

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

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

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

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

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

The Marshall of City Court of Denham Springs - Ward Two only has a General Fixed Asset Account Group as there is no outstanding long-term liabilities at June 30, 1996.

D. Basis of Accounting

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

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

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

# HANNIS T. BOURGEOIS & CO., L.L.P.

RANDY J. BONNECAZE, C.P.A.\*  
JOSEPH D. RICHARD, JR., C.P.A.\*  
RONNIE T. STAMPER, C.P.A.\*  
FERNAND P. GINRE, C.P.A.\*  
STEPHEN M. HUGGINS, C.P.A.\*  
MONICA L. ZUMO, C.P.A.\*  
RONALD L. GAGNE, C.P.A.\*  
DOUGLAS J. NELSON, C.P.A.\*  
CELESTE D. VIATOR, C.P.A.

\* A Professional Accounting Corporation

Certified Public Accountants  
1111 S. Range Avenue, Suite 101  
Denham Springs, Louisiana 70726  
(504) 665-8297

LOUIS J. BONNECAZE, C.P.A.  
CONSULTANT  
MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
2322 TREMONT DRIVE, SUITE 200  
BATON ROUGE, LA 70809

July 12, 1996

## Independent Auditor's Report

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

We have audited the accompanying component unit only financial statements of the Marshall of City Court of Denham Springs - Ward Two, a component unit of the City of Denham Springs, as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the Marshall. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. 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

CONTENTS

Audited Component Unit Financial Statements:

Independent Auditor's Report.....	1 - 2
Combined Balance Sheets - All Fund Types and Account Groups.....	3
Statements of Revenues and Expenditures and Changes in Fund Balance - All Governmental Fund Types.....	4
Notes to Financial Statements.....	5 - 11

Supplementary Information:

Independent Auditor's Report on Internal Control Structure Based on an Audit of the Component Unit Financial Statements Performed in Accordance With <u>Government Auditing Standards</u> .....	12 - 14
Independent Auditor's Report on Compliance Based on an Audit of the Component Unit Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	15 - 16

Marshall of City Court of  
Denham Springs - Ward Two

also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Marshall of City Court of Denham Springs - Ward Two as of June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 12, 1996, on our consideration of the Marshall's internal control structure and a report dated July 12, 1996, on its compliance with laws and regulations.

Respectfully submitted,

*Harris J. Bourgeois & Co., L.L.P.*

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1996

<u>ASSETS</u>	<u>GOVERNMENTAL</u> <u>FUND TYPE</u>	<u>ACCOUNT</u> <u>GROUP</u>	<u>TOTAL</u> <u>(MEMORANDUM ONLY)</u>	
	<u>GENERAL</u>	<u>GENERAL</u> <u>FIXED</u> <u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Cash - Note 3	\$ 8,224	\$ -	\$ 8,224	\$ 17,317
Certificates of Deposit - Note 3	20,381	-	20,381	20,381
Accrued Interest Receivable	56	-	56	56
Due from Parish Council	300	-	300	300
Due from Grant	1,240	-	1,240	-
Due from Others	1,957	-	1,957	105
Fixed Assets - Note 2	-	76,542	76,542	76,142
<b>Total Assets</b>	<b>\$ 32,158</b>	<b>\$ 76,542</b>	<b>\$ 108,700</b>	<b>\$ 114,301</b>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	\$ 1,627	\$ -	\$ 1,627	\$ 2,082
Payroll Taxes Payable	2,521	-	2,521	2,490
Retirement Payable	763	-	763	749
Garnishment Payable	944	-	944	30
Miscellaneous Payroll Withholdings	1,486	-	1,486	1,105
<b>Total Liabilities</b>	<b>\$ 7,341</b>	<b>\$ -</b>	<b>\$ 7,341</b>	<b>\$ 6,456</b>
Fund Equity:				
Investment in General Fixed Assets	\$ -	\$ 76,542	\$ 76,542	\$ 76,142
Fund Balance - Unre- served - Undesignated	24,817	-	24,817	31,703
<b>Total Fund Equity</b>	<b>\$ 24,817</b>	<b>\$ 76,542</b>	<b>\$ 101,359</b>	<b>\$ 107,845</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 32,158</b>	<b>\$ 76,542</b>	<b>\$ 108,700</b>	<b>\$ 114,301</b>

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

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

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

For the Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Revenues:		
Revenue from City Court of Denham Springs - Ward Two	\$ 68,154	\$ 71,524
Intergovernmental Revenues - Livingston Parish Council	22,200	18,600
Interest Income	1,018	1,321
Bond Preparation Income	3,486	3,745
Bond Surrenders Fee and Bond Forfeiture	3,042	2,015
Grant Revenue	1,240	-
On-Behalf Payments	<u>46,691</u>	<u>39,895</u>
Total Revenues	\$ 145,831	\$ 137,100
Other Financing Source:		
Operating Transfers from Primary Government - City of Denham Springs	<u>32,223</u>	<u>28,410</u>
Total Revenues and Other Financing Sources	\$ 178,054	\$ 165,510
Expenditures:		
Salaries	\$ 145,185	\$ 136,903
Contract Labor	300	450
Vehicle Expense	8,693	7,203
Professional Fees	1,175	1,175
Payroll Tax Expense	6,581	7,001
Telephone	5,855	6,757
Postage	1,024	867
Dues	205	225
Convention Expense	-	202
Miscellaneous	1,076	2,369
Uniforms	806	2,567
Purchase of Equipment	400	1,388
Insurance	5,018	5,034
Office Supplies	2,410	2,809
Surety Bond Expense	450	300
Service Contract	2,041	1,478
Rents	400	400
Retirement Expense	2,134	12,552
Training	<u>1,187</u>	<u>2,976</u>
Total Expenditures	<u>\$ 184,940</u>	<u>\$ 192,656</u>
Deficiency of Revenues and Other Financing Sources (Under) Expenditures	\$ (6,886)	\$ (27,146)
Fund Balance - Beginning of Year	<u>31,703</u>	<u>58,849</u>
Fund Balance - End of Year	<u>\$ 24,817</u>	<u>\$ 31,703</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

Note 1 - Summary of Significant Accounting Policies -

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

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

A. Financial Reporting Entity

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

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

1. Legal status of the potential component unit including the right to 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.

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

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

Based on the previous criteria, City Management has included the Marshall of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshall is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the Marshall of City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs General Purpose Financial Statements for the year ended June 30, 1996.

B. Fund Accounting

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

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

C. Fixed Assets and Long-Term Liabilities

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

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

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Note 5 - Retirement Commitments -

Employees of the Marshall of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshall's office as a percentage of salaries. Beginning January 1, 1995, the contribution rate for the employer was 1.00% of covered earnings and the rate for the employee was 2.00% of covered earnings. In addition to the normal contributions for the fiscal years ended June 30, 1996 and 1995, of \$998 and \$1,344, the Marshall also contributed \$389 and \$9,971, respectively, for employees for past service credits as allowed by the System. Data concerning the actuarial status of the system at June 30, 1996, is not currently available.

One employee, whose salary is reimbursed by the City of Denham Springs, is covered by the Municipal Employees' Retirement System of Louisiana - Plan "B", also a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshall's office as a percentage of salaries. The Marshall of City Court of Denham Springs - Ward Two contributed \$747 to the system during the year. Data concerning the actuarial status of the system at June 30, 1996, is not currently available.

All employees of the Marshall's office, with the exception of the Marshall, are also covered by the Social Security System. The Marshall's office contributed \$6,581 to the System in fiscal year 1996, as its share of employer contributions.

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

During the current fiscal year the Marshall implemented Government Accounting Standards Board Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Marshall to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana, the City Court of Denham Springs - Ward Two, and the Livingston Parish Council. These payments were made directly to the Marshall and his employees. The financial information for the fiscal year ended June 30, 1995, has been restated to conform to the provisions of GASB 24.

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

The Marshall 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 Marshall and the employees.

For the fiscal year ended June 30, 1996, State supplemental payments to the Marshall and employees amounted to \$12,108 while payments from the City Court and the Livingston Parish Council amounted to \$17,506 and \$17,077, respectively.

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

# HANNIS T. BOURGEOIS & CO., L.L.P.

MANDY J. BONNECAZE, C.P.A.\*  
JOSEPH D. RICHARD, JR., C.P.A.\*  
RONNIE E. STAMPER, C.P.A.\*  
FERNAND P. GENRI, C.P.A.\*  
STEPHEN M. HIGGINS, C.P.A.\*  
MONICA L. ZUMO, C.P.A.\*  
RONALD L. GAGNE, C.P.A.\*  
DOUGLAS J. NELSON, C.P.A.\*

CELLEST D. VIALOR, C.P.A.

\* A Professional Accounting Corporation

Certified Public Accountants

1111 S. Range Avenue, Suite 101  
Denham Springs, Louisiana 70726  
(504) 665-8297

LOUIS J. BONNECAZE, C.P.A.  
CONSULTANT  
MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
2322 TREMONT DRIVE, SUITE 200  
BATON ROUGE, LA 70809

July 12, 1996

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

We have audited the component unit financial statements of the Marshall of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs), for the year ended June 30, 1996, and have issued our report thereon dated July 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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.

The management of the Marshall's office is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to

Marshall of City Court of  
Denham Springs - Ward Two

permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Marshall of City Court of Denham Springs - Ward Two for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

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

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

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

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Harris J. Bourgeois & Co., L.L.P.*

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

Marshall of City Court of  
Denham Springs - Ward Two

Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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

Respectfully submitted,

*Harris J. Bourgeois & Co., L.L.P.*

2100

RECEIVED  
MARSHALL OF CITY COURT  
DENHAM SPRINGS, LA 70020

DO NOT SEND OUT  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

MARSHALL OF CITY COURT  
OF DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF  
COMPONENT UNIT FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

OCT 16 1996

Release Date \_\_\_\_\_

# HANNIS T. BOURGEOIS & CO., L.L.P.

RANDY J. BONNECAZE, C.P.A.\*  
JOSEPH D. RICHARD, JR., C.P.A.\*  
RONNIE E. STAMPER, C.P.A.\*  
FERNAND P. GENRI, C.P.A.\*  
STEPHEN M. HUGGINS, C.P.A.\*  
MONICA L. ZIMO, C.P.A.\*  
RONALD L. GAGNÉ, C.P.A.\*  
DOUGLAS J. NELSON, C.P.A.\*  
CELESTE D. VIATOR, C.P.A.

\* A Professional Accounting Corporation

Certified Public Accountants  
1111 S. Range Avenue, Suite 101  
Denham Springs, Louisiana 70726  
(504) 665-8297

LOUIS J. BONNECAZE, C.P.A.  
CONSULTANT  
MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
2322 TREMONT DRIVE, SUITE 200  
BATON ROUGE, LA 70809

July 12, 1996

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

We have audited the component unit only financial statements of the Marshall of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs) as of and for the year ended June 30, 1996, and have issued our report thereon dated July 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance with laws, regulations, contracts, and grants applicable to the Marshall of City Court of Denham Springs - Ward Two is the responsibility of the Marshall's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Marshall's compliance with certain provision of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions.

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Note 3 - Cash and Cash Equivalents -

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

As confirmed by the fiscal agent, the Marshall had cash and cash equivalents totaling \$33,202 and a carrying value of \$28,605 at June 30, 1996. 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, 1996, were secured as follows:

	CONFIRMED BANK BALANCE <u>JUNE 30, 1996</u>	FDIC <u>INSURANCE</u>	BALANCE <u>UNINSURED</u>
Cash	\$ 12,821	\$ 12,821	\$ -
Cash Equivalents - Time Certificates of Deposit	<u>20,381</u>	<u>20,381</u>	<u>-</u>
Total	<u>\$ 33,202</u>	<u>\$ 33,202</u>	<u>\$ -</u>

At June 30, 1996, all cash balances were fully insured by the FDIC.

Note 4 - Postretirement Health Care and Life Insurance Benefits -

At June 30, 1996, the Marshall has no postretirement health care and life insurance benefit plan in existence.