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**MARSHAL OF CITY COURT  
OF ORLANDO FLORIDA - BOARD TWO**

**REPORT REQUEST OF  
COMPONENT UNIT FINANCIAL STATEMENTS**

**YEAR ENDING JUNE 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 6/27/97

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July 9, 1997

## Independent Auditor's Report

Mr. Steve Achord  
Marshall of City Court of  
Bossier Springs - Ward Two  
Bossier Springs, Louisiana

We have audited the accompanying component unit only financial statements of the Marshall of City Court of Bossier Springs - Ward Two, a component unit of the City of Bossier Springs, as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Marshall. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Marshall of City Court of Bossier Springs - Ward Two as of June 30, 1997, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have issued our report dated July 9, 1997, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Respectfully submitted,

*Hannis T. Bourgeois & Co., L.L.P.*

MEMORIAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO  
 COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997

ASSETS	CONVENTIONAL	ACCOUNT	TOTAL	
	FUND TYPE	GROUP	CONVENTIONAL ONLY	
	GENERAL	GENERAL FUND ASSETS	1997	1996
Cash - Note 2	\$ 11,094	\$ -	\$ 11,094	\$ 8,224
Certificates of Deposit - Note 2	19,765	-	19,765	20,381
Accrued Interest Receivable	56	-	56	56
Due from Parish Council	300	-	300	300
Due from Other Government	4,882	-	4,882	-
Due from Grant	-	-	-	1,240
Due from Others	280	-	280	1,957
Fixed Assets - Note 2	-	78,842	78,842	78,842
<b>Total Assets</b>	<b>\$ 28,077</b>	<b>\$ 78,842</b>	<b>\$ 106,919</b>	<b>\$ 108,700</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 3,267	\$ -	\$ 3,267	\$ 1,657
Payroll Taxes Payable	2,585	-	2,585	2,521
Retirement Payable	1,282	-	1,282	763
Garnishment Payable	294	-	294	244
Miscellaneous Payroll Withholdings	348	-	348	1,486
<b>Total Liabilities</b>	<b>8,336</b>	<b>-</b>	<b>8,336</b>	<b>7,341</b>
<b>Fund Equity:</b>				
Investment in General Fixed Assets	-	78,842	78,842	78,842
Fund Balance - Unre- served - Undesignated	19,741	-	19,741	22,817
<b>Total Fund Equity</b>	<b>19,741</b>	<b>78,842</b>	<b>98,583</b>	<b>101,359</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 28,077</b>	<b>\$ 78,842</b>	<b>\$ 106,919</b>	<b>\$ 108,700</b>

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

## MARSHALL OF CITY COURT OF DEERAM SPRINGS - WARD TWO

STATEMENTS OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL INFORMATION FUND TYPES

For the Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>Revenues:</b>		
Revenues from City Court of Deoram Springs - Ward Two	\$ 90,344	\$ 88,154
Intergovernmental Revenues - Livingston Parish Council	22,100	23,208
Interest Income	792	1,018
Road Preparation Income	4,420	3,488
Road Surrenders Fee and Road Forfeiture	1,344	3,083
Grant Revenue	-	1,249
On-Behalf Payments	<u>51,380</u>	<u>48,621</u>
Total Revenues	170,880	188,811
<b>Other Financing Sources:</b>		
Operating Transfers from Primary Government - City of Deoram Springs	<u>31,845</u>	<u>32,223</u>
Total Revenues and Other Financing Sources	202,725	178,654
<b>Expenditures:</b>		
Salaries	155,867	145,185
Contract Labor	890	300
Vehicle Expense	10,736	8,400
Professional Fees	1,175	3,175
Payroll Tax Expense	8,747	8,581
Telephone	7,351	5,864
Postage	1,184	1,008
Dues	205	205
Miscellaneous	2,484	1,076
Uniforms	1,428	808
Purchase of Equipment	2,300	400
Insurance	5,833	5,018
Office Supplies	3,969	3,410
Surety Bond Expense	400	450
Service Contract	572	2,041
Rents	889	400
Retirement Expense	5,737	2,334
Training	<u>4,326</u>	<u>1,287</u>
Total Expenditures	267,783	184,940
Deficiency of Revenues and Other Financing Sources (Under) Expenditures	(65,058)	(6,286)
Fund Balance - Beginning of Year	<u>24,823</u>	<u>31,700</u>
Fund Balance - End of Year	<u>\$ 19,765</u>	<u>\$ 24,817</u>

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

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Note 1 - Summary of Significant Accounting Policies -

The General Fund of the Marshall of City Court of Denham Springs - Ward Two (the "Marshall") 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 Marshall of City Court of Denham Springs - Ward Two conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:117 and to the industry audit guide, Auditing of State and Local Governmental Units.

A. Financial Reporting Entity

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

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

1. Legal status of the potential component unit including the right to issue its own debt, levy its own taxes and charges, appropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

4. Imposition of will by the City on the potential component unit.
5. Financial benefit/burden relationship between the City and the potential component unit.

Based on the previous criteria, City Management has included the Marshall of City Court of Dunham Springs - Ward Two as a component unit of the City of Dunham Springs. Since the Marshall 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 Marshall of City Court of Dunham Springs - Ward Two will be discretely presented in the City of Dunham Springs General Purpose Financial Statements for the year ended June 30, 1997.

**B. Fund Accounting**

The accounts of the Marshall are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The only fund type of the Marshall of City Court of Dunham Springs - Ward Two is the General Fund.

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

**C. Fixed Assets and Long-Term Liabilities**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

Net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. All Fixed Assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds would be accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Marshall of City Court of Decham Springs - Mark Two only has a General Fixed Asset Account Group as there is no outstanding long-term liabilities at June 30, 1997.

**D. Basis of Accounting**

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

E. Budgets and Budgetary Accounting

The Marshall of City Court of Denham Springs - Ward Two is not required to prepare a budget.

F. Accumulated Unpaid Vacation

Employees of the Marshall may not accumulate vacation pay. Vacation not taken during the calendar year is lost. No liability for unpaid vacation was recognized in these financial statements.

G. Total Columns on Statements - Overview

The total columns on the statements - overview are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

## Note 2 - Changes in General Fixed Assets -

A summary of changes in general fixed assets is as follows:

	VEHICLE	EQUIPMENT	TOTAL
Balance - July 1, 1996	\$54,658	\$21,674	\$76,332
Additions	-	2,308	2,308
Deletions	-	-	-
Balance - June 30, 1997	<u>\$54,658</u>	<u>\$23,974</u>	<u>\$78,632</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

## Note 3 - Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the Marshall 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 Marshall may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agent, the Marshall had cash and cash equivalents totaling \$28,493 and a carrying value of \$28,450 at June 30, 1997. 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. The cash and cash equivalents at June 30, 1997, were secured as follows:

	COMPISED DATE BALANCE JUNE 30, 1997	FDIC INSURANCE	BALANCE UNINSURED
Cash	\$ 17,728	\$ 17,728	\$ -
Cash Equivalents - Time Certificates of Deposit	10,265	10,766	-----
Total	<u>\$ 28,493</u>	<u>\$ 28,493</u>	<u>\$ -</u>

At June 30, 1997, all cash balances were fully insured by the FDIC.

## Note 4 - Postretirement Health Care and Life Insurance Benefits -

At June 30, 1997, the Marshall has no postretirement health care and life insurance benefit plan in existence.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1987

**Note 5 - Retirement Commitments -**

Employees of the Marshall of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshall's office as a percentage of salaries, beginning January 1, 1987, the contribution rate for the employer was 2.80% of covered earnings and the rate for the employee was 2.80% of covered earnings. In addition to the normal contributions for the fiscal years ended June 30, 1987 and 1988, of \$1,938 and \$228, the Marshall also contributed \$-0- and \$288, respectively, for employees for past service credits as allowed by the System. Data concerning the actuarial status of the system at June 30, 1987, is not currently available.

One employee, whose salary is reimbursed by the City of Denham Springs, is 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 Marshall's office as a percentage of salaries. The Marshall of City Court of Denham Springs - Ward Two contributed \$198 to the system during the year. Data concerning the actuarial status of the system at June 30, 1987, is not currently available.

All employees of the Marshall's office, with the exception of the Marshall, are also covered by the Social Security System. The Marshall's office contributed \$8,747 to the System in fiscal year 1987, as its share of employer contributions.

**Note 6 - On-Behalf Payments for Salaries and Benefits -**

During fiscal year 1986, the Marshall implemented Government Accounting Standards Board Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Marshall 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 Nivargona Parish Council. These payments were made directly to the Marshall and his employees.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF THE COMPONENT  
UNIT FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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July 9, 1997

Mr. Steve Adlard  
Marshall of City Court of  
Denham Springs - Ward Two  
Denham Springs, Louisiana

We have audited the component unit financial statements of the Marshall of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs), as of and for the year ended June 30, 1997, and have issued our report thereon dated July 9, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the Marshall's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 non-compliance that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marshall's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving

Marshall of City Court of  
Deerham Springs - Ward Two

the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marshall's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is as follows:

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

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

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Harold L. Bergeron & Co., L.L.P.*