures			
Current - Public Safety			
Salaries and related expenses	8,186	1,485	9,671
Other operating	600		600
Total Expenditures	<u>8,786</u>	<u>1,485</u>	<u>10,271</u>
Excess of Revenues Over Expenditures	62,344	(1,485)	60,859
Other Financing Sources (Uses):			
Transfers to other funds	<u>(80,000)</u>		<u>(80,000)</u>
Net Change in Fund Balance	(17,656)	<u>(1,485)</u>	<u>\$ (19,141)</u>
Fund Balance at Beginning of Year	<u>112,842</u>		
Fund Balance at End of Year	<u>\$ 95,186</u>		

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

Notes to Budgetary Comparison Schedule
General Fund

December 31, 2005

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues			
Commissions and fees	\$ 49,183	\$ (2,318)	\$ 46,865
Interest income	214		214
Total Revenues	49,397	(2,318)	47,079
Expenditures			
Current - Public Safety			
Salaries and related expenses	46,447	(563)	45,884
Other operating	127		127
Total Expenditures	46,574	(563)	46,011
Net Change in Fund Balance	2,823	\$ (1,755)	\$ 1,068
Fund Balance at Beginning of Year			
Fund Balance at End of Year	\$ 2,823		

COOK & MOREHART

Certified Public Accountants

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

**Bossier City Marshal
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 as of and for the year ended December 31, 2005, which collectively comprise the Bossier City Marshal's basic financial statements, and have issued our report thereon dated March 17, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bossier City Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bossier City Marshal's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and has a long, sweeping horizontal line extending to the right from the end of the name.

Cook & Morehart
Certified Public Accountants
March 17, 2006

Bossier City Marshal
Bossier City, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2005

Summary Schedule of Prior Audit Findings

There were three findings for the prior year audit for the year ended December 31, 2004. The current status of the findings are as follows:

2004-01 : Louisiana Local Government Budget Act

A budget was not prepared or adopted on the Probation fund.

Current Status: The Marshall adopted a budget on the Probation fund for the year ended December 31, 2005 in accordance with the Louisiana Local Government Budget Act.

2004-02 : Control Over Cash Receipts – Probation Fees

One employee in the Marshal's office receives most payments for probation fees, prepares the daily log sheet, prepares the deposit slip and inputs activity into the software system with little or no review by other personnel. A significant amount of these payments received are cash.

Current Status: Controls were implemented during 2005. No finding in current year audit.

2004-3 : Probation Fees Deposits

Receipts for probation fees were not made timely.

Current Status: Improvement noted during audit. No finding in current year audit.

(Continued)

Bossier City Marshal
Bossier City, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2005
(Continued)

Current Year Audit Findings

There were no current year findings or management letter for the year ended December 31, 2005.