

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

**REPORT ON AUDIT OF**  
**BASIC FINANCIAL STATEMENTS**

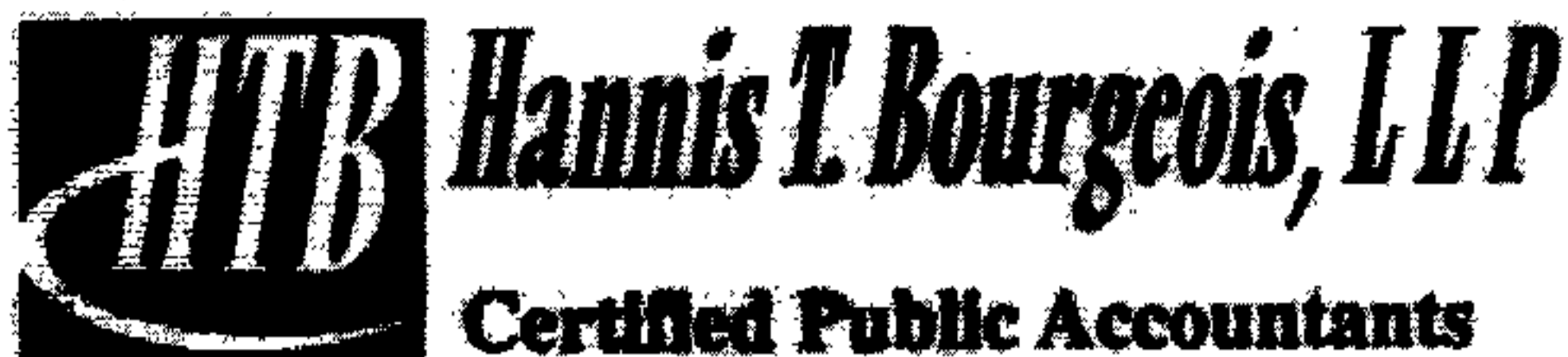
**YEAR ENDED JUNE 30, 2004**

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 9-29-04

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July 20, 2004

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 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, 2004, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City Court of Denham Springs - Ward Two as of June 30, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued a report dated July 20, 2004, on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages three through seven is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*



# City Court of Denham Springs

Ward Two - Parish of Livingston  
State of Louisiana

CHARLES W. BORDE, JR.  
JUDGE

PEGGY G. HOOVER  
CLERK OF COURT

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## 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, 2004. Please read it in conjunction with the Court's financial statements, which begin on, page 8.

### FINANCIAL HIGHLIGHTS

Assets of the City Court exceeded its liabilities at the close of the most recent fiscal year by \$471,397. An increase in net assets of \$61,520 or 15%. Of this amount \$433,593 (Unrestricted Net Assets) may be used to meet the Court's ongoing obligations.

The City Court's total program revenues were \$337,855 compared to \$311,059 last year. An increase of \$26,796 or 8%.

Total expenses for the City Court during the year ending June 30, 2004 were \$289,097 compared to \$278,782 last year. An increase of \$10,315 or 3%.

### USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 8 and 9) provide information about the City Court's activities as a whole. The Balance Sheet for Governmental Funds (page 10) details the assets and liabilities of the governmental funds while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets (page 11) shows why the amounts reported for governmental activities in the Statement of Net Assets are different. Pages 12 and 13 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 14) reconciles net changes in fund balances to change in net assets of the Governmental Activities. Pages 15 and 16 reflect the differences in the final and actual budgets. The major differences were caused by an increase in civil filings, the hiring of an additional employee and the expenses incurred because of that. Then on pages 17, 18 and 19, 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 20 through 28. 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 8. The Statement of Net Assets 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 assets and the changes in them. These net assets, 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 assets 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 Assets 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 12 and provides detailed information about the revenues and expenditures of this most significant fund. The City Court also has established one special revenue fund, which is for proceeds legally restricted to expenditures for special purposes, this fund is the Witness Fee 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 statements of the fiduciary funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The City Court's total net assets changed from a year ago, increasing from \$409,877 to \$471,397. The comparative analysis is presented below.

By far the largest portion of the Court's net assets (92 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 Assets

	<u>2004</u>	<u>2003</u>
Current Assets	\$434,921	\$379,472
Capital Assets	<u>37,804</u>	<u>31,772</u>
Total Assets	472,725	411,244
Current Liabilities	1,328	1,367
Net Assets:		
Investments in Capital Assets	37,804	31,772
Unrestricted	<u>433,593</u>	<u>378,105</u>
Total Net Assets	<u>\$471,397</u>	<u>\$409,877</u>

Net assets of the funds maintained by the City Court's governmental activities increased by \$61,520 or 15% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance City Court expenses without constraints or other legal requirements increased by \$55,488 from \$378,105 at June 30, 2003 to \$433,593 at June 30, 2004.

TABLE 2

Change in Net Assets  
Governmental Activities

	<u>2004</u>	<u>2003</u>
Revenues:		
Program Revenues		
Fines and Fees and Operating Grants and Contributions	\$337,855	\$311,059
Interest Income and Miscellaneous	<u>22,762</u>	<u>15,936</u>
Total Revenues	350,617	326,995
Expenses:		
General Governmental - Judicial	<u>289,097</u>	<u>278,782</u>
Increase in Net Assets	<u>\$ 61,520</u>	<u>\$ 48,213</u>

During the fiscal year ended June 30, 2004, fines and fees received increased by \$26,796 or approximately 9% due to an increase in the number of citations issued in the current fiscal year.

Expenses, excluding depreciation expense of \$6,383, increased by \$16,322 or approximately 6%. For the most part, increases in expenses closely paralleled inflation with a couple of exceptions. Salaries increased by approximately \$14,650 due to the addition of another full-time employee in April of this year whose duties include that of a Court Bailiff as well as other office duties and a 3% cost of living salary increase for the other employees of the Clerk's office.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The unfavorable variances in Office Expenses was caused by the reclassification of minor equipment purchases to the supplies category. The favorable variance in the category of Software Update is attributed to lack of need for software up dates as first projected in the original budget.

**CAPITAL ASSETS**

A major addition to the capital assets this year was the purchase of a new sound system for the Courtroom, which greatly increased quality of court hearings and the quality of the transcripts for the records of the Court.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2005. Increased revenues as the population of our jurisdiction increases are expected to raise revenues in the next fiscal year, anticipated revenues will be approximately \$362,500, while anticipated expenditures will be approximately \$309,500. Therefore, the total governmental fund balance is expected to increase by approximately \$53,000.

## **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 ASSETS**

JUNE 30, 2004

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 278,317
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	155,000
Receivables, Net	1,604
Capital Assets (Net of Accumulated Depreciation)	<u>37,804</u>
Total Assets	<u>\$ 472,725</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ 1,328</u>
Total Liabilities	1,328
<b>NET ASSETS</b>	
Investment in Capital Assets Unrestricted	<u>37,804</u> <u>433,593</u>
Total Net Assets	<u>471,397</u>
Total Liabilities and Net Assets	<u>\$ 472,725</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, 2004**

**Governmental Activities:**

**Expenses:**

**Judicial:**

Salaries, Fees Paid and Benefits	\$ 231,285
Office Expenses	27,747
Contract Services	10,546
Memberships and Educational Conferences	13,136
Depreciation	<u>6,383</u>
Total Expenses	289,097

**Program Revenues:**

Fines and Fees	262,982
Operating Grants and Contributions	<u>74,873</u>
Net Program Revenues	48,758

**General Revenues:**

Interest Income	8,781
Miscellaneous	<u>3,981</u>
Total General Revenues	<u>12,762</u>

Change in Net Assets 61,520

Net Assets - Beginning of Year 409,877

Net Assets - End of Year \$ 471,397

The accompanying notes constitute an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 237,033	\$ 41,284	\$ 278,317
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	155,000	-	155,000
Accrued Interest Receivable	1,098	-	1,098
Accounts Receivable	506	-	506
Due from Other Funds	131	-	131
<b>Total Assets</b>	<b>\$ 393,768</b>	<b>\$ 41,284</b>	<b>\$ 435,052</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 1,328	\$ -	\$ 1,328
Due to General Fund	-	131	131
<b>Total Liabilities</b>	<b>1,328</b>	<b>131</b>	<b>1,459</b>
 <b>Fund Balances:</b>			
Reserved Civil Fees	46,402	-	46,402
Designated	-	41,153	41,153
Unreserved	346,038	-	346,038
<b>Total Fund Balances</b>	<b>392,440</b>	<b>41,153</b>	<b>433,593</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 393,768</b>	 <b>\$ 41,284</b>	 <b>\$ 435,052</b>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2004

Fund Balances - Total Governmental Funds	\$ 433,593
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

Governmental Capital Assets	\$173,291
Less: Accumulated Depreciation	<u>(135,487)</u>

37,804

Net Assets of Governmental Activities	<u><u>\$ 471,397</u></u>
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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 FUNDS**

FOR THE YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
<b>Charges for Services:</b>			
Court Costs	\$ 152,879	\$ 14,863	\$ 167,742
Civil Fees	61,585	-	61,585
Probation and Continuance Fees	29,244	-	29,244
Drivers' License Reinstatement Fees	2,649	-	2,649
Appealed Case Fees/Transcripts	1,228	-	1,228
Adoption Case Fees	534	-	534
	<hr/>	<hr/>	<hr/>
	248,119	14,863	262,982
<b>Intergovernmental Revenues -</b>			
on Behalf Payments	28,013	-	28,013
Primary Government - City of Denham Springs	46,860	-	46,860
Interest Income	8,400	381	8,781
Miscellaneous	3,822	159	3,981
	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>	335,214	15,403	350,617
<b>Expenditures:</b>			
<b>Judicial:</b>			
<b>Salaries, Fees Paid and Benefits:</b>			
Salaries	159,694	-	159,694
Civil Fees Paid	35,500	-	35,500
Employee Group Insurance	2,354	-	2,354
Payroll Tax Expense	12,254	-	12,254
Retirement Expense	12,108	-	12,108
Police Officers Subpoena Fees	-	9,375	9,375
	<hr/>	<hr/>	<hr/>
	221,910	9,375	231,285
<b>Office Expenses:</b>			
Office Supplies and Printed Forms	14,139	-	14,139
Telephone	5,611	-	5,611
Postage	5,015	-	5,015
Miscellaneous	578	21	599
Insurance	1,216	-	1,216
Uniforms	1,167	-	1,167
	<hr/>	<hr/>	<hr/>
	27,726	21	27,747

(CONTINUED)



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

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

FOR THE YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Contract Services:</b>			
Professional Fees	3,300	-	3,300
Maintenance Agreement	2,226	-	2,226
Transcriptions/Appeals	4,423	-	4,423
Software Update	597	-	597
	<u>10,546</u>	-	<u>10,546</u>
<b>Memberships and Educational Conferences:</b>			
Membership Dues and Subscriptions	5,388	-	5,388
Educational Conferences and Seminars	7,748	-	7,748
	<u>13,136</u>	-	<u>13,136</u>
<b>Capital Outlay</b>	<u>12,415</u>	-	<u>12,415</u>
<b>Total Expenditures</b>	<u>285,733</u>	<u>9,396</u>	<u>295,129</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	381	-	381
Operating Transfers Out	-	(381)	(381)
	<u>381</u>	<u>(381)</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	49,862	5,626	55,488
<b>Fund Balances - Beginning of Year</b>	<u>342,578</u>	<u>35,527</u>	<u>378,105</u>
<b>Fund Balances - End of Year</b>	<u>\$ 392,440</u>	<u>\$ 41,153</u>	<u>\$ 433,593</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 FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 55,488**

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

**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 depreciation expense in the current period.**

**6,032**

**Change in Net Assets of Governmental Activities** **\$ 61,520**

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, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Charges for Services:</b>				
Court Costs	\$ 128,500	\$ 152,850	\$ 152,879	\$ 29
Civil Fees	49,500	54,750	61,585	6,835
Probation and Continuance Fees	31,000	29,000	29,244	244
Drivers' License Reinstatement Fees	1,200	3,500	2,649	(851)
Appealed Case Fees/Transcripts	50	1,225	1,228	3
Adoption Case Fees	-	-	534	534
	<u>210,250</u>	<u>241,325</u>	<u>248,119</u>	<u>6,794</u>
<b>Intergovernmental Revenues -</b>				
On-Behalf Payments	28,013	28,013	28,013	-
Primary Government - City of Denham Springs	46,860	46,860	46,860	-
Interest Income	7,000	5,350	8,400	3,050
Miscellaneous	4,700	8,326	3,822	(4,504)
	<u>296,823</u>	<u>329,874</u>	<u>335,214</u>	<u>5,340</u>
<b>Expenditures:</b>				
<b>Judicial:</b>				
<b>Salaries, Fees Paid and Benefits:</b>				
Salaries	150,013	162,013	159,694	2,319
Civil Fees Paid	29,165	35,500	35,500	-
Employee Group Insurance	2,400	2,400	2,354	46
Payroll Tax Expense	12,000	10,700	12,254	(1,554)
Retirement Expense	8,750	15,500	12,108	3,392
	<u>202,328</u>	<u>226,113</u>	<u>221,910</u>	<u>4,203</u>
<b>Office Expenses:</b>				
Office Supplies and Printed Forms	9,000	10,725	14,139	(3,414)
Telephone	5,650	5,650	5,611	39
Postage	5,500	5,025	5,015	10
Miscellaneous	2,550	550	578	(28)
Insurance	1,250	1,050	1,216	(166)
Uniforms	1,000	1,167	1,167	-
	<u>24,950</u>	<u>24,167</u>	<u>27,726</u>	<u>(3,559)</u>

(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, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Contract Services:</b>				
Professional Fees	4,750	3,300	3,300	-
Maintenance Agreement	2,750	2,550	2,226	324
Transcriptions/Appeals	2,800	4,400	4,423	(23)
Software Update	1,000	3,650	597	3,053
	<u>11,300</u>	<u>13,900</u>	<u>10,546</u>	<u>3,354</u>
<b>Memberships and Educational Conferences:</b>				
Membership Dues and Subscriptions	4,000	5,800	5,388	412
Educational Conferences and Seminars	8,800	7,750	7,748	2
	<u>12,800</u>	<u>13,550</u>	<u>13,136</u>	<u>414</u>
<b>Capital Outlay</b>	<u>2,500</u>	<u>11,825</u>	<u>12,415</u>	<u>(590)</u>
<b>Total Expenditures</b>	<u>253,878</u>	<u>289,555</u>	<u>285,733</u>	<u>3,822</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	381	381
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>381</u>	<u>381</u>
<b>Excess of Revenues Over Expenditures</b>	42,945	40,319	49,862	9,543
<b>Fund Balances - Beginning of Year</b>	<u>342,578</u>	<u>342,578</u>	<u>342,578</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 385,523</u>	<u>\$ 382,897</u>	<u>\$ 392,440</u>	<u>\$ 9,543</u>

The accompanying notes constitute an integral part of this statement.

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

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

JUNE 30, 2004

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ <u>216,467</u>
Total Assets	\$ <u><u>216,467</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 506
Bonds Payable in Advance of Trial	<u>215,961</u>
Total Liabilities	\$ <u><u>216,467</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 - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2004

	Agency Funds		
	Civil Docket	Criminal Docket	Restitution
<b>Additions:</b>			
Fines and Bonds Collected	\$ 147,778	\$ 982,339	\$ -
Restitution Received	-	-	1,888
Interest Income	804	1,280	5
<b>Total Additions</b>	<b>148,582</b>	<b>983,619</b>	<b>1,893</b>
<b>Deductions:</b>			
Fines Disbursed to			
City of Denham Springs - General	-	305,686	-
Fines Disbursed to Parish Council -			
General	-	37,945	-
General Fund Court Costs	-	152,879	-
General Fund - Probation and			
Continuance Fees	-	29,245	-
Public Service Work Fund Court Costs	-	3,800	-
Witness Fee Fund Court Costs	-	14,863	-
Marshall's Office Court Costs	-	207,668	-
District Attorney Fees	-	10,682	-
Bonds and Fines Refunded	-	4,977	-
Law Enforcement Training	-	1,670	-
Miscellaneous	551	149	-
Reparations Fund	-	6,251	-
Indigent Defenders' Board	-	134,865	-
Marshall's Fees	30,879	-	-
Recording Fees	10,600	-	-
Restitution Paid to Victims	-	-	1,888
Court Cost Refunds	16,130	-	-

(CONTINUED)

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

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

FOR THE YEAR ENDED JUNE 30, 2004

	Agency Funds		
	Civil Docket	Criminal Docket	Restitution
<b>Deductions (Continued):</b>			
Judge's Fees Earned	61,585	-	-
Serving Citations	10,402	-	-
Judges Supplemental Compensation Fund	17,097	-	-
Interest Transfers to General Fund	804	1,280	\$
Adoption Case Fees Transfers to General Fund	534	-	-
Juvenile Justice Committee	-	30,962	-
State Analysis Fee	-	175	-
Analysis Fees	-	3,050	-
Trial Court Case Management Information System	-	11,403	-
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	11,660	-
Judgment of Bond Forfeitures	-	5,889	-
Sex Registry	-	8,520	-
<b>Total Deductions</b>	<b>148,582</b>	<b>983,619</b>	<b>1,893</b>
<b>Change in Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes constitute an integral part of this statement.

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

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2004

**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. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

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



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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2004**

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 will be discretely presented in the City of Denham Springs government-wide financial statements for the year ended June 30, 2004.

**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 Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the 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 assets resulting from the current year's activities.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2004

**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 funds 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.
- 2) Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The only Special Revenue Fund consists of the Witness Fee 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, 2004**

**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 12, 2003, for the fiscal year ended June 30, 2004. All appropriations lapse at year-end. The original budget adopted June 12, 2003, was amended on June 11, 2004 for the fiscal year ended June 30, 2004.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2004**

**F. Accumulated Unpaid Vacation and Sick Pay**

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

**G. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2004, the Court had no outstanding debt.

**Note 2 - Interest Earned -**

The Civil and Criminal Dockets, and the Witness Fees 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.

The interest earned in the Witness Fees Fund is also 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2004

At June 30, 2004, the carrying amount of the Court's Cash and Cash Equivalents totaled \$649,784, and the confirmed bank balances were \$691,332. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at June 30, 2004, with the related federal deposit insurance and pledged securities. The cash and cash equivalents at June 30, 2004, were secured as follows:

	<u>Confirmed Bank Balances</u> <u>at June 30, 2004</u>			<u>FDIC/FSLIC</u> <u>Insurance</u>	<u>Balances</u> <u>Uninsured</u>
	<u>Governmental</u> <u>Funds</u>	<u>Agency</u> <u>Funds</u>	<u>Total</u>		
Cash and Cash Equivalents	\$ 286,125	\$ 250,207	\$ 536,332	\$ 200,000	\$ 336,332
Investments (Certificates of Deposit - Maturity Greater Than 90 Days	<u>155,000</u>	<u>-</u>	<u>155,000</u>	<u>155,000</u>	<u>-</u>
Total	<u>\$ 441,125</u>	<u>\$ 250,207</u>	<u>\$ 691,332</u>	<u>\$ 355,000</u>	336,332
Uncollateralized - Securities Pledged and Held by the Custodial Bank in the Name of the Fiscal Agent					<u>442,250</u>
Deficiency of FDIC/FSLIC Insurance and Pledged Securities over Cash and Cash Equivalents					<u>\$ NONE</u>

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2004

**Note 4 - Changes in Capital Assets -**

Capital asset activity for the year ended June 30, 2004 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<b>Equipment:</b>				
Copier	\$ 4,880	\$ -	\$ -	\$ 4,880
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	19,118	835	-	19,953
Computer Equipment	93,720	1,485	-	95,205
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>12,018</u>	<u>10,095</u>	<u>-</u>	<u>22,113</u>
Totals	160,876	12,415	-	173,291
<b>Less Accumulated Depreciation for:</b>				
<b>Equipment:</b>				
Copier	4,880	-	-	4,880
Telephone System	2,630	1,117	-	3,747
Furniture and Fixtures	17,599	628	-	18,227
Computer Equipment	86,698	2,773	-	89,471
Police Equipment	2,137	427	-	2,564
Leasehold Improvements	3,142	785	-	3,927
Other Equipment	<u>12,018</u>	<u>653</u>	<u>-</u>	<u>12,671</u>
Total Accumulated Depreciation	129,104	6,383	-	135,487
Capital Assets, Net	<u>\$ 31,772</u>	<u>\$ 6,032</u>	<u>\$ -</u>	<u>\$ 37,804</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expenses \$ 6,383

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2004

**Note 5 - Interfund Receivables, Payables, Transfers In, Transfers Out -**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 131	\$ -
Other Governmental Funds	<u>-</u>	<u>131</u>
	<u>\$ 131</u>	<u>\$ 131</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 381	\$ -
Other Governmental Funds	<u>-</u>	<u>381</u>
	<u>\$ 381</u>	<u>\$ 381</u>

**Note 6 - Postretirement Health Care and Life Insurance Benefits -**

At June 30, 2004, the Court has no postretirement health care and life insurance benefit plan in existence.

**Note 7 - 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, 2004, the contribution rate for the employer was 5.25% of covered earnings and the rate for the employee was 3.00% of covered earnings. The City Court of Denham Springs - Ward Two contributed \$5,626 to the system during the year. Data concerning the actuarial status of the system at June 30, 2004, is not currently available.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2004

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, 2004, 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 \$12,191 to the System in fiscal year 2004, 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 \$5,609 to the system during the year. Data concerning the actuarial status of the system at June 30, 2004 is not currently available.

**Note 8 - 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, 2004 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.



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

 **Hannis T. Bourgeois, LLP**  
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July 20, 2004

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

We have audited the basic financial statements of the 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, 2004, and have issued our report thereon dated July 20, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Court'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated July 20, 2004.

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and should not be used for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, and its distribution is not limited.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*

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

**PRIOR YEAR AUDIT FINDING**

**JUNE 30, 2004**

**NONE**

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

**MANAGEMENT LETTER**

**JUNE 30, 2004**



**Hannis T. Bourgeois, LLP**

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July 20, 2004

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

In planning and performing our audit of the basic financial statements of the City Court of Denham Springs - Ward Two for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

However, during our prior year audit we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency. The following summarizes our comment and suggestion regarding the matter. This letter does not affect our report dated July 20, 2004, on the basic financial statements of the City Court of Denham Springs - Ward Two.

**CURRENT YEAR FINDING:**

None

**PRIOR YEAR FINDING:**

**Finding 03-1:**

During our prior year audit, we noted that timesheets or timecards were not being used to process payroll for regular full time salaried employees. The regular full time salaried employees attendance was determined by observation of the Clerk and no documentation that was signed by each employee for each pay period was maintained, except for leave slips for vacation or sick leave that was requested by the employee and approved by the Clerk. Requiring employees to complete and sign timesheets that are also signed and approved by the employee's supervisor is an essential requirement to document payroll is being paid for work performed and to strengthen internal controls for payroll processing.

City Court of Denham Springs – Ward Two

July 20, 2004

Page 2

Recommendation:

We recommended for the City Court to require employees to complete and sign timesheets that are also signed and approved by the employee's supervisor and for payroll to be processed based on the information contained on the timesheets.

Corrective Action Taken:

In the current year, management implemented a system where the employee signs a timesheet that is approved by the employees' supervisor for each pay period. The information on the timesheet is used to process payroll.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the condition described above is not believed to be a material weakness.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City Court of Denham Springs - Ward Two is a matter of public record.

Respectfully submitted,

*Harold J. Bourgeois, CPA*