

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

Annual Financial Statements

June 30, 2023



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Independent Auditor's Report

Mr. Joe Shumate
Marshal of City Court
of Denham Springs - Ward Two
Denham Springs, Louisiana

Opinion

We have audited the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two (the Marshal), a component unit of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Marshal's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Marshal and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshal's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshal's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary schedules required by Governmental Accounting Standards Board Statement No. 68 on pages 28 and 29, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshal’s basic financial statements. The schedule of compensation, benefits, and other payments to agency head, and the schedule as required by Act 87 of the 2020 regular legislative session - justice system funding schedule - receiving entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule as required by Act 87 of the 2020 regular legislative session - justice system funding schedule - receiving entity is presented on a cash basis method of accounting.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, and the schedule as required by Act 87 of the 2020 regular legislative session – justice system funding schedule - receiving entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the Marshal’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshal’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshal’s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2023

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 143,596
Accounts Receivable	334
Capital Assets (Net of Accumulated Depreciation)	<u>78,873</u>
Total Assets	<u>222,803</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pension	<u>97,144</u>
Liabilities	
Accounts Payable	31,571
Accrued Liabilities	808
Net Pension Liability	<u>40,924</u>
Total Liabilities	<u>73,303</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pension	<u>9,497</u>
Net Position	
Net Investment in Capital Assets	78,873
Unrestricted	<u>158,274</u>
Total Net Position	<u><u>\$ 237,147</u></u>

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Activities
For the Year Ended June 30, 2022

	Governmental Activities
Expenses	
Judicial	<u>\$ 654,031</u>
Program Revenues	
Charges for Services	243,781
Operating Grants and Contributions	<u>446,693</u>
Total Program Revenues	<u>690,474</u>
Net Revenues	<u>36,443</u>
General Revenues	
Other Income	43,926
Interest Income	<u>362</u>
Total General Revenues	<u>44,288</u>
Change in Net Position	80,731
Net Position, Beginning of Year	<u>156,416</u>
Net Position, End of Year	<u><u>\$ 237,147</u></u>

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Balance Sheet
Governmental Fund
June 30, 2023

	General Fund
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 143,596
Accounts Receivable	334
	<hr/>
Total Assets	\$ 143,930
	<hr/>
Liabilities	
Accounts Payable	\$ 31,571
Accrued Liabilities	808
	<hr/>
Total Liabilities	32,379
	<hr/>
Fund Balance	
Unassigned	111,551
	<hr/>
Total Fund Balance	111,551
	<hr/>
Total Liabilities and Fund Balance	\$ 143,930
	<hr/>

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
Governmental Fund
June 30, 2023

Fund Balance - Total Governmental Fund	\$	111,551
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund:

Governmental Capital Assets		256,352
Less: Accumulated Depreciation		(177,479)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		(9,497)
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		97,144
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Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:

Net Pension Asset		<u>(40,924)</u>
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Net Position of Governmental Activities	\$	<u>237,147</u>
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The accompanying notes are an integral part of these financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

	General Fund
Revenues	
Court Costs and Fees	\$ 243,781
Intergovernmental Revenues	
Primary Government - City of Denham Springs	247,708
Federal Grant Reimbursements	134,246
Livingston Parish Council	36,000
On-Behalf Payments	26,000
Other Income	43,926
Interest Income	362
	<hr/>
Total Revenues	732,023
	<hr/>
Expenditures	
Judicial	
Salaries and Payroll Taxes	389,200
Auto Expenses	60,302
Office Expenses	43,699
Insurance	41,419
Retirement	41,266
Conventions and Training	13,441
Audit	11,000
Telephone	8,472
Rent	8,230
Outsource Accounting	6,354
Uniforms	6,079
Advertising	5,851
Other	3,016
Capital Outlay	74,835
	<hr/>
Total Expenditures	713,164
	<hr/>
Net Change in Fund Balance	18,859
Fund Balance, Beginning of Year	92,692
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Fund Balance, End of Year	\$ 111,551
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The accompanying notes are an integral part of these financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Fund	\$ 18,859
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay.</p>	48,665
<p>Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.</p>	<u>13,207</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ 80,731</u></u>

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs and Fees	\$ 153,000	\$ 133,000	\$ 243,781	\$ 110,781
Intergovernmental Revenues -				
On-Behalf Payments	12,000	12,000	26,000	14,000
Primary Government - City of				
Denham Springs	267,000	355,300	247,708	(107,592)
Livingston Parish Council	68,000	63,000	36,000	(27,000)
Federal Grant Reimbursements	40,000	132,000	134,246	2,246
Other Income	41,000	19,165	43,926	24,761
Interest Income	100	300	362	62
Total Revenues	581,100	714,765	732,023	17,258
Expenditures				
Judicial				
Salaries and Payroll Taxes	324,000	412,000	389,200	22,800
Office Expenses	26,000	40,320	43,699	(3,379)
Auto Expenses	47,500	134,000	60,302	73,698
Retirement	24,000	44,000	41,266	2,734
Telephone	10,000	8,500	8,472	28
Rent	10,000	8,300	8,230	70
Insurance	54,000	40,000	41,419	(1,419)
Audit	10,000	10,000	11,000	(1,000)
Outsource Accounting	-	6,400	6,354	46
Conventions and Training	5,500	12,100	13,441	(1,341)
Uniforms	2,500	6,700	6,079	621
Legal	2,000	-	-	-
Advertising	6,300	5,800	5,851	(51)
Other	17,800	5,895	3,016	2,879
Capital Outlay	-	-	74,835	(74,835)
Total Expenditures	539,600	734,015	713,164	20,851
Net Change in Fund Balance	\$ 41,500	\$ (19,250)	18,859	\$ 38,109
Fund Balance, Beginning of Year			92,692	
Fund Balance, End of Year			\$ 111,551	

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

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 the City Court of Denham Springs - Ward Two.

The accounting and reporting policies of the Marshal of City Court of Denham Springs - Ward Two conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (R.S.) 24.517 and statements issued by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity

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

Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit;
2. Financial accountability;
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefits/burden relationship between the primary government and the potential component unit; and
4. Misleading to exclude, which covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

Based on the previous criteria, City Management has included the Marshal of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshal is an elected official and has certain statutorily defined sources of funds for its 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, 2023.

Basis of Presentation

Basic Financial Statements - Government-Wide Financial Statements

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

In the government-wide statement of net position, the governmental activity 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 and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

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

The Marshal does not allocate indirect costs.

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

Basic Financial Statements - Fund Financial Statements

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Basic Financial Statements - Fund Financial Statements (Continued)

The Marshal uses the following fund type:

Governmental Fund

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

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, 2023, it was the only fund of the Marshal.

Basis of Accounting and Measurement Focus

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

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

Revenues of the Marshal consist principally of intergovernmental revenues and fines and fees for services relating to court filings. Intergovernmental revenues are recorded when earned. Fines and fees for services are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual - The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means that the amount of the transaction can be determined, and available means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Office Equipment	5 - 10 Years
Machinery and Equipment	5 Years
Vehicles	5 Years

Depreciation expense amounted to \$26,170 for the year ended June 30, 2023.

Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted on June 2, 2022 for the fiscal year ended June 30, 2023.

Accumulated Unpaid Vacation and Sick Pay

The employees of the Marshal are not allowed to accumulate vacation or sick time.

Estimates

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

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and/or inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of a net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

All of the Marshal's deferred outflows and inflows of resources on the statement of net position are related to pensions. See Note 4.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

Fund Balance

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the balance sheet - governmental fund (page 8). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Marshal or the assignment has been changed by the Marshal. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

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

Adopted Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The adoption of the Statement did not have an effect on the Marshal 's financial statements for the year ended June 30, 2023.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

Note 2. Deposits and Investments

At June 30, 2023, the carrying amount of the Marshal's cash and cash equivalents totaled \$143,596 which is stated at cost which approximates market.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Marshal's deposits may not be recovered. As of June 30, 2023, none of the Marshal's bank balance of \$171,250 was exposed to custodial credit risk because it was completely insured by the Federal Deposit Insurance Corporation (FDIC).

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 3. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Office Equipment	\$ 9,673	\$ -	\$ -	\$ 9,673
Machinery and Equipment	23,654	-	-	23,654
Vehicles	213,426	74,835	(65,236)	223,025
Total Capital Assets Being Depreciated	246,753	74,835	(65,236)	256,352
Less Accumulated Depreciation for:				
Office Equipment	(9,673)	-	-	(9,673)
Machinery and Equipment	(20,261)	(2,545)	-	(22,806)
Vehicles	(186,611)	(23,625)	65,236	(145,000)
Total Accumulated Depreciation	(216,545)	(26,170)	65,236	(177,479)
Capital Assets - Net	\$ 30,208	\$ 48,665	\$ -	\$ 78,873

Depreciation expense was charged to governmental activities as follows:

Judicial	<u><u>\$ 26,170</u></u>
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Note 4. Pension Plan

Parochial Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

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.

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Retirement Benefits

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service.
2. Age 62 with ten (10) years of service.
3. Age 67 with seven (7) years of service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the Plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System.

In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the DROP, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the DROP will be placed in liquid asset money market investments at the discretion of the Board of Trustees (the Board). These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts.

The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Cost-of-Living Increases

The board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the board may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the board may provide a cost-of-living increase up to 2.5% for retirees 62 and older (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 7.07% of member's compensation for Plan B. However, the actual rate for the fiscal year ended December 31, 2022 was 7.50% for Plan B.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge Parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$2,739 for the year ended June 30, 2023.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Marshal reported a net pension liability of \$40,942 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2022, and was determined by actuarial valuation as of that date. The Marshal's proportion of the net pension liability was based on a projection of the Marshal's long-term share of contributions to the pension plan relative to the projected contributions of all entities, actuarially determined. At December 31, 2022, the Marshal's proportion was 0.171884%.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the Marshal recognized pension expense of \$27,239. At June 30, 2023, the Marshal reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 851	\$ 8,210
Net Difference between Projected and Actual Earnings on Pension Plan Investments	64,365	-
Changes in Proportion	-	1,287
Changes in Assumptions	1,929	-
Marshal Contributions Subsequent to the Measurement Date	-	-
Total	\$ 67,145	\$ 9,497

Effective January 1, 2023, the Marshal converted from the Parochial Retirement System to the Louisiana Municipal Employees Retirement System (MERS). The following deferred outflow of resources resulting from contributions to MERS will be recognized in the year ending June 30, 2024.

Marshal Contributions Subsequent to the Measurement Date	\$ 29,999	\$ -
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Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (893)
2025	9,019
2026	21,107
2027	28,415
Total	\$ 57,648

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the net pension asset as of December 31, 2022 is as follows:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Return	6.40% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Projected Salary Increases	Plan A - 4.75% Plan B - 4.25%
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Actuarial Assumptions (Continued)

The discount rate used to measure the total pension asset was 6.40% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the board of trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.00% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation, as of December 31, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real Assets	2%	0.12%
	<u>100%</u>	<u>5.60%</u>
Inflation		<u>2.10%</u>
Expected Arithmetic Normal Return		<u>7.70%</u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Pension Plan (Continued)

Parochial Employees' Retirement System of Louisiana (the System) (Continued)

Sensitivity to Changes in Discount Rate

The following table presents the net pension asset of the Marshal using the discount rate of 6.40% as well as what the asset would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Marshal's Proportionate Share of the Net Pension Asset (Liability)	\$ 132,422	\$ 40,924	\$ (35,669)

Note 5. On-Behalf Payments for Salaries and Benefits

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

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

For the fiscal year ended June 30, 2023, state supplemental payments to the Marshal and its employees amounted to \$26,000.

Note 6. Risk Management

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

**REQUIRED SUPPLEMENTARY INFORMATION
UNDER GASB STATEMENT NO. 68**

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of the Marshal's Proportionate Share of the
Net Pension Liability (Asset)
For the Years Ended

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Marshal's Portion of the Net Pension Liability (Asset)	0.171884%	0.168987%	0.146090%	0.198713%	0.225333%	0.144935%	0.188560%	0.228810%	0.304830%
Marshal's Proportionate Share of the Net Pension Liability (Asset)	\$ 40,924	\$ (94,432)	\$ (37,505)	\$ (14,376)	\$ 60,877	\$ (18,036)	\$ 24,469	\$ 40,739	\$ 827
Marshal's Covered-Employee Payroll	\$ 257,951	\$ 193,016	\$ 167,317	\$ 220,780	\$ 235,737	\$ 146,976	\$ 155,960	\$ 272,908	\$ 282,454
Marshal's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	15.87%	-48.92%	-22.42%	-6.51%	25.82%	-12.27%	15.69%	14.93%	0.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	94.26%	114.20%	106.76%	102.04%	91.93%	104.00%	95.50%	93.47%	99.89%

GASB 68 requires this schedule to show information for 10 years. Additional years will be displayed as they become available.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of the Marshal's Contributions
For the Years Ended

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Parochial Employees Retirement System									
Contractually Required Contribution	\$ 7,057	\$ 15,105	\$ 14,025	\$ 14,217	\$ 17,502	\$ 14,869	\$ 12,557	\$ 16,695	\$ 25,244
Contributions in Relation to the Contractually Required Contribution	(7,057)	(15,105)	(14,025)	(14,217)	(17,502)	(14,869)	(12,557)	(16,695)	(25,244)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marshal's Covered-Employee Payroll	\$ 94,100	\$ 201,395	\$ 187,006	\$ 189,567	\$ 233,360	\$ 192,836	\$ 156,960	\$ 185,800	\$ 272,908
Contributions as a Percentage of Covered-Employee Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.72%	8.01%	8.99%	9.25%
Municipal Employees Retirement System of Louisiana									
Contractually Required Contribution	\$ 29,999								
Contributions in Relation to the Contractually Required Contribution	(29,999)								
Contribution Deficiency (Excess)	\$ -								
Marshal's Covered-Employee Payroll	\$ 101,691								
Contributions as a Percentage of Covered-Employee Payroll	29.50%								

GASB 68 requires this schedule to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2023

Agency Head

Joe Shumate, Marshal

Purpose	Amount
Salary	\$73,236
Supplemental Wages - Paid by State	\$69,824
Benefits - Insurance	\$3,409
Benefits - Retirement	\$21,363
Benefits - Other	\$0
Car Allowance	\$12,000
Vehicle Provided by Government *	\$0
Per Diem	\$0
Reimbursements	\$1,194
Travel	\$206
Registration Fees	\$750
Conference Travel	\$3,753
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

*The Marshal is assigned a take-home vehicle; however, no amount is considered taxable under the IRS rules for vehicles provided to Law Enforcement Officers.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule as Required by Act 87 of the 2020 Regular Legislative Session
Justice System Funding Schedule - Receiving Entity - Cash Basis Presentation
For the Six-Month Periods Ended December 31, 2022 and June 30, 2023

	First Six- Month Period Ended 12/31/2022	Second Six- Month Period Ended 6/30/2023
Receipts from:		
Ward II City Court, Criminal Court Costs/Fees	\$ 74,391	\$ 85,968
Ward II City Court, Civil Fees	15,006	37,860
Subtotal Receipts	\$ 89,397	\$ 123,828
Ending Balance of Amounts Assessed but not Received	\$ -	\$ -

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Mr. Joe Shumate
Marshal of City Court
of Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two (the Marshal), a component unit of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marshal of City Court of Denham Springs - Ward Two's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marshal's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshal of City Court of Denham Springs - Ward Two's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2023

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Findings and Responses
For the Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	None Reported

Federal Awards

Not Applicable.

Section II. Financial Statement Findings

None.

AGREED-UPON PROCEDURES REPORT

Marshal of City Court of Denham Springs – Ward Two

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 - June 30, 2023

To the Marshal of City Court
Of Denham Springs - Ward Two
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the Marshal of City Court of Denham Springs - Ward Two's (the Marshal) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Marshals management is responsible for those C/C areas identified in the SAUPs.

The Marshal has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were noted on policies and procedures for all categories except xi. We noted that for xi, none of the categories are included.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: We noted that the above procedure is not applicable as the Marshal is an independently elected official. The general fund had a positive fund balance as of June 30, 2023.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We noted no exceptions in the performance of procedure 3Ai and 3Aiii. For procedures 3Aiii, we noted that the bank statements are not reviewed and signed.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We obtained management's representation that the listing provided is complete.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: We noted no exceptions in the performance of procedures 4Bii, 4Biii, and 4Biv. We noted in performance of procedure 4Bi that there is more than one employee who handles cash and has access to the safe.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: We noted that management was unable to provide a policy as a result of this procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of this procedure.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Results: We noted no exceptions for procedures 5Bi, 5Bii, 5Biv and 5Bv. We noted for procedure 5Biii that the same employee who processes payments also adds/modifies vendor files.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No exceptions were found as a result of this procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected, the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained management's representation that the listing provided is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: No exceptions were found as a result of this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll-related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: We obtained management's representation that the employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: We noted no exceptions in the performance of procedure 10Aii. We noted one employee had not completed required ethics trainings for procedure 10Ai.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: No exceptions were found as a result of this procedure.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of this procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No exceptions were found as a result of this procedure.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: We noted two employees had not completed the required sexual harassment training during the year.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No exceptions were found as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of this procedure.

We were engaged by the Marshal to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The logo for LaForte is written in a cursive, handwritten-style font. The letters are connected, with a prominent loop on the 'L' and a similar loop on the 'F'. The 'a' is lowercase and sits between the 'L' and 'F'. The 'o' is lowercase and sits between the 'F' and 'r'. The 'r' is lowercase and sits between the 'o' and 't'. The 'e' is lowercase and sits between the 't' and 'e'.

A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2023

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: SAUP Agreed-Upon Procedures

The management of the Marshal of City Court of Denham Springs – Ward Two wishes to provide the following responses relative to the results of the 2022 statewide agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, the Marshal will amend its written policies and procedures for Information Technology to include the missing items.
- 2) In response to the results of the Bank Reconciliations section, management will institute policies and procedures for the review of bank statements and reconciliations. The Marshal will escheat the old outstanding checks to the State.
- 3) In response to the results of the Collections section, management will institute segregation of duties for all employees who handle cash and will acquire a theft insurance policy.
- 4) In response to the result of the Non Payroll Disbursements section, management will institute policies and procedures for approval of new vendors added.
- 5) In response to the Ethics and Prevention of Sexual Harassment sections, management will ensure that all employees take the required ethics and sexual harassment training.

Sincerely,



Joe Shumate
Marshal