

MARSHAL OF CITY COURT
OF DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

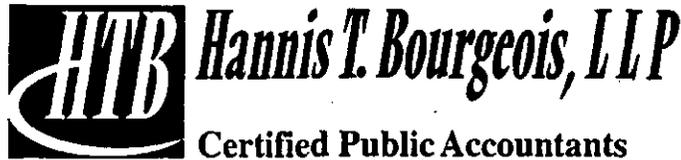
YEAR ENDED JUNE 30, 2005

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 1-11-2006

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September 9, 2005

Independent Auditor's Report

Mr. Steve Achord
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two, a component unit of the City of Denham Springs, as of and for the year ended June 30, 2005, which collectively comprise the Marshal's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Marshal. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two as of June 30, 2005, and the budgetary comparison for the General Fund, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated September 9, 2005, on our consideration of the 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 our audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages three through six is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Stanley T. Bourgeois, CPA



**MARSHAL
STEVE ACHORD**

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**WARD TWO MARSHAL
CITY COURT OF DENHAM SPRINGS
LIVINGSTON PARISH, LOUISIANA**

**DEPUTIES
CARL R. MARTIN
PATRICIA KENNEDY
COLLETTE MITCHELL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Marshal of City Court of Denham Springs-Ward Two's (Marshal) financial performance provides an overview of the Marshal's financial activities for the year ended June 30, 2005. Please read it in conjunction with the Marshal's financial statements, which begin on, page 7.

FINANCIAL HIGHLIGHTS

The Marshal's net assets decreased by \$ 35,248, or approximately 18.2%.

The Marshal's total program revenues were \$428,728 compared to \$375,764 last year. An increase of \$52,964 or 14.1%.

Total expenses for the Marshal's Office during the year ending June 30, 2005 was \$466,218 compared to \$354,246 last year. An increase of \$111,972 or 31.6%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (pages 7 and 8) provide information about the Marshal's activities as a whole. The Balance Sheet for Governmental Funds (page 9) details the assets and liabilities of the governmental funds while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets (page 10) shows why the amounts reported for governmental activities in the Statement of Net Assets are different. Pages 11 and 12 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 13) reconciles net changes in fund balances to change in net assets of the Governmental Activities. Pages 14 and 15 reflect the differences in the adopted and actual budgets. The major differences in revenues were caused by the increase in court cost revenues, while the difference in expenditures were caused by the increase in personnel to assist in the increased operations of the office. Notes to Financial Statements

as a form of explanation follow on pages 16 through 23. The Marshal is an independent elected official. However, since the Marshal's office is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as reimbursements of a portion of its salaries, the Marshal is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information in the funds maintained by the Marshal.

REPORTING THE FUNDS MAINTAINED BY THE MARSHAL OF CITY COURT OF DENHAM SPRINGS-WARD TWO AS A WHOLE:

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the Marshal as a whole begins on page 7. The Statement of Net Assets and Statement of Activities report information about the funds maintained by the Marshal as a whole and about its activities in a way which helps answer one of the most important questions asked about the Marshal's finances, "Is the Marshal, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the Marshal's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the Marshal's financial position or financial health and over time, increases or decreases in the net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the Marshal as governmental activities in the Statement of Net assets and Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid and benefits, office expenses, contract services, memberships and educational conferences. Court cost and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council finance most of the activities of the Marshal.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The Marshal's total net assets change from a year ago, decreased from \$193,108 to \$157,860.

By far the largest portion of the Marshal's net assets (69%) is in cash and investments. Because of this the Marshal is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

**TABLE I
TOTAL NET ASSETS**

	<u>2005</u>	<u>2004</u>
Current Assets	\$114,572	\$153,753
Capital Assets	<u>62,471</u>	<u>55,914</u>
Total	177,043	209,667
Current Liabilities	19,183	16,559
Net Assets:		
Investments in Capital Assets	62,471	55,914
Unrestricted	<u>95,389</u>	<u>137,194</u>
Total Net Assets	<u>\$157,860</u>	<u>\$193,108</u>

Net assets of the funds maintained by the Marshal's governmental activities decreased by \$35,248 or approximately 18.3% below the prior year. Unrestricted net assets, the part of net assets that can be used to finance the Marshal's expenses without constraints or other legal requirements decreased by \$41,805 from \$137,194 at June 30, 2004 to \$95,389 at June 30, 2005.

**TABLE 2
CHANGE IN NET ASSETS
Governmental Activities**

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Court Cost and Fees and Operating Grants and Contributions	\$428,728	\$375,767	\$ 52,961
Interest Income and Miscellaneous	<u>2,242</u>	<u>2,022</u>	<u>220</u>
Total Revenues	430,970	377,789	53,181
Expenses:			
General Governmental Judicial Expense	<u>466,218</u>	<u>354,246</u>	<u>111,972</u>
Increase (Decrease) in Net Assets	<u>\$ (35,248)</u>	<u>\$ 23,543</u>	<u>\$ (58,791)</u>

During the fiscal year ended June 30, 2005, Court Cost and Fees received increased by \$49,030 or approximately 18.75% due to an increase in the number of tickets issued and processed in the current fiscal year, while Operating Grants and Contributions increased by \$3,931 or approximately 2.50%.

Expenses, excluding depreciation expense of \$18,696, increased by \$107,335 or approximately 31.6%. Salaries and benefits increased by \$88,027 due to the addition of a full-time employee and overtime paid to work a back log of outstanding warrants. Membership and Educational conferences increased by \$6,709 due to increased training of personnel. All other expenses remained fairly consistent with the prior year.

CAPITAL ASSETS

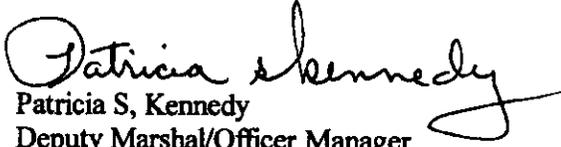
The major additions to the capital assets this year was the purchase of an additional vehicle and radios (\$18,822) for the Marshal's office and the addition of a computer, workstation and laser printer (\$6,431).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Marshal's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2006. As minimal changes are expected in the next fiscal year, anticipated revenues will be approximately \$425,000, while anticipated expenditures will be approximately \$419,500. Therefore, the total governmental fund balance is expected to increase by approximately \$5,500.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the Marshal of City Court of Denham Springs-Ward Two and to show the accountability for the money it receives. If you have any questions or need additional financial information, contact the Marshal's of office at 398 Mayor Herbert Hoover Ave., Denham Springs, Louisiana 70726.


Patricia S. Kennedy
Deputy Marshal/Officer Manager
City / Ward Two Marshal's Office

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET ASSETS

JUNE 30, 2005

(With Comparative Totals as of June 30, 2004)

	ASSETS	
	Governmental Activities	
	2005	2004
Cash and Cash Equivalents	\$ 47,743	\$ 75,060
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	61,685	60,979
Accrued Interest Receivable	396	145
Other Receivable	1,224	4,038
Due from Other Governments	3,524	13,531
Capital Assets (Net of Accumulated Depreciation)	62,471	55,914
Total Assets	<u>\$ 177,043</u>	<u>\$ 209,667</u>
	LIABILITIES	
Accounts Payable	\$ 11,925	\$ 6,889
Due to Primary Government	3,164	4,437
Payroll Taxes Payable	4,094	5,233
Total Liabilities	19,183	16,559
	NET ASSETS	
Investment in Capital Assets Unrestricted	62,471 95,389	55,914 137,194
Total Net Assets	<u>157,860</u>	<u>193,108</u>
Total Liabilities and Net Assets	<u>\$ 177,043</u>	<u>\$ 209,667</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005
(With Comparative Totals for the Year Ended June 30, 2004)

<u>Governmental Activities:</u>	<u>Total Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Expenses:		
Judicial:		
Salaries, Fees Paid and Benefits	\$ 374,872	\$ 286,845
Office Expenses	33,288	28,551
Contract Services	26,075	18,213
Memberships and Educational Conferences	13,287	6,578
Depreciation	<u>18,696</u>	<u>14,059</u>
Total Expenses	466,218	354,246
 Program Revenues:		
Court Costs and Fees	261,810	212,780
Operating Grants and Contributions	<u>166,918</u>	<u>162,987</u>
Net Program Revenues (Expenses)	(37,490)	21,521
 General Revenues:		
Interest Income	1,502	1,242
Miscellaneous	<u>740</u>	<u>780</u>
Total General Revenues	<u>2,242</u>	<u>2,022</u>
Change in Net Assets	(35,248)	23,543
 Net Assets - Beginning of Year	<u>193,108</u>	<u>169,565</u>
 Net Assets - End of Year	<u><u>\$ 157,860</u></u>	<u><u>\$ 193,108</u></u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2005

(With Comparative Totals as of June 30, 2005)

	<u>2005</u>	<u>2004</u>
ASSETS		
Assets:		
Cash and Cash Equivalents	\$ 47,743	\$ 75,060
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	61,685	60,979
Accrued Interest Receivable	396	145
Other Receivable	1,224	4,038
Due from Other Governments	3,524	13,531
Total Assets	<u>\$ 114,572</u>	<u>\$ 153,753</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 11,925	\$ 6,889
Due to Primary Government	3,164	4,437
Payroll Taxes Payable	4,094	5,233
Total Liabilities	19,183	16,559
Fund Balance:		
Unreserved	95,389	137,194
Total Fund Balance	95,389	137,194
Total Liabilities and Fund Balance	<u>\$ 114,572</u>	<u>\$ 153,753</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2005

(With Comparative Totals as of June 30, 2005)

	<u>2005</u>	<u>2004</u>
Fund Balances - Total Governmental Fund	\$ 95,389	\$ 137,194
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		
Governmental Capital Assets	169,369	145,634
Less: Accumulated Depreciation	<u>(106,898)</u>	<u>(89,720)</u>
	<u>62,471</u>	<u>55,914</u>
Net Assets of Governmental Activities	<u>\$ 157,860</u>	<u>\$ 193,108</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**

FOR THE YEAR ENDED JUNE 30, 2005
(With Comparative Totals For The Year Ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
Revenues:		
Charges for Services:		
Court Costs and Fees	\$ 257,434	\$ 207,669
Bond Preparation Fee	2,716	3,040
Bond Surrenders Fee and Bond Forfeiture	<u>1,660</u>	<u>2,071</u>
	261,810	212,780
Intergovernmental Revenues -		
on Behalf Payments	71,021	71,788
Primary Government - City of Denham Springs	55,149	50,338
Livingston Parish Council	39,883	40,032
Grant Revenue	865	829
Interest Income	1,502	1,242
Miscellaneous	<u>740</u>	<u>780</u>
	430,970	377,789
Expenditures:		
Judicial:		
Salaries, Fees Paid and Benefits:		
Salaries	338,098	262,248
Payroll Tax Expense	20,747	14,890
Retirement Expense	<u>16,027</u>	<u>9,707</u>
	374,872	286,845
Office Expenses:		
Office Supplies and Printed Forms	7,142	5,177
Telephone	9,954	8,634
Postage	1,221	847
Miscellaneous	3,839	3,689
Insurance	8,015	8,631
Uniforms	<u>3,117</u>	<u>1,573</u>
	33,288	28,551

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2005
(With Comparative Totals For The Year Ended June 30, 2004)

Expenditures (Continued):	<u>2005</u>	<u>2004</u>
Judicial (Continued):		
Contract Services:		
Professional Fees	3,431	2,250
Service Contract	1,213	926
Equipment Rental	3,898	2,961
Maintenance	674	1,342
Vehicle Expense	<u>16,859</u>	<u>10,734</u>
	26,075	18,213
Memberships and Educational Conferences:		
Membership Dues and Subscriptions	600	400
Training	<u>12,687</u>	<u>6,178</u>
	13,287	6,578
Capital Outlay	<u>25,253</u>	<u>20,490</u>
Total Expenditures	<u>472,775</u>	<u>360,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,805)	17,112
Fund Balance - Beginning of Year	<u>137,194</u>	<u>120,082</u>
Fund Balance - End of Year	<u>\$ 95,389</u>	<u>\$ 137,194</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2005
(With Comparative Totals for the Year Ended June 30, 2004)**

	<u>2005</u>	<u>2004</u>
Net Change in Fund Balance - Total Governmental Fund	\$ (41,805)	\$ 17,112
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period.</p>		
	<u>6,557</u>	<u>6,431</u>
Change in Net Assets of Governmental Activities	<u>\$ (35,248)</u>	<u>\$ 23,543</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Charges for Services:				
Court Costs and Fees	\$ 210,857	\$ 273,401	\$ 257,434	\$ (15,967)
Bond Preparation Fee	3,000	4,200	2,716	(1,484)
Bond Surrender Fee and Bond Forfeiture	<u>6,000</u>	<u>2,375</u>	<u>1,660</u>	<u>(715)</u>
	219,857	279,976	261,810	(18,166)
Intergovernmental Revenues -				
on Behalf Payments	95,120	101,596	71,021	(30,575)
Primary Government - City of				
Denham Springs	-	-	55,149	55,149
Livingston Parish Council	64,000	75,581	39,883	(35,698)
Grant Revenue	900	865	865	-
Interest Income	750	632	1,502	870
Miscellaneous	<u>650</u>	<u>950</u>	<u>740</u>	<u>(210)</u>
Total Revenues	381,277	459,600	430,970	(28,630)
Expenditures:				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	260,000	338,508	338,098	410
Payroll Tax Expense	16,000	20,746	20,747	(1)
Retirement Expense	<u>10,000</u>	<u>6,892</u>	<u>16,027</u>	<u>(9,135)</u>
	286,000	366,146	374,872	(8,726)
Office Expenses:				
Office Supplies and Printed Forms	6,500	5,352	7,142	(1,790)
Telephone	10,000	9,356	9,954	(598)
Postage	1,500	1,221	1,221	-
Miscellaneous	2,550	800	3,839	(3,039)
Insurance	15,450	10,057	8,015	2,042
Uniforms	<u>2,000</u>	<u>2,919</u>	<u>3,117</u>	<u>(198)</u>
	38,000	29,705	33,288	(3,583)

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (Continued):				
Judicial (Continued):				
Contract Services:				
Professional Fees	3,000	3,431	3,431	-
Service Contract	1,500	1,220	1,213	7
Equipment Rental	3,500	3,800	3,898	(98)
Maintenance	1,200	3,093	674	2,419
Vehicle Expense	<u>10,500</u>	<u>17,090</u>	<u>16,859</u>	<u>231</u>
	19,700	28,634	26,075	2,559
Memberships and Educational Conferences:				
Membership Dues and Subscriptions	600	600	600	-
Training	<u>6,500</u>	<u>8,872</u>	<u>12,687</u>	<u>(3,815)</u>
	7,100	9,472	13,287	(3,815)
Capital Outlay	<u>21,000</u>	<u>25,600</u>	<u>25,253</u>	<u>347</u>
Total Expenditures	<u>371,800</u>	<u>459,557</u>	<u>472,775</u>	<u>(13,218)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,477	43	(41,805)	(41,848)
Fund Balance - Beginning of Year	<u>137,194</u>	<u>137,194</u>	<u>137,194</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 146,671</u>	<u>\$ 137,237</u>	<u>\$ 95,389</u>	<u>\$ (41,848)</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Note 1 - Summary of Significant Accounting Policies -

The General Fund of the Marshal of City Court of Denham Springs - Ward Two (the "Marshal") was created to account for revenues received from the Criminal Docket of City Court of Denham Springs - Ward Two.

The accounting and reporting policies of the Marshal of City Court of Denham Springs - Ward Two conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

For reporting purposes the City of Denham Springs, Louisiana, serves as the financial reporting entity for both the municipality (City of Denham Springs) and for the Ward Two Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Board of Aldermen of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.
4. Imposition of will by the City on the potential component unit.
5. Financial benefit/burden relationship between the City and the potential component unit.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

Based on the previous criteria, City Management has included the Marshal of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshal is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the Marshal of City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs government-wide financial statements for the year ended June 30, 2005.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Marshal's basic financial statements include both government-wide (reporting the Marshal as a whole) and fund financial statements (reporting the Marshal's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the Marshal categorized as a business type activity.

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Marshal's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc).

The Marshal does not allocate indirect costs.

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

Basic Financial Statements - Fund Financial Statements

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

The Marshal uses the following fund types:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Marshal:

- 1) The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2005, it is the only fund of the Marshal.

C. Basis of Accounting and Measurement Focus

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

1. Accrual -

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

2. Modified Accrual -

The governmental funds financial statements are presented on 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 that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. 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. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Vehicles	5 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Office improvements	20 years

E. Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal, prepared on the modified accrual basis of accounting by the Marshal, was adopted by the Marshal on June 14, 2004, for the fiscal year ended June 30, 2005. All appropriations lapse at year-end. The original budget adopted June 14, 2004, was amended on June 14, 2005 for the fiscal year ended June 30, 2005.

F. Accumulated Unpaid Vacation and Sick Pay

The Employees of the Marshal of City Court of Denham Springs - Ward Two are not allowed to accumulate vacation or sick time.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

G. 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 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, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2005, the Marshal had no outstanding debt.

Note 2 - Deposits and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of 90 days or less. Investments include certificates of deposit with maturities over 90 days. Under state law the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Marshal may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2005, the carrying amount of the Marshal's Cash and Cash Equivalents totaled \$109,428, and the confirmed bank balances were \$126,285. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at June 30, 2005, with the related federal deposit insurance and pledged securities. The cash and cash equivalents at June 30, 2005, were secured as follows:

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

Deposits in Bank Accounts

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 47,743	\$ 61,685	\$ 109,428
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	-	-	-
Total Category 3 Bank Balances	\$ -	\$ -	\$ -
Total Bank Balances (Regardless of Category)	\$ 64,600	\$ 61,685	\$ 126,285

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. As of June 30, 2005, none of the Marshal's bank balance of \$126,285 was exposed to custodial credit risk because it was completely insured by FDIC.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

Note 3 - Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2005 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Office Equipment	\$ 23,838	\$ 3,431	\$ 1,518	\$ 25,751
Furniture and Fixtures	9,377	-	-	9,377
Machinery and Equipment	36,084	5,899	-	41,983
Vehicles	71,924	15,923	-	87,847
Leasehold Improvements	<u>4,411</u>	<u>-</u>	<u>-</u>	<u>4,411</u>
Totals	145,634	25,253	1,518	169,369
Less Accumulated Depreciation for:				
Office Equipment	21,029	2,273	1,518	21,784
Furniture and Fixtures	9,009	105	-	9,114
Machinery and Equipment	16,023	4,034	-	20,057
Vehicles	42,500	12,063	-	54,563
Leasehold Improvements	<u>1,159</u>	<u>221</u>	<u>-</u>	<u>1,380</u>
Total Accumulated Depreciation	<u>89,720</u>	<u>18,696</u>	<u>1,518</u>	<u>106,898</u>
Capital Assets, Net	<u>\$ 55,914</u>	<u>\$ 6,557</u>	<u>\$ -</u>	<u>\$ 62,471</u>

Depreciation expense was charged to governmental activities as follows:

Judicial	<u>\$ 18,696</u>
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MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

Note 4 - Retirement Commitments -

Employees of the Marshal of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshal's office as a percentage of salaries. Beginning January 1, 2005, the contribution rate for the employer was 5.75% of covered earnings and the rate for the employee was 3.00% of covered earnings. For the fiscal year ended June 30, 2005, the Marshal contributed \$16,027. Data concerning the actuarial status of the system at June 30, 2005, is not currently available.

All employees of the Marshal's office, with the exception of the Marshal, are also covered by the Social Security System. The Marshal's office contributed \$20,747 to the System in fiscal year 2005, as its share of employer contributions.

Note 5 - On-Behalf Payments for Salaries and Benefits -

The Marshal follows Government Accounting Standards Board Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Marshal to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana, the City Court of Denham Springs - Ward Two, and the Livingston Parish Council. These payments were made directly to the Marshal and his employees.

The Marshal is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by each of the entities to the Marshal and the employees.

For the fiscal year ended June 30, 2005, State supplemental payments to the Marshal and employees amounted to \$21,600 while payments from the City Court and the Livingston Parish Council amounted to \$30,112 and \$19,309, respectively.

**INDEPENDENT AUDITOR'S 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**



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September 9, 2005

Mr. Steve Achord
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities and the major fund of the Marshal of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2005, and have issued our report thereon dated September 9, 2005. 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 Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marshal's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is as follows:

Current Year Finding:

Finding 2005-01:

Because of a limited number of available personnel in the Marshal's office, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. This was also a finding in the prior year.

Marshal of City Court of
Denham Springs - Ward Two

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. However, there should be controls in place to compensate for these lack of segregation of duties.

Action Plan:

None considered necessary.

Prior Year Finding:

Finding 2003-03:

During our 2003 and 2004 audits, it was noted that management had not adopted written policies and procedures in connection with payroll, vacation and sick leave. This is a repeat finding again in our current year audit.

Recommendation:

We recommended management adopt written policies and procedures in connection with payroll, vacation and sick leave and each employee should receive a copy of these policies and procedures.

Additional Recommendation:

We again recommend that management adopt written policies and procedures in connection with payroll, vacation and sick leave and each employee should receive a copy of these policies and procedures.

Management's Response:

Management concurs.

Marshal of City Court of
Denham Springs - Ward Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above, is not considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 for the information of management and the Louisiana Legislative Auditor. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, and its distribution is not limited.

Respectfully submitted,

Hannu J. Bourgeois, CPA