

CITY COURT OF
DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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 NOV 06 2013

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2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
3445 North Causeway Boulevard, Suite 536 • Metairie, LA 70002
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

Judge Charles W. Borde, Jr.
City Court of Denham Springs - Ward Two
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund and each fiduciary fund, of the City Court of Denham Springs - Ward Two "the Court" (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Major Fund (General Fund) and each fiduciary fund of the City Court of Denham Springs - Ward Two as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City Court of Denham Springs - Ward Two's June 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013, on our consideration of the Court's internal control over financial reporting and on 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* in considering the City Court of Denham Springs - Ward Two's internal control over financial reporting and compliance.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Denham Springs, Louisiana
August 16, 2013



CHARLES W. BORDE, JR.
JUDGE

PEGGY G. HOOVER
CLERK OF COURT

City Court of Denham Springs

Ward Two - Parish of Livingston

State of Louisiana

400 MAYOR HERBERT HOOVER AVE.
DENHAM SPRINGS, LA 70728

PHONE (225) 665-5605
FAX (225) 664-2648

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The City Court of Denham Springs – Ward Two's financial performance provides an overview of the City Court's financial activities for the year, which ended June 30, 2013. Please read it in conjunction with the Court's financial statements, which begin on, page 9.

FINANCIAL HIGHLIGHTS

Assets of the City Court exceeded its liabilities at the close of the most recent fiscal year by \$478,778. An increase in net position of \$11,179 or 2%. Of this amount \$358,710 (Unrestricted Net Position) may be used to meet the Court's ongoing obligations.

The City Court's total program revenues were \$566,755 compared to \$525,010 in the prior year, an increase of \$41,745 or 8%.

Total expenses for the City Court during the year ending June 30, 2013 were \$568,780 compared to \$576,827 in the prior year, a decrease of \$8,047 or 2%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 9 and 10) provide information about the City Court's activities as a whole. The Balance Sheet for Governmental Funds (page 11) details the assets and liabilities of the governmental funds, while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position (page 12) shows why the amounts reported for governmental activities in the Statement of Net Position are different. Pages 13 and 14 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 15) reconciles net changes in fund balances to changes in net position of the Governmental Activities. Pages 16 and 17 reflect the differences in the final budget and actual amounts. Income increased in court fees due to an increase in court costs and probation fees. Interest income once again decreased due to lower interest rates. Civil fees remain constant due to the growth in our area and the efficiency we provide in serving the public in the area of civil filings. Then on pages 18, 19 and 20, basic fiduciary funds financial statements can be found, in which the City Court acts only as an agent or trustee for the benefit of agencies outside of the Court. Notes to Financial Statements as a form of explanation follow on pages 21 through 30. The City Court Judge is an independent elected official. However, since the City Court

is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as a portion of its salaries and related employee benefit costs, the City Court is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the City Court.

REPORTING THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the City Court as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way which helps answer one of the most important questions asked about the City Court's finances, "Is the City Court, 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 City Court's net position and the changes in them. This net position, the difference between the assets and the liabilities, is one way to measure the City Court's financial position or financial health and over time, increases or decreases in the net position are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the City Court as governmental activities in the Statement of Net Position and the 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 and grants. Fines 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 Court.

REPORTING THE MOST SIGNIFICANT FUNDS MAINTAINED BY THE CITY COURT

The analysis of the major fund maintained by the City Court begins on page 13 and provides detailed information about the revenues and expenditures of this most significant fund.

All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end which are available for spending. These funds are reported using the modified accrual method, which measures cash and all other assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City Court general operations and the expenses paid from these funds. The information in the governmental funds help determine if there are more or less financial resources to finance future City Court expenses.

THE CITY COURT AS A TRUSTEE

The City Court is a trustee for agency funds for its civil division, collection of restitution funds and criminal division. Since these funds are simply held for other parties and cannot be used for any of the Court activities, they are not included in the government-wide statement but are separately reported in the statement of the fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. The City Court's total net position changed from a year ago, increasing from \$467,599 to \$478,778. The comparative analysis is presented below.

By far the largest portion of the Court's net position (95 percent) is in cash and cash equivalents. Because of this, the Court 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 Position

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 465,848	\$ 448,327
Capital Assets	<u>22,078</u>	<u>29,227</u>
Total Assets	487,926	477,554
Current Liabilities	9,148	9,955
Net Position:		
Investments in Capital Assets	22,078	29,227
Restricted Civil Funds	97,990	93,410
Unrestricted	<u>358,710</u>	<u>344,962</u>
Total Net Position	<u>\$ 478,778</u>	<u>\$ 467,599</u>

Net position of the funds maintained by the City Court's governmental activities increased by \$11,179 over the prior year. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements increased by \$13,748 from \$344,962 at June 30, 2012 to \$358,710 at June 30, 2013.

TABLE 2
Change in Net Position
Governmental Activities

	<u>2013</u>	<u>2012</u>
Revenues:		
Program Revenues		
Fines and Fees and Operating Grants		
and Contributions	\$ 566,755	\$ 525,010
Interest Income and Miscellaneous	<u>13,204</u>	<u>15,338</u>
Total Revenues	579,959	540,348
Expenses:		
General Governmental - Judicial	<u>568,780</u>	<u>576,827</u>
Increase (Decrease) in Net Position	<u>\$ 11,179</u>	<u>\$ (36,479)</u>

During the fiscal year that ended June 30, 2013 court cost and fees received increased by \$41,745, as previously stated, due to an increase in the Court costs and probation fees collected. Civil filings were down slightly this year causing a minor decrease in those revenues in the amount of \$2,381.

Expenses, excluding depreciation expense of \$9,574, decreased by \$6,733 approximately 1%, attributable to decreased salaries and benefits and contract services.

GENERAL FUND BUDGETARY HIGHLIGHTS

As explained above, overall expenses were down when compared to the prior year. The decrease was a result of lower payroll and related benefits expensed due to an employee retiring and the hiring of a new employee.

CAPITAL ASSETS

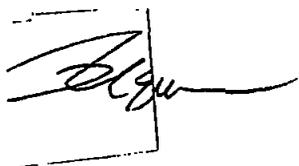
Major additions to the capital assets this year included a new computer and the replacement of old printers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2014. Increased revenues as the population of our jurisdiction increases are expected to raise revenues in the next fiscal year. In the coming year, revenues should continue to increase from court cost on traffic and criminal charges. No large additions to capital assets are anticipated for the coming year so there should again be an excess of revenues over expenditures. Anticipated revenues will be approximately \$580,000, while anticipated expenditures will be approximately \$560,000. Therefore, the total governmental fund balance is expected to increase by approximately \$20,000.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have any questions or need additional financial information, contact Denham Springs City Court, Clerk of Court/Judicial Administrator's office at 400 Mayor Herbert Hoover Avenue, Denham Springs, Louisiana 70726.



Peggy G. Hoover
Clerk of Court/Judicial Administrator

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET POSITION

JUNE 30, 2013

(With Comparative Totals as of June 30, 2012)

ASSETS

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents	\$ 214,777	\$ 200,837
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	250,696	245,510
Receivables, Net	375	1,980
Capital Assets (Net of Accumulated Depreciation)	<u>22,078</u>	<u>29,227</u>
Total Assets	<u>\$ 487,926</u>	<u>\$ 477,554</u>

LIABILITIES

Accounts Payable	\$ 678	\$ 743
Payroll Taxes Payable	99	63
Long-Term Liabilities Due Within One Year	<u>8,371</u>	<u>9,149</u>
Total Liabilities	9,148	9,955

NET POSITION

Investment in Capital Assets	22,078	29,227
Restricted Civil Fees	97,990	93,410
Unrestricted	<u>358,710</u>	<u>344,962</u>
Total Net Position	<u>478,778</u>	<u>467,599</u>
Total Liabilities and Net Position	<u>\$ 487,926</u>	<u>\$ 477,554</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

<u>Governmental Activities:</u>	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Expenses:		
Judicial:		
Salaries, Fees Paid and Benefits	\$ 475,209	\$ 489,687
Office Expenses	46,167	37,011
Contract Services	11,863	16,003
Memberships and Educational Conferences	25,967	23,238
Depreciation	<u>9,574</u>	<u>10,888</u>
Total Expenses	568,780	576,827
Program Revenues:		
Fines and Fees	491,882	450,137
Operating Grants and Contributions	<u>74,873</u>	<u>74,873</u>
Net Program Revenues (Expenses)	(2,025)	(51,817)
General Revenues:		
Interest Income	4,211	4,737
Miscellaneous	<u>8,993</u>	<u>10,601</u>
Total General Revenues	<u>13,204</u>	<u>15,338</u>
Change in Net Assets	11,179	(36,479)
Net Position - Beginning of Year	<u>467,599</u>	<u>504,078</u>
Net Position - End of Year	<u>\$ 478,778</u>	<u>\$ 467,599</u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2013

(With Comparative Totals as of June 30, 2012)

	<u>General Fund</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Cash Equivalents	\$ 214,777	\$ 200,837
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	250,696	245,510
Accounts Receivable - Other	<u>375</u>	<u>1,980</u>
Total Assets	<u>\$ 465,848</u>	<u>\$ 448,327</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 678	\$ 743
Payroll Taxes Payable	<u>99</u>	<u>63</u>
Total Liabilities	777	806

Fund Balance:

Restricted Civil Fees	97,990	93,410
Unassigned	<u>367,081</u>	<u>354,111</u>
Total Fund Balance	<u>465,071</u>	<u>447,521</u>
Total Liabilities and Fund Balances	<u>\$ 465,848</u>	<u>\$ 448,327</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

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

JUNE 30, 2013

(With Comparative Totals as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
Fund Balance - Total Governmental Fund	\$ 465,071	\$ 447,521
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	248,505	246,080
Less: Accumulated Depreciation	<u>(226,427)</u>	<u>(216,853)</u>
	22,078	29,227
 Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
Compensated Absences	<u>(8,371)</u>	<u>(9,149)</u>
 Net Position of Governmental Activities	 \$ <u>478,778</u>	 \$ <u>467,599</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals For The Year Ended June 30, 2012)

	Total Governmental Fund	
	2013	2012
Revenues:		
Charges for Services:		
Court Costs	\$ 320,356	\$ 285,445
Civil Fees	92,805	95,186
Probation and Continuance Fees	71,912	60,884
Drivers' License Reinstatement Fees	5,988	7,600
Appealed Case Fees/Transcripts	50	692
Adoption Case Fees	771	330
	491,882	450,137
Intergovernmental Revenues -		
On-Behalf Payments	28,013	28,013
Primary Government - City of Denham Springs	46,860	46,860
Interest Income	4,211	4,737
Miscellaneous	8,993	10,601
	579,959	540,348
Expenditures:		
Judicial:		
Salaries, Fees Paid and Benefits:		
Salaries	317,069	312,981
Civil Fees Paid	59,470	58,996
Employee Group Insurance	27,582	45,833
Payroll Tax Expense	25,306	24,691
Retirement Expense	46,560	46,748
	475,987	489,249
Office Expenses:		
Office Supplies and Printed Forms	17,068	18,546
Telephone	7,469	8,031
Postage	8,000	6,924
Microfilm	4,702	-
Miscellaneous	1,554	-
Insurance	2,107	1,501
Uniforms	5,267	2,009
	46,167	37,011

(CONTINUED)

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, 2013
 (With Comparative Totals For The Year Ended June 30, 2012)

	Total	
	Governmental Fund	
	<u>2013</u>	<u>2012</u>
Contract Services:		
Professional Fees	6,150	5,975
Maintenance Agreement	2,733	2,798
Maintenance and Repair	1,830	2,133
Transcriptions/Appeals	1,150	1,015
Software Update	-	4,082
	<u>11,863</u>	<u>16,003</u>
Memberships and Educational Conferences:		
Membership Dues and Subscriptions	9,750	9,521
Educational Conferences and Seminars	16,217	13,717
	<u>25,967</u>	<u>23,238</u>
Capital Outlay	<u>2,425</u>	<u>9,471</u>
Total Expenditures	<u>562,409</u>	<u>574,972</u>
Excess (Deficiency) of Revenues Over Expenditures	17,550	(34,624)
Fund Balance - Beginning of Year	<u>447,521</u>	<u>482,145</u>
Fund Balance - End of Year	<u>\$ 465,071</u>	<u>\$ 447,521</u>

The accompanying notes constitute an integral part of this statement.

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, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	<u>2013</u>	<u>2012</u>
Net Change in Fund Balance - Total Governmental Fund	\$ 17,550	\$ (34,624)
<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 exceeded (was less than) depreciation expense in the current period.</p>		
	(7,149)	(1,417)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
(Increase) Decrease in Compensated Absences Payables	<u>778</u>	<u>(438)</u>
Change in Net Position of Governmental Activities	<u>\$ 11,179</u>	<u>\$ (36,479)</u>

The accompanying notes constitute an integral part of this statement.

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for Services:				
Court Costs	\$ 290,000	\$ 317,500	\$ 320,356	\$ 2,856
Civil Fees	105,000	92,000	92,805	805
Probation and Continuance Fees	62,000	67,500	71,912	4,412
Drivers' License Reinstatement Fees	7,600	6,000	5,988	(12)
Appealed Case Fees/Transcripts	500	50	50	-
Adoption Case Fees	350	770	771	1
	<hr/>	<hr/>	<hr/>	<hr/>
	465,450	483,820	491,882	8,062
Intergovernmental Revenues -				
On-Behalf Payments	28,013	28,013	28,013	-
Primary Government - City of Denham Springs	46,860	46,860	46,860	-
Interest Income	4,500	4,000	4,211	211
Miscellaneous	10,350	11,540	8,993	(2,547)
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Total Revenues	555,173	574,233	579,959	5,726
Expenditures:				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	313,013	318,013	317,069	944
Civil Fees Paid	52,211	52,628	59,470	(6,842)
Employee Group Insurance	42,500	28,700	27,582	1,118
Payroll Tax Expense	24,000	22,450	25,306	(2,856)
Retirement Expense	48,000	45,900	46,560	(660)
	<hr/>	<hr/>	<hr/>	<hr/>
	479,724	467,691	475,987	(8,296)
Office Expenses:				
Office Supplies and Printed Forms	15,000	16,650	17,068	(418)
Telephone	8,000	7,500	7,469	31
Postage	7,000	8,000	8,000	-
Microfilm	3,000	4,700	4,702	(2)
Miscellaneous	-	1,550	1,554	(4)
Insurance	-	-	2,107	(2,107)
Uniforms	2,000	5,270	5,267	3
	<hr/>	<hr/>	<hr/>	<hr/>
	35,000	43,670	46,167	(2,497)

(CONTINUED)

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Contract Services:				
Professional Fees	6,000	6,150	6,150	-
Maintenance Agreement	2,850	2,650	2,733	(83)
Maintenance and Repair	1,000	1,850	1,830	20
Transcriptions/Appeals	800	1,150	1,150	-
Software Update	2,000	1,000	-	1,000
	<u>12,650</u>	<u>12,800</u>	<u>11,863</u>	<u>937</u>
Memberships and Educational Conferences:				
Membership Dues and Subscriptions	9,500	9,075	9,750	(675)
Educational Conferences and Seminars	14,000	16,220	16,217	3
	<u>23,500</u>	<u>25,295</u>	<u>25,967</u>	<u>(672)</u>
Capital Outlay	<u>2,000</u>	<u>2,425</u>	<u>2,425</u>	<u>-</u>
Total Expenditures	<u>552,874</u>	<u>551,881</u>	<u>562,409</u>	<u>(10,528)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,299	22,352	17,550	(4,802)
Fund Balance - Beginning of Year	<u>447,521</u>	<u>447,521</u>	<u>447,521</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 449,820</u>	<u>\$ 469,873</u>	<u>\$ 465,071</u>	<u>\$ (4,802)</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

JUNE 30, 2013

(With Comparative Totals As Of June 30, 2012)

		<u>Agency Funds</u>	
		<u>2013</u>	<u>2012</u>
ASSETS			
Cash		\$ <u>315,254</u>	\$ <u>324,489</u>
Total Assets		\$ <u><u>315,254</u></u>	\$ <u><u>324,489</u></u>
LIABILITIES			
Accounts Payable		\$ 133	\$ 100
Bonds Payable in Advance of Trial		<u>315,121</u>	<u>324,389</u>
Total Liabilities		\$ <u><u>315,254</u></u>	\$ <u><u>324,489</u></u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	<u>Agency Funds</u>			<u>Total Agency Funds</u>	
	<u>Civil Docket</u>	<u>Criminal Docket</u>	<u>Restitution</u>	<u>2013</u>	<u>2012</u>
Additions:					
Fines and Bonds Collected	\$ 268,650	\$ 2,148,337	\$ -	\$ 2,416,987	\$ 2,081,091
Restitution Received	-	-	9,117	9,117	13,399
Interest Income	399	263	1	663	574
Total Additions	269,049	2,148,600	9,118	2,426,767	2,095,064
Deductions:					
Fines Disbursed to					
City of Denham Springs - General	-	698,066	-	698,066	597,608
Fines Disbursed to Parish Council -					
General	-	43,640	-	43,640	41,798
General Fund Court Costs	-	320,356	-	320,356	285,445
General Fund - Probation and					
Continuance Fees	-	71,912	-	71,912	61,054
Public Service Court Costs	-	2,650	-	2,650	3,859
Witness Fee Court Costs	-	25,843	-	25,843	22,682
Marshall's Office Court Costs	-	356,843	-	356,843	327,490
District Attorney Fees	-	12,745	-	12,745	13,996
Bonds and Fines Refunded	-	36,502	-	36,502	16,910
Law Enforcement Training	-	1,502	-	1,502	1,789
Miscellaneous	180	1,029	-	1,209	701
Reparations Fund	-	8,081	-	8,081	6,728
Indigent Defenders' Board	-	412,607	-	412,607	295,892
Marshall's Fees	48,957	-	-	48,957	50,321
Recording Fees	29,995	-	-	29,995	29,340
Restitution Paid to Victims	-	-	9,117	9,117	13,399
Court Cost Refunds	36,683	-	-	36,683	35,465

(CONTINUED)

CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS - (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	<u>Agency Funds</u>			<u>Total Agency Funds</u>	
	<u>Civil Docket</u>	<u>Criminal Docket</u>	<u>Restitution</u>	<u>2013</u>	<u>2012</u>
Deductions (Continued):					
Judge's Fees Earned	92,805	-	-	92,805	95,186
Serving Citations	28,389	-	-	28,389	27,514
Judges Supplemental Compensation Fund	30,870	-	-	30,870	29,788
Interest Transfers to General Fund	399	262	1	662	574
Adoption Case Fees Transfers to General Fund	771	-	-	771	330
Juvenile Justice Committee	-	52,414	-	52,414	47,310
State Analysis Fee	-	275	-	275	125
Analysis Fees	-	2,665	-	2,665	4,008
Trial Court Case Management Information System	-	30,799	-	30,799	25,438
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	19,375	-	19,375	18,000
Judgment of Bond Forfeitures	-	11,784	-	11,784	7,978
Baton Rouge Crime Stoppers	-	20,705	-	20,705	18,700
Sex Registry	-	18,545	-	18,545	15,636
Total Deductions	269,049	2,148,600	9,118	2,426,767	2,095,064
Change in Net Assets	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1 - Summary of Significant Accounting Policies -

The City Court of Denham Springs - Ward Two (the "Court"), Parish of Livingston, Louisiana was established in accordance with Louisiana Statute 13:1872 A(1) by resolution of the Denham Springs Mayor and Council on June 24, 1968. The Court collects fines on behalf of Ward Two in Livingston Parish which includes the City of Denham Springs and a portion of Livingston Parish and remits these fines to the same, after deducting court costs therefrom for operation of the Court and Marshall's offices.

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 II Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Council 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. 61, 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, and
2. Financial accountability, and
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefits/burden relationship between the primary government and the potential component unit, and
4. Misleading to exclude which covers other potential component units 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.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Based on the previous criteria, City Management has included the City Court of Denham Springs-Ward Two as a component unit of the City of Denham Springs. Since the Judge of the Court 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 City Court of Denham Springs - Ward Two is included as a discretely presented component unit in the City of Denham Springs government-wide financial statements for the year ended June 30, 2013.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Court's basic financial statements include both government-wide (reporting the Court as a whole) and fund financial statements (reporting the Court'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 Court categorized as a business type activity.

In the government-wide Statement of Net Position, 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 Court'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 Court does not allocate indirect costs.

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Court 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 Court 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 fund of the Court:

- 1) The General Fund is the general operating fund of the Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds:

Agency Funds - Agency Funds are used to account for assets held by the Court in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds consist of the Civil Docket, Criminal Docket and the Restitution funds. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Court, these funds are not incorporated into the government-wide statements.

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.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

1. Accrual -

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

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

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under 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:

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 Court, prepared on the modified accrual basis of accounting by the Clerk of the Court, was adopted by the Court on June 14, 2012, for the fiscal year ended June 30, 2013. All appropriations lapse at year-end. The original budget adopted June 14, 2012 was amended on June 10, 2013.

CITY COURT OF DENHAM SPRINGS - WARD TWO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

F. Accumulated Unpaid Vacation and Sick Pay

Employees who have been employed by the City Court of Denham Springs - Ward Two earn 10 days of vacation leave each year. Vacation days must be used by December 31, no carryover of vacation days is allowed. The Court's employees earn 10 days of sick leave each year. Sick time is not to be carried over, it must all be used by December 31.

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 Position

Net position represents the difference between assets and liabilities. Net position 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, 2013, the Court had no outstanding debt.

I. Fund Balance

The Court has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Court. These amounts cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Court but are not spendable until a budget ordinance is passed.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Unassigned - All amounts not included in other spendable classifications. The Court has not adopted a policy to maintain the general fund's unassigned balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (page 11). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

Note 2 - Interest Earned -

The Civil and Criminal Dockets, and the Restitution Fund have placed funds in interest-bearing accounts. Since the Dockets operate in a fiduciary capacity and are not required to pay interest on bonds paid in advance of trial, interest income is transferred to the General Fund and used for operations of the Court.

Note 3 - 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 Court 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 Court 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, 2013, the carrying amount of the Court's Cash and Cash Equivalents totaled \$780,727, and the confirmed bank balances were \$819,657. 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 cash and cash equivalents at June 30, 2013, were secured as follows:

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Deposits in Bank Accounts

	<u>Governmental Funds</u>	<u>Agency Funds</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 214,777	\$ 315,254	\$ 250,696	\$ 780,727
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	<u>29,934</u>	<u>50,612</u>	<u>-</u>	<u>80,546</u>
Total Category 3 Bank Balances	<u>\$ 29,934</u>	<u>\$ 50,612</u>	<u>\$ -</u>	<u>\$ 80,546</u>
Total Bank Balances (Regardless of Category)	<u>\$ 219,941</u>	<u>\$ 349,020</u>	<u>\$ 250,696</u>	<u>\$ 819,657</u>

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. As of June 30, 2013, \$80,546 of the Court's bank balance of \$819,657 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 4 - Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2013 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	26,579	629	-	27,208
Computer Equipment	139,176	1,796	-	140,972
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>38,167</u>	<u>-</u>	<u>-</u>	<u>38,167</u>
Totals	246,080	2,425	-	248,505
Less Accumulated Depreciation for:				
Equipment:				
Copier	11,019	-	-	11,019
Telephone System	11,170	-	-	11,170
Furniture and Fixtures	25,134	627	-	25,761
Computer Equipment	125,457	5,935	-	131,392
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	10,206	785	-	10,991
Other Equipment	<u>29,594</u>	<u>2,227</u>	<u>-</u>	<u>31,821</u>
Total Accumulated Depreciation	<u>216,853</u>	<u>9,574</u>	<u>-</u>	<u>226,427</u>
Capital Assets, Net	<u>\$ 29,227</u>	<u>\$ (7,149)</u>	<u>\$ -</u>	<u>\$ 22,078</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expenses	<u>\$ 9,574</u>
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Note 5 - Postretirement Health Care and Life Insurance Benefits -

At June 30, 2013, the Court has no postretirement health care and life insurance benefit plan in existence.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 6 - Retirement Commitments -

Employees of the 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 Court's office as a percentage of salaries. Beginning January 1, 2010, the contribution rate for the employer was 10.00% of covered earnings and the rate for the employee was 3.00% of covered earnings. The City Court of Denham Springs - Ward Two contributed \$24,981 to the system during the year. Data concerning the actuarial status of the system at June 30, 2013, is not currently available.

Employees of the Court whose salary is reimbursed by the City of Denham Springs, are also covered by the Municipal Employees' Retirement System of Louisiana - Plan "B", also a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the City of Denham Springs as a percentage of salaries. The City of Denham Springs reimbursed \$873 to the Court during the year on behalf of the Court and this amount is included in these financial statements. Data concerning the actuarial status of the system at June 30, 2013, is not currently available.

All employees of the Court, with the exception of the Judge, are also covered by the Social Security System. The Court contributed \$24,293 to the System in fiscal year 2013, as its share of employer contributions.

The Judge is a member of the Louisiana State Employees Retirement System. Contributions to the system are made by the Judge and the Court as a percentage of salary. The Court contributed \$20,706 to the system during the year. Data concerning the actuarial status of the system at June 30, 2013 is not currently available.

Note 7 - On-Behalf Payments for Salaries and Benefits -

The Court follows GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Court to report in the financial statements on-behalf salary and fringe benefit payments made by the Livingston Parish Council to the Court's employees.

Supplementary salary payments are made by the Parish Council directly to the Court's employees. The Court is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the Parish Council. For the fiscal year ended June 30, 2013 the Parish Council made supplementary salary and benefit payments of \$28,013 to the City Court's employees.

As an elected official, the Judge statutorily receives a portion of his compensation directly from the City of Denham Springs, the Livingston Parish Council, and the State of Louisiana. As the Judge considers himself to be employed by the State of Louisiana, his compensation is not reflected in these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 8 – Current Accounting Pronouncements -

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 “Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.” The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the City Court of Denham Springs – Ward Two for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2015 and has not determined the impact on the financial statements of implementing GASB 68.

**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***

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
3445 North Causeway Boulevard, Suite 536 • Metairie, LA 70002
Phone: 225.928 4770 • Fax: 225.926 0945
www.htbcpa.com

**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**

Independent Auditor's Report

Judge Charles W. Borde, Jr.
City Court of Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund (the General Fund), the budgetary comparison statement of the General Fund and each fiduciary fund, of the City Court of Denham Springs - Ward Two "the Court", (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements, and have issued our report thereon dated August 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free from 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Harold J. Bourgeois, CPA

Denham Springs, Louisiana
August 16, 2013