

**MARSHAL OF CITY COURT  
OF DENHAM SPRINGS - WARD TWO**

Annual Financial Statements

June 30, 2014

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## Independent Auditor's Report

Mr. Jerry Denton  
Marshal of City Court  
of Denham Springs - Ward Two  
Denham Springs, Louisiana

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two (the Marshal), a component unit of the City of Denham Springs, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Marshal'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 from material misstatement.

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.

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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 and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Previous Audit**

The financial statements of the Marshal of City Court of Denham Springs - Ward Two, as of and for the year ended June 30, 2013, were audited by other auditors whose report dated November 6, 2013 expressed an unmodified opinion on those statements.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014, on our consideration of the Marshal of City Court of Denham Springs - Ward Two's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Marshal of City Court of Denham Springs - Ward 2's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
October 29, 2014

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Statement of Net Position**  
**June 30, 2014 and 2013**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 45,252	\$ 72,592
Capital Assets (Net of Accumulated Depreciation)	82,705	132,094
<b>Total Assets</b>	<b>127,957</b>	<b>204,686</b>
<b>Liabilities</b>		
Accounts Payable	36,669	23,303
Accrued Liabilities	16,619	13,950
Due to Primary Government	57,206	24,122
Due to Other Governments	4,687	4,687
Non-Current Liabilities		
Due Within One Year	11,225	16,307
Due in More than One Year	18,186	28,884
<b>Total Liabilities</b>	<b>144,592</b>	<b>111,253</b>
<b>Net Position</b>		
Net Investment in Capital Assets	53,294	86,903
Unrestricted (Deficit)	(69,929)	6,530
<b>Total Net Position</b>	<b>\$ (16,635)</b>	<b>\$ 93,433</b>

The accompanying notes are an integral part of these financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Statement of Activities**  
**For the Years Ended June 30, 2014 and 2013**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<b>Expenses</b>		
Judicial	\$ 755,566	\$ 714,068
<b>Program Revenues</b>		
Charges for Services	302,371	378,134
Operating Grants and Contributions	334,381	359,557
	<u>636,752</u>	<u>737,691</u>
<b>Total Program Revenues</b>	<u>636,752</u>	<u>737,691</u>
<b>Net Program Revenues (Expenses)</b>	(118,814)	23,623
<b>General Revenues</b>		
Miscellaneous Income	8,700	5,989
Donations	-	8,000
Interest Income	46	123
	<u>8,746</u>	<u>14,112</u>
<b>Total General Revenues</b>	<u>8,746</u>	<u>14,112</u>
<b>Change in Net Position</b>	(110,068)	37,735
<b>Net Position - Beginning of Year</b>	<u>93,433</u>	<u>55,698</u>
<b>Net Position - End of Year</b>	<u>\$ (16,635)</u>	<u>\$ 93,433</u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2014 and 2013**

	<u>General Fund</u>	
	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 45,252	\$ 72,592
<b>Total Assets</b>	<u>\$ 45,252</u>	<u>\$ 72,592</u>
<b>Liabilities</b>		
Accounts Payable	\$ 36,669	\$ 23,303
Accrued Liabilities	16,619	13,950
Due to Primary Government	57,206	24,122
Due to Other Governments	4,687	4,687
<b>Total Liabilities</b>	<u>115,181</u>	<u>66,062</u>
<b>Fund Balance</b>		
Unassigned (Deficit)	<u>(69,929)</u>	6,530
<b>Total Fund Balance</b>	<u>(69,929)</u>	<u>6,530</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 45,252</u>	<u>\$ 72,592</u>

The accompanying notes are an integral part of these financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**Governmental Fund**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Fund Balance - Total Governmental Fund</b>	\$ (69,929)	\$ 6,530
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund:</p>		
Governmental Capital Assets	299,904	331,030
Less: Accumulated Depreciation	(217,199)	(198,936)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:</p>		
Capital Lease Payable	(29,411)	(45,191)
<b>Net Position of Governmental Activities</b>	<b>\$ (16,635)</b>	<b>\$ 93,433</b>

The accompanying notes are an integral part of these financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Fund**  
**For the Years Ended June 30, 2014 and 2013**

	<b>General Fund</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Court Costs and Fees	\$ 302,371	\$ 378,134
Intergovernmental Revenues		
On Behalf Payments	80,559	96,032
Primary Government - City of Denham Springs	213,948	220,814
Livingston Parish Council	39,874	38,100
Grant Revenue	-	4,611
Miscellaneous Income	8,700	5,989
Donations	-	8,000
Interest Income	46	123
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>645,498</b>	<b>751,803</b>
<b>Expenditures</b>		
Judicial		
Salaries and Payroll Taxes	492,587	479,398
Auto Expenses	41,639	26,726
Insurance	39,116	35,290
Office Expenses	27,387	25,112
Retirement	26,127	21,665
Rent	13,681	9,182
Miscellaneous	13,227	13,102
Telephone	12,508	12,171
Audit	11,855	6,445
Outsource Accounting	7,643	6,490
Conventions and Training	7,163	7,295
Guns and Ammunition	6,748	-
Service Contracts	3,254	32,933
Uniforms	2,263	6,037
Capital Outlay	1,138	71,885
Advertising	295	1,758
Debt Service		
Principal Retirement	15,780	23,650
Interest	2,901	2,376
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>725,312</b>	<b>781,515</b>
<b>Deficiency of Revenues</b>		
<b>Over Expenditures</b>	<hr/> <b>(79,814)</b>	<hr/> <b>(29,712)</b>

The accompanying notes are an integral part of these financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)**  
**Governmental Fund**  
**For the Years Ended June 30, 2014 and 2013**

	<u>General Fund</u>	
	<u>2014</u>	<u>2013</u>
<b>Other Financing Sources</b>		
Proceeds from the Issuance of Capital Lease	-	43,268
Sale of Capital Assets	3,355	19,064
	<u>3,355</u>	<u>62,332</u>
<b>Total Other Financing Sources</b>	<u>3,355</u>	<u>62,332</u>
<b>Net Change in Fund Balance</b>	(76,459)	32,620
<b>Fund Balance (Deficit), Beginning of Year</b>	<u>6,530</u>	<u>(26,090)</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ (69,929)</u>	<u>\$ 6,530</u>

The accompanying notes are an integral part of these financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balance of the Governmental Fund**  
**to the Statement of Activities**  
**For the Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
Net Change in Fund Balance - Total Governmental Fund	\$ (76,459)	\$ 32,620
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay (2014) and capital outlay exceeded depreciation (2013).</p>	(48,399)	27,397
<p>The net effect of various capital asset transactions is to decrease net position.</p>	(990)	(2,664)
<p>The issuance of long-term debt (eg, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.</p>		
<p>Proceeds from the Issuance of Capital Lease</p>	-	(43,268)
<p>Repayment of Principal on Long-Term Debt</p>	15,780	23,650
<p><b>Change in Net Position of Governmental Activities</b></p>	<b>\$ (110,068)</b>	<b>\$ 37,735</b>

The accompanying notes are an integral part of these financial statements.

**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, 2014**

	Budget		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Court Costs and Fees	338,872	302,100	302,371	271
Intergovernmental Revenues - on Behalf Payments	47,118	47,100	80,559	33,459
Primary Government - City of Denham Springs	216,460	213,900	213,948	48
Livingston Parish Council	22,800	22,800	39,874	17,074
Miscellaneous Income	20,000	63,800	8,700	(55,100)
Interest Income	250	100	46	(54)
<b>Total Revenues</b>	<b>645,500</b>	<b>649,800</b>	<b>645,498</b>	<b>(4,302)</b>
<b>Expenditures</b>				
Judicial				
Salaries and Payroll Taxes	408,618	491,200	492,587	(1,387)
Auto Expenses	46,000	41,800	41,639	161
Insurance	37,300	39,050	39,116	(66)
Office Expenses	23,797	21,750	27,387	(5,637)
Retirement	28,000	20,000	26,127	(6,127)
Rent	9,475	14,775	13,681	1,094
Miscellaneous	10,335	26,575	13,227	13,348
Telephone	11,275	11,675	12,508	(833)
Audit	5,200	12,000	11,855	145
Outsource Accounting	7,500	7,700	7,643	57
Conventions and Training	3,800	4,500	7,163	(2,663)
Guns and Ammunition	1,500	6,500	6,748	(248)
Service Contracts	4,500	3,300	3,254	46
Uniforms	7,500	2,275	2,263	12
Capital Outlay	24,000	1,200	1,138	62
Advertising	450	300	295	5
Debt Service				
Principal Retirement	16,250	-	15,780	(15,780)
Interest	-	2,200	2,901	(701)
<b>Total Expenditures</b>	<b>645,500</b>	<b>706,800</b>	<b>725,312</b>	<b>(18,512)</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>-</b>	<b>(57,000)</b>	<b>(79,814)</b>	<b>(22,814)</b>

The accompanying notes are an integral part of these financial statements.

**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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources</b>				
Sale of Capital Assets	<u>-</u>	<u>3,400</u>	<u>3,355</u>	<u>(45)</u>
<b>Total Other Financing Sources</b>	<u>-</u>	<u>3,400</u>	<u>3,355</u>	<u>(45)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (53,600)</u>	<u>(76,459)</u>	<u>\$ (22,859)</u>
<b>Fund Balance, Beginning of Year</b>			<u>6,530</u>	
<b>Fund Balance (Deficit), End of Year</b>			<u>\$ (69,929)</u>	

The accompanying notes are an integral part of these financial statements.

## MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

### Notes to Financial Statements

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#### 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 Statute 24.517 and statements issued by the Governmental Accounting Standards Board (GASB).

#### 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 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.

## MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Financial Reporting Entity (Continued)**

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, 2014.

##### **Basis of Presentation**

##### **Basic Financial Statements - Government-Wide Financial 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 fund - the General Fund). 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 position, the governmental activity column (a) is presented on a consolidated basis by column and (b) 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 reflect 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 Marshall as an entity and the change in the Marshal's net position resulting from the current year's activities.

##### **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.

# MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

#### Basic Financial Statements - Fund Financial Statements (Continued)

The Marshal uses the following fund types:

#### *Governmental Fund*

The focus of the governmental fund's 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 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, 2014, it was the only fund of the Marshal.

#### **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.

2. Modified Accrual - The governmental fund 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 60-day 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.

# MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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 - 10 Years
Office Improvements	10 - 20 Years

Depreciation expense amounted to \$48,399, for the year ended June 30, 2014.

#### Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted May 31, 2013 for the fiscal year ended June 30, 2014. The budget was amended on May 30, 2014.

#### Accumulated Unpaid Vacation and Sick Pay

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

#### 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.

#### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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.

#### Fund Balance

GASB Statement No. 54 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.

## MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Fund Balance (Continued)

Restricted - Amounts that can be spent only for specific purposes because of 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 Marshal. These amounts cannot be used for any other purpose unless the Marshal 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 Marshal but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the balance sheet - governmental fund (page 7). 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 Marshal or the assignment has been changed by the Marshal. 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.

##### Summary Financial Information for 2013

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Marshal's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

##### Cash, Cash Equivalents, and Investments

Cash includes all amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

##### Impact of Recently Issued Accounting Principles

The Marshal adopted GASB 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Adopting this GASB had no effect on the financial statements.

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**

**Notes to Financial Statements**

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**Note 2. Deposits and Investments**

At June 30, 2014, the carrying amount of the Marshal's cash and cash equivalents totaled \$45,252, which is stated at cost which approximates market.

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 recovered. As of June 30, 2014, none of the Marshal's bank balance of \$83,984 was exposed to custodial credit risk because it was completely insured by the FDIC.

**Note 3. Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Being Depreciated</b>				
Office Equipment	24,497	-	(9,027)	15,470
Furniture and Fixtures	17,111	-	(2,735)	14,376
Machinery and Equipment	48,400	-	(14,869)	33,531
Vehicles	228,493	-	(4,495)	223,998
Leasehold Improvements	12,529	-	-	12,529
<b>Total Capital Assets Being Depreciated</b>	<b>331,030</b>	<b>-</b>	<b>(31,126)</b>	<b>299,904</b>
<b>Less Accumulated Depreciation for:</b>				
Office Equipment	(18,108)	(1,781)	9,027	(10,862)
Furniture and Fixtures	(13,356)	(2,071)	2,735	(12,692)
Machinery and Equipment	(40,549)	(3,264)	14,461	(29,352)
Vehicles	(120,235)	(40,250)	3,913	(156,572)
Leasehold Improvements	(6,688)	(1,033)	-	(7,721)
<b>Total Accumulated Depreciation</b>	<b>(198,936)</b>	<b>(48,399)</b>	<b>30,136</b>	<b>(217,199)</b>
<b>Capital Assets - Net</b>	<b>\$ 132,094</b>	<b>\$ (48,399)</b>	<b>\$ (990)</b>	<b>\$ 82,705</b>

Depreciation expense was charged to governmental activities as follows:

Judicial	<u><u>\$ 48,399</u></u>
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**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**

**Notes to Financial Statements**

**Note 4. Long-Term Liabilities**

**Capital Leases Payable**

The Marshal entered into a capital lease agreement on July 9, 2010, for financing the purchase of a 2010 Chevrolet Express for transporting prisoners. The lease requires monthly payments of principal and interest of \$530 for forty-eight months with a final payment due July 9, 2014. In addition, the Marshal entered into a capital lease agreement on February 28, 2013, for financing the purchase of two 2013 Chevrolet Impalas for the deputies. The lease requires monthly payments of principal and interest of \$1,002 for forty-eight months with a final payment due January 31 2017. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2014, were as follows:

<b>Description/Purpose</b>	<b>Original Lease Amount</b>	<b>Interest Rate</b>	<b>Final Maturity</b>	<b>Balance June 30, 2014</b>
Capital lease to finance the purchase of 2010 Chevrolet Express	\$ 22,881	5.27%	07/09/14	\$ 527
Capital lease to finance the purchase of two 2013 Chevrolet Impalas	\$ 43,268	5.50%	07/31/17	28,884
<b>Total Capital Leases Payable</b>				<b>\$ 29,411</b>

Capital lease payments to maturity including interest requirements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 11,225	\$ 1,327	\$ 12,552
2016	11,300	720	12,020
2017	6,886	122	7,008
<b>Total</b>	<b>\$ 29,411</b>	<b>\$ 2,169</b>	<b>\$ 31,580</b>

Long-term liability activity for the year ended June 30, 2014, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Leases Payable	\$ 45,191	\$ -	\$ (15,780)	\$ 29,411

## MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

### Notes to Financial Statements

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#### Note 5. 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" (the System), 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, 2010, the contribution rate for the employer was 9.25% of covered earnings and the rate for the employee was 3% of covered earnings. For the fiscal years ended June 30, 2014, 2013, and 2012, the Marshal contributed \$26,127, \$21,665, and \$30,538, respectively. Data concerning the actuarial status of the System at June 30, 2014, is not currently available.

All employees of the Marshal's office are also covered by the Social Security System.

#### Note 6. On-Behalf Payments for Salaries and Benefits

The Marshal follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This Statement 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 its 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 its employees.

For the fiscal year ended June 30, 2014, state supplemental payments to the Marshall and its employees amounted to \$30,000, while payments from the City Court and the Livingston Parish Council amounted to \$50,559 and \$17,074, respectively.

#### Note 7. Current Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board issued 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.

## MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

### Notes to Financial Statements

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#### **Note 7. Current Accounting Pronouncements (Continued)**

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

#### **Note 8. Risk Management**

The Marshal is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Marshal has obtained liability insurance for the deputies and other supporting staff, as well as for employee dishonesty. Losses associated with the destruction of or damage to assets are covered through the City of Denham Springs.

#### **Note 9. Deficit Fund Balance**

At June 30, 2014, the Marshal's general fund had a deficit of \$69,929. The Marshal is projecting increased revenues based on historical data and expenditures will be prioritized and reduced to prevent spending above the budget. The Marshal plans to have a surplus by June 30, 2015.

**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

Mr. Jerry Denton  
Marshal of City Court  
of Denham Springs - Ward Two  
Denham Springs, Louisiana

We have audited, 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, the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two (the Marshal), a component unit of the City of Denham Springs, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Marshal of City Court of Denham Springs - Ward Two's basic financial statements, and have issued our report thereon dated October 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Marshal of City Court of Denham Springs - Ward Two'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 Marshal of City Court of Denham Springs - Ward Two's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshal of City Court of Denham Springs - Ward Two'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 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.

Our consideration of internal control over financial reporting 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses exist that were not identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Marshal of City Court of Denham Springs - Ward Two'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 are 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 Marshal'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 Marshal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
October 29, 2014

**MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**Schedule of Prior Audit Findings**  
**For the Year ended June 30, 2014**

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**2013-001 Timely and Accurate Preparation and Review of Reconciliations, Appropriate  
Financial Statement Closing Process, and Preparation for Audit**

This finding has been resolved.

**2013-002 Failure to Properly Amend Budget**

This finding has been resolved.