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MARSHALL ISLANDS COURT
OF GENERAL SESSIONS, NASSAU

REPORT ON AUDIT OF
COMMERCE AND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1968

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or receiver, entity and other appropriate public officials. The report is available for public inspection at the Station 54, 55 or 56 of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: SEP 3 0 1968

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

June 30, 2000

ASSETS	GOVERNMENTAL	ACCOUNT	TOTAL	
	FUND TYPE	GROUP	RESOURCES ONLY	
	CURRENT	GENERAL FUND ASSETS	1999	2000
Cash	\$ 18,500	\$ -	\$ -	\$ 18,500
Certificates of Deposit	33,244	-	-	33,244
Accrued Interest	-	-	-	-
Receivables	56	-	-	56
Due From Board Council	-	-	-	300
Due From Other Government	2,488	-	-	2,488
Due From Others	150	-	-	150
Fixed Assets	-	83,717	-	83,717
Amount to be Provided for Retirement of Notes Payable	-	-	18,385	18,385
Total Assets	\$ 55,400	\$ 83,717	\$ 18,385	\$ 146,509
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 2,804	\$ -	\$ -	\$ 2,804
Payroll Taxes Payable	2,745	-	-	2,745
Retirement Payable	1,491	-	-	1,491
Accruals Payable	-	-	-	254
Miscellaneous Payroll Withholdings	888	-	-	888
Notes Payable	-	-	18,385	18,385
Total Liabilities	8,928	-	18,385	6,377
Fund Equity:				
Investment in General Fixed Assets	-	83,717	-	83,717
Fund Balance - Unassigned - Undesignated	24,443	-	-	24,443
Total Fund Equity	24,443	83,717	-	88,583
Total Liabilities and Fund Equity	\$ 33,400	\$ 83,717	\$ 18,385	\$ 146,509

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, 1998 and 1997

	1998	1997
REVENUES:		
Revenues from City Court of Denham Springs - Ward Two	\$ 211,000	\$ 80,344
Intergovernmental Revenues - Livingston Parish Council	25,500	22,200
Interest Income	862	792
Road Preparation Income	4,385	4,434
Road Surrenders Fee and Road Participants Grant Revenue	2,888	1,344
On-Behalf Payments	52,804	52,383
Total Revenues	307,339	170,487
Other Financing Sources:		
Operating Transfers from Primary Government - City of Denham Springs	32,965	31,945
Proceeds from Disposition of Fixed Asset	4,478	-
Proceeds from Issuance of Notes Payable	48,438	-
Total Other Financing Sources	85,881	31,945
Total Revenues and Other Financing Sources	393,220	202,432
EXPENDITURES:		
Salaries	282,940	155,867
Contract Labor	-	890
Vehicle Expenses	28,880	10,728
Professional Fees	1,250	1,275
Payroll Tax Expense	8,875	6,747
Telephone	8,545	7,261
Postage	1,368	1,184
Books	285	325
Miscellaneous	1,751	2,488
Utilities	1,642	1,426
Purchase of Equipment	18,888	2,300
INSURANCE	2,887	5,023
Office Supplies	4,888	5,868
Safety Bond Expense	884	800
Service Contract	548	970
Rents	1,442	889
Retirement Expense	2,808	2,757
Software	2,500	-
Traveling	8,551	4,338
Debt Services:		
Principal Retirement	805	-
Interest	385	-
Total Expenditures	388,892	207,783
Deficiency of Revenues and Other Financing Sources over (Under) Expenditures	4,782	(5,078)
Fund Balance - Beginning of Year	25,781	28,821
Fund Balance - End of Year	\$ 30,563	\$ 23,743

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

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1 - Summary of Significant Accounting Policies -

The General Fund of the Marshall of City Court of Denham Springs - Ward Two (the "Marshall") was created to account for revenues received from the Criminal District 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 24:317 and to the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

For reporting purposes the city of Denham Springs, Louisiana, serves as the financial reporting entity for both the municipality (City of Denham Springs) and for the Ward 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, appropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

4. Deposition 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, 1998.

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 the 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 balances

NOTE TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1990

(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 Deeram Springs - Ward Two has a General Fixed Asset Account Group and a General Long-Term Debt Account Group at June 30, 1990.

D. Basis of Accounting

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

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

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

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

K. Budgets and Budgetary Accounting

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

L. Accumulated Unpaid Vacation

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

M. Total Column on Statements - Overview

The total columns on the statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Whether in such data comparable to a consolidation.

N. Use of Estimates

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

Note 2 - Changes in General Fixed Assets -

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

	<u>VEHICLE</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
Balance - July 1, 1997	\$ 54,886	\$23,374	\$ 78,260
Additions	19,570	329	19,900
Deletions	<u>114,823</u>	<u> </u>	<u>114,823</u>
Balance - June 30, 1998	<u>\$ 59,633</u>	<u>\$23,703</u>	<u>\$ 83,337</u>

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTE TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

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 \$43,386 and a carrying value of \$38,743 at June 30, 1998. Cash and cash equivalents are stated at book, which approximates market. These deposits may 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, 1998, were secured as follows:

	CONFIRMED MARK BALANCE JUNE 30, 1998	FDIC INSURANCE	BALANCE INSURED
Cash	\$ 32,388	\$ 32,388	\$ -
Cash Equivalents - Time Certificates of Deposit	11,218	11,208	-
Total	\$ 43,598	\$ 43,598	\$ -

At June 30, 1998, all cash balances were fully insured by the FDIC.

Note 4 - Changes in Long-Term Debt -

The following is a schedule of notes payable at June 30, 1998:

Marook Bank of Louisiana:

The note is the original amount of \$19,574 was borrowed March 5, 1998. The loan is payable in fifty-nine (59) principal and interest payments of \$396.85 and one (1) final principal and interest payment of \$94.77. The interest rate is 8.04%. The first payment was due April 15, 1998 and the final payment is due on March 5, 2000.

The note is to be paid from operating revenues.

\$ 18,765

MARSHALL OF CITY COUNT OF DUNHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

The following is a summary of notes payable transactions for the fiscal year ended 1998:

Balance - July 1, 1997	\$ -
Principal Additions	18,578
Principal Reductions	<u>1856</u>
Balance - June 30, 1998	\$ 18,760

Maturity on the debt is as follows:

	ANNUAL PRINCIPAL	ANNUAL INTEREST	TOTAL PAYMENT
June 30, 1998	\$ 3,188	\$ 1,379	\$ 4,768
June 30, 2000	3,868	1,099	4,768
June 30, 2001	3,970	794	4,764
June 30, 2002	4,299	463	4,762
June 30, 2003	<u>3,445</u>	<u>316</u>	<u>3,562</u>
	<u>\$18,760</u>	<u>\$ 3,860</u>	<u>\$22,618</u>

Note 5 - Postretirement Health Care and Life Insurance Benefits -

At June 30, 1998, the Marshall has no postretirement health care and life insurance benefit plan in existence.

Note 6 - Retirement Commitments -

Employees of the Marshall of City Count of Dunham Springs - Ward Two may elect to be members of the Periodical 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, 1997, the contribution rate for the employer was 2.50% of covered earnings and the rate for the employee was 2.00% of covered earnings. For the fiscal year ended June 30, 1998, the Marshall contributed \$9,335. Data concerning the actuarial status of the system as June 30, 1998, is not currently available.

MARSHALL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1988

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 \$695 to the system during the year. Data concerning the actuarial status of the system at June 30, 1988, is not currently available.

All employees of the Marshall's office, with the exception of the Marshall, are also covered by the Social Security System. The Marshall's office contributed \$8,475 to the System in fiscal year 1988, as its share of employer contributions.

Note 7 - On-Behalf Payments for Salaries and Benefits -

During fiscal year 1988, 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 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, 1988 State supplemental payments to the Marshall and employees amounted to \$14,324 while payments from the City Court and the Livingston Parish Council amounted to \$22,593 and \$17,977, respectively.

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



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July 10, 1998

Mr. Steve Richard
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 in component unit of the City of Denham Springs, as of and for the year ended June 30, 1998, and have issued our report thereon dated July 10, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in ~~Government Auditing Standards~~, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

Marshall of City Court of
Denham Springs - Ward Two

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

Condition:

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. This was also a finding in the prior year.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Action Plan:

None considered necessary.

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

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

Respectfully submitted,

Thomas C. Bourgeois, L.L.P.