



MARSHAL OF CITY COURT
OF DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
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 1-26-05

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September 14, 2004

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Marshal of City Court of Denham Springs - Ward Two, a component unit of the City of Denham Springs, as of and for the year ended June 30, 2004, which collectively comprise the Marshal's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Marshal. Our responsibility is to express 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Marshal of City Court of Denham Springs - Ward Two as of June 30, 2004, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued a report dated September 14, 2004, on our consideration of the Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Thomas J. Bourgeois, CPA



MARSHAL
STEVE ACHORD

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

DEPUTIES
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Marshal of City Court of Denham Springs-Ward Two's (Marshal) financial performance provides an overview of the Marshal's financial activities for the year ended June 30, 2004. Please read it in conjunction with the Marshal's financial statements, which begin on, page 8.

FINANCIAL HIGHLIGHTS

The Marshal's net assets increased by \$ 23,543. or approximately 13.88%.

The Marshal's total program revenues were \$375,767 compared to \$350,439 last year. An increase of \$25,328 or 7.23%.

Total expenses for the Marshal's Office during the year ending June 30, 2004 was \$354,246 compared to \$319,556 last year. An increase of \$34,690 or 10.86%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (pages 8 and 9) provide information about the Marshal'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 adopted and actual budgets. The major differences in revenues were caused by the increase in court cost revenues, while the difference in expenditures were caused by decrease in personnel because of the error of not budgeting the on-behalf payment salaries and decrease in office expenses. Notes to Financial Statements as a form of explanation follow on pages 17 through 23. The Marshal is an independent elected official. However, since the Marshal's office is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as reimbursements of a portion of its salaries, the Marshal is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information in the funds maintained by the Marshal.

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

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the Marshal as a whole begins on page 8. The Statement of Net Assets and Statement of Activities report information about the funds maintained by the Marshal as a whole and about its activities in a way which helps answer one of the most important questions asked about the Marshal's finances, "Is the Marshal, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The Marshal's total net assets change from a year ago, increased from \$169,565 to \$193,108.

By far the largest portion of the Marshal's net assets (70 %) is in cash and investments. Because of this the Marshal is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

**TABLE I
TOTAL NET ASSETS**

	<u>2004</u>	<u>2003</u>
Current assets	\$153,753	\$129,356
Capital assets	<u>55,914</u>	<u>49,483</u>
Total	209,667	178,839
Current liabilities	16,559	9,274
Net assets:		
Investments in capital assets	55,914	49,483
Unrestricted	<u>137,194</u>	<u>120,082</u>
Total Net Assets	<u>\$193,108</u>	<u>\$169,565</u>

Net assets of the funds maintained by the Marshal's governmental activities increased by \$23,543 or approximately 13.88% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance the Marshal's expenses without constraints or other legal requirements increased by \$17,112 from \$120,082 at June 30, 2003 to \$137,194 at June 30, 2004.

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

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Court cost and fees and Operating grants and Contributions	\$375,767	\$350,439	\$25,328
Interest income and miscellaneous	<u>2,022</u>	<u>2,623</u>	<u>(601)</u>
Total revenues	377,789	353,062	24,727
Expenses:			
General governmental judicial	<u>354,246</u>	<u>319,556</u>	<u>34,690</u>
Increase in net assets	<u>\$ 23,543</u>	<u>\$ 33,506</u>	<u>\$(9,963)</u>

During the fiscal year ended June 30, 2004, Court Cost and Fees received increased by \$20,203 or approximately 10.49% due to an increase in the number of tickets issued and processed in the current fiscal year, while Operating Grants and Contributions increased by \$5,125 or approximately 3.25%.

Expenses, excluding depreciation expense of \$14,059, increased by \$36,828 or approximately 12.14%. Salaries and benefits increased by \$36,786 due to the addition of a full-time employee and two part-time employees. All other expenses remained fairly consistent with the prior year.

CAPITAL ASSETS

The major additions to the capital assets this year was the purchase of an additional vehicle (\$17,404) for the Marshal's office.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Marshal's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2005. As minimal changes are expected in the next fiscal year, anticipated revenues will again be approximately \$380,000, while anticipated expenditures will be approximately \$371,000. Therefore, the total governmental fund balance is expected to increase by approximately \$9,000.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

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

A handwritten signature in cursive script that reads "Patricia S. Kennedy". The signature is written in black ink and is positioned above the typed name and title.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 75,060
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	60,979
Accrued Interest Receivable	145
Other Receivable	4,038
Due from Other Governments	13,531
Capital Assets (Net of Accumulated Depreciation)	<u>55,914</u>
Total Assets	<u>\$ 209,667</u>
LIABILITIES	
Accounts Payable	\$ 6,889
Due to Primary Government	4,437
Payroll Taxes Payable	<u>5,233</u>
Total Liabilities	16,559
NET ASSETS	
Investment in Capital Assets Unrestricted	55,914 <u>137,194</u>
Total Net Assets	<u>193,108</u>
Total Liabilities and Net Assets	<u>\$ 209,667</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Governmental Activities:

Expenses:

Judicial:

Salaries, Fees Paid and Benefits	\$ 286,845
Office Expenses	28,551
Contract Services	18,213
Memberships and Educational Conferences	6,578
Depreciation	<u>14,059</u>
Total Expenses	354,246

Program Revenues:

Court Costs and Fees	212,780
Operating Grants and Contributions	<u>162,987</u>
Net Program Revenues	21,521

General Revenues:

Interest Income	1,242
Miscellaneous	<u>780</u>
Total General Revenues	<u>2,022</u>

Change in Net Assets 23,543

Net Assets - Beginning of Year 169,565

Net Assets - End of Year \$ 193,108

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2004

	<u>General</u>
ASSETS	
Assets:	
Cash and Cash Equivalents	\$ 75,060
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	60,979
Accrued Interest Receivable	145
Other Receivable	4,038
Due from Other Governments	<u>13,531</u>
Total Assets	<u>\$ 153,753</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 6,889
Due to Primary Government	4,437
Payroll Taxes Payable	<u>5,233</u>
Total Liabilities	16,559
Fund Balance:	
Unreserved	<u>137,194</u>
Total Fund Balance	<u>137,194</u>
Total Liabilities and Fund Balance	<u>\$ 153,753</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

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

JUNE 30, 2004

Fund Balances - Total Governmental Fund		\$ 137,194
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	\$145,634	
Less: Accumulated Depreciation	<u>(89,720)</u>	
		<u>55,914</u>
Net Assets of Governmental Activities		\$ <u>193,108</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

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

FOR THE YEAR ENDED JUNE 30, 2004

	<u>General</u>
Revenues:	
Charges for Services:	
Court Costs and Fees	\$ 207,669
Bond Preparation Fee	3,040
Bond Surrenders Fee and Bond Forfeiture	<u>2,071</u>
	212,780
Intergovernmental Revenues -	
on Behalf Payments	71,788
Primary Government - City of Denham Springs	50,338
Livingston Parish Council	40,032
Grant Revenue	829
Interest Income	1,242
Miscellaneous	<u>780</u>
Total Revenues	377,789
Expenditures:	
Judicial:	
Salaries, Fees Paid and Benefits:	
Salaries	262,248
Payroll Tax Expense	14,890
Retirement Expense	<u>9,707</u>
	286,845
Office Expenses:	
Office Supplies and Printed Forms	5,177
Telephone	8,634
Postage	847
Miscellaneous	3,689
Insurance	8,631
Uniforms	<u>1,573</u>
	28,551

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

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

FOR THE YEAR ENDED JUNE 30, 2004

	<u>General</u>
Expenditures (Continued):	
Judicial (Continued):	
Contract Services:	
Professional Fees	2,250
Service Contract	926
Equipment Rental	2,961
Maintenance	1,342
Vehicle Expense	<u>10,734</u>
	18,213
Memberships and Educational Conferences:	
Membership Dues and Subscriptions	400
Training	<u>6,178</u>
	6,578
Capital Outlay	<u>20,490</u>
Total Expenditures	<u>360,677</u>
Excess of Revenues Over Expenditures	17,112
Fund Balance - Beginning of Year	<u>120,082</u>
Fund Balance - End of Year	<u>\$ 137,194</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balance - Total Governmental Fund \$ 17,112

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 expense exceeded depreciation expense in the current period.

6,431

Change in Net Assets of Governmental Activities \$ 23,543

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

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

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for Services:				
Court Costs and Fees	\$ 183,000	\$ 201,795	\$ 207,669	\$ 5,874
Bond Preparation Fee	3,000	3,040	3,040	-
Bond Surrender Fee and Bond Forfeiture	4,100	2,071	2,071	-
	<u>190,100</u>	<u>206,906</u>	<u>212,780</u>	<u>5,874</u>
Intergovernmental Revenues - on Behalf Payments	95,120	95,120	71,788	(23,332)
Primary Government - City of Denham Springs	-	-	50,338	50,338
Livingston Parish Council	60,303	63,500	40,032	(23,468)
Grant Revenue	1,006	829	829	-
Interest Income	1,119	800	1,242	442
Miscellaneous	650	780	780	-
	<u>348,298</u>	<u>367,935</u>	<u>377,789</u>	<u>9,854</u>
Expenditures:				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	235,000	186,756	262,248	(75,492) *
Payroll Tax Expense	16,000	14,890	14,890	-
Retirement Expense	6,500	10,000	9,707	293
	<u>257,500</u>	<u>211,646</u>	<u>286,845</u>	<u>(75,199)</u>
Office Expenses:				
Office Supplies and Printed Forms	9,800	4,366	5,177	(811)
Telephone	8,800	9,213	8,634	579
Postage	1,500	847	847	-
Miscellaneous	2,825	5,190	3,689	1,501
Insurance	16,150	13,947	8,631	5,316
Uniforms	1,500	1,571	1,573	(2)
	<u>40,575</u>	<u>35,134</u>	<u>28,551</u>	<u>6,583</u>

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

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

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Expenditures (Continued):				
Judicial (Continued):				
Contract Services:				
Professional Fees	3,500	2,250	2,250	-
Service Contract	1,200	926	926	-
Equipment Rental	2,900	2,961	2,961	-
Maintenance	500	1,217	1,342	(125)
Vehicle Expense	11,000	9,942	10,734	(792)
	<u>19,100</u>	<u>17,296</u>	<u>18,213</u>	<u>(917)</u>
Memberships and Educational Conferences:				
Membership Dues and Subscriptions	600	400	400	-
Training	6,500	6,178	6,178	-
	<u>7,100</u>	<u>6,578</u>	<u>6,578</u>	<u>-</u>
Capital Outlay	<u>23,000</u>	<u>21,000</u>	<u>20,490</u>	<u>510</u>
Total Expenditures	<u>347,275</u>	<u>291,654</u>	<u>360,677</u>	<u>(69,023)</u>
Excess of Revenues Over Expenditures	1,023	76,281	17,112	(59,169)
Fund Balance - Beginning of Year	<u>120,082</u>	<u>120,082</u>	<u>120,082</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 121,105</u>	<u>\$ 196,363</u>	<u>\$ 137,194</u>	<u>\$ (59,169)</u>

* Failed to include approximately \$72,000 of On-Behalf Payments as salary expenses.

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies -

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

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

A. Financial Reporting Entity

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

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

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, 2004.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

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

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

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

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

The Marshal does not allocate indirect costs.

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

Basic Financial Statements - Fund Financial Statements

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

The Marshal uses the following fund types:

Governmental Funds:

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

- 1) The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2004, it is the only fund of the Marshal.

C. Basis of Accounting and Measurement Focus

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

1. Accrual -

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

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 Marshal, prepared on the modified accrual basis of accounting by the Marshal, was adopted by the Marshal 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 14, 2004 for the fiscal year ended June 30, 2004.

F. Accumulated Unpaid Vacation and Sick Pay

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

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 Marshal had no outstanding debt.

Note 2 - Deposits and Investments -

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

As confirmed by the fiscal agent, the Marshal had cash and cash equivalents and investments totaling \$158,565 and a carrying value of \$136,039 at June 30, 2004. 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, 2004, were secured as follows:

	<u>Confirmed Bank Balance June 30, 2004</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash	\$ 97,586	\$200,000	\$ -
Investments (Certificates of Deposit - Maturities Greater Than 90 Days)	<u>60,979</u>	<u>100,000</u>	<u>-</u>
Total	<u>\$158,565</u>	<u>\$300,000</u>	<u>\$ -</u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

Note 3 - 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>
Office Equipment	\$ 23,266	\$ 572	\$ -	\$ 23,838
Furniture and Fixtures	9,377	-	-	9,377
Machinery and Equipment	33,570	2,514	-	36,084
Vehicles	54,520	17,404	-	71,924
Leasehold Improvements	<u>4,411</u>	<u>-</u>	<u>-</u>	<u>4,411</u>
Totals	125,144	20,490	-	145,634
Less Accumulated				
Depreciation for:				
Office Equipment	18,443	2,586	-	21,029
Furniture and Fixtures	8,191	818	-	9,009
Machinery and Equipment	12,868	3,155	-	16,023
Vehicles	35,220	7,280	-	42,500
Leasehold Improvements	<u>939</u>	<u>220</u>	<u>-</u>	<u>1,159</u>
Total Accumulated Depreciation	<u>75,661</u>	<u>14,059</u>	<u>-</u>	<u>89,720</u>
Capital Assets, Net	<u>\$ 49,483</u>	<u>\$ 6,431</u>	<u>\$ -</u>	<u>\$ 55,914</u>

Depreciation expense was charged to governmental activities as follows:

Judicial	<u>\$ 14,059</u>
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MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004

Note 4 - Retirement Commitments -

Employees of the Marshal of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshal's office as a percentage of salaries. Beginning January 1, 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. For the fiscal year ended June 30, 2004, the Marshal contributed \$9,707. Data concerning the actuarial status of the system at June 30, 2004, is not currently available.

All employees of the Marshal's office, with the exception of the Marshal, are also covered by the Social Security System. The Marshal's office contributed \$14,890 to the System in fiscal year 2004, as its share of employer contributions.

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

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

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

For the fiscal year ended June 30, 2004, State supplemental payments to the Marshal and employees amounted to \$21,600 while payments from the City Court and the Livingston Parish Council amounted to \$30,879 and \$19,309, respectively.

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



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September 14, 2004

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

We have audited the financial statements of the Marshal of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2004, and have issued our report thereon dated September 14, 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 Marshal'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 non-compliance that would be required to be reported under Government Auditing Standards.

Current Year Finding:

None.

Prior Year Finding:

Finding 2003-1:

During the prior year audit, the Marshal failed to maintain adequate federal deposit insurance or pledged collateral for their Cash and Cash Equivalents. At June 30, 2003 the Marshal was underinsured by \$8,221.

Marshal of City Court of
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Recommendation:

We recommended that the Marshal secure 100% of all deposits by federal deposit insurance or the pledge of securities owned by the bank.

Corrective Action Taken:

During the current year we noted that the Marshal has secured 100% of all deposits by federal insurance or the pledge of securities owned by the bank.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marshal's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is as follows:

Current Year Finding:

Finding 2004-01:

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

Recommendation:

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

Action Plan:

None considered necessary.

Prior Year Finding:

Finding 2003-03:

During our 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 Chief Deputy and no documentation was signed by each employee for

Marshal of City Court of
Denham Springs - Ward Two

each pay period was maintained. In addition, there were no written procedures concerning payroll and vacation and sick leave policies. Salaried employees cannot accumulate unpaid time nor are they paid for any overtime. In our discussions with management we were informed that at times a certain individual sometimes leaves early and that due to several surgeries in the current year, the Marshal (Elected Official) himself has been out of the office on numerous occasions. We were also informed that the individual that sometimes leaves early also receives numerous business calls after office hours that he takes care of as well as at times is required to transport prisoners after hours. Although we were informed that the after hour transport of prisoners and business calls would offset the time the individual left early, there were no records to determine the accuracy of this statement. Requiring all employees to complete and sign timesheets that are also signed and approved by the employee's supervisor is an essential requirement to document that payroll is being paid for work performed and also will strengthen internal controls for payroll processing.

Recommendation:

We recommended the Marshal of City Court require all 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. In addition, we recommended management adopt written policies and procedures in connection with payroll, vacation and sick leave and each employee should receive a copy of these policies and procedures.

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.

Additional Recommendation:

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

Management's Response:

Management concurs.

Marshal of City Court of
Denham Springs - Ward Two

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

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

Respectfully submitted,

Hanna J. Lougeon, CPA