

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

Annual Financial Statements

June 30, 2019



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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying 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, 2019, and the related notes to financial statements, which collectively comprise the Marshal's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Marshal as of June 30, 2019, the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information under Governmental Accounting Standards Board (GASB) Statement 68 be presented to supplement the basic financial statements. Such information, 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, 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 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 accompanying other supplementary schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head 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. Such 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 is 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 October 9, 2019, on our consideration of the Marshal of City Court of Denham Springs - Ward Two's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 of City Court of Denham Springs - Ward Two's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
October 9, 2019

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 42,280
Accounts Receivable	1,002
Prepaid Expenses	360
Capital Assets (Net of Accumulated Depreciation)	<u>86,531</u>
Total Assets	<u>130,173</u>
Deferred Outflows of Resources	
Deferred Outflows on Pension Obligation	<u>68,096</u>
Liabilities	
Overdraft Payable	14,638
Accounts Payable	9,519
Accrued Liabilities	15,812
Net Pension Liability	60,877
Capital Lease	
Due Within One Year	4,220
Due in More than One Year	<u>2,443</u>
Total Liabilities	<u>107,509</u>
Deferred Inflows of Resources	
Deferred Inflows on Pension Obligation	<u>13,564</u>
Net Position	
Net Investment in Capital Assets	79,868
Unrestricted	<u>(2,672)</u>
Total Net Position	<u><u>\$ 77,196</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, 2019

	Governmental Activities
Expenses	
Judicial	\$ 587,728
Program Revenues	
Charges for Services	295,009
Operating Grants and Contributions	271,116
Total Program Revenues	566,125
Net Program Revenues	(21,603)
General Revenues	
Miscellaneous Income	3,320
Interest Income	350
Total General Revenues	3,670
Change in Net Position	(17,933)
Net Position, Beginning of Year	95,129
Net Position, End of Year	\$ 77,196

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, 2019

	General Fund
Assets	
Cash and Cash Equivalents	\$ 42,280
Accounts Receivable	1,002
Prepaid Expenses	<u>360</u>
Total Assets	<u><u>\$ 43,642</u></u>
Liabilities	
Overdraft Payable	\$ 14,638
Accounts Payable	9,519
Accrued Liabilities	<u>15,812</u>
Total Liabilities	<u>39,969</u>
Fund Balance	
Nonspendable	360
Unassigned	<u>3,313</u>
Total Fund Balance	<u>3,673</u>
Total Liabilities and Fund Balance	<u><u>\$ 43,642</u></u>

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
For the Year Ended June 30, 2019

Fund Balance - Total Governmental Fund	\$	3,673
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		254,203
Less: Accumulated Depreciation		(167,672)
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		(13,564)
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 fund.		68,096
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:		
Net Pension Liability		(60,877)
Capital Lease Payable		(6,663)
Net Position of Governmental Activities	\$	<u>77,196</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
Governmental Fund
For the Year Ended June 30, 2019

	General Fund
<hr/>	
Revenues	
Court Costs and Fees	\$ 295,009
Intergovernmental Revenues	
On-Behalf Payments	25,000
Primary Government - City of Denham Springs	209,808
Livingston Parish Council	28,552
Miscellaneous Income	3,320
Interest Income	350
	<hr/>
Total Revenues	562,039
	<hr/>
Expenditures	
Judicial	
Salaries and Payroll Taxes	339,547
Insurance	45,559
Auto Expenses	42,464
Office Expenses	35,239
Retirement	21,733
Conventions and Training	17,667
Telephone	14,592
Rent	10,025
Audit	10,000
Outsource Accounting	6,630
Advertising	3,846
Uniforms	1,380
Inmate Meals	597
Capital Outlay	77,552
Debt Service	
Principal Retirement	11,584
Interest	540
	<hr/>
Total Expenditures	638,955
	<hr/>
Net Change in Fund Balance	(76,916)
Fund Balance, Beginning of Year	80,589
	<hr/>
Fund Balance, End of Year	\$ 3,673
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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, 2019

Net Change in Fund Balance - Total Governmental Fund	\$ (76,916)
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Amounts reported for governmental activities in the statement of activities
are different because:

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 capital outlay exceeds depreciation.	60,630
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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.	(13,231)
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The issuance of long-term debt (e.g., bonds, leases) provides
current financial resources to governmental funds, while the
repayment of the principal of long-term debt consumes the
current financial resources of the governmental funds.
Neither transaction, however, has any effect on net position:

Repayment of Principal on Long-Term Debt	11,584
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Change in Net Position of Governmental Activities	\$ (17,933)
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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
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs and Fees	\$ 272,300	\$ 290,000	\$ 295,009	\$ 5,009
Intergovernmental Revenues -				
On-Behalf Payments	15,000	25,000	25,000	-
Primary Government - City of Denham Springs	209,200	209,200	209,808	608
Livingston Parish Council	56,000	32,000	28,552	(3,448)
Federal Grant Reimbursements	62,000	-	-	-
Miscellaneous Income	24,100	5,500	3,320	(2,180)
Interest Income	100	100	350	250
Total Revenues	638,700	561,800	562,039	239
Expenditures				
Judicial				
Salaries and Payroll Taxes	333,000	337,000	339,547	(2,547)
Insurance	39,500	43,400	45,559	(2,159)
Auto Expenses	40,000	16,500	42,464	(25,964)
Office Expenses	24,000	43,700	35,239	8,461
Retirement	15,000	20,000	21,733	(1,733)
Conventions and Training	13,500	16,500	17,667	(1,167)
Telephone	11,000	11,000	14,592	(3,592)
Rent	8,000	10,600	10,025	575
Audit	10,000	11,000	10,000	1,000
Outsource Accounting	11,000	6,200	6,630	(430)
Advertising	8,000	4,000	3,846	154
Uniforms	8,000	1,500	1,380	120
Inmate Meals	-	-	597	(597)
Other	1,500	500	-	500
Capital Outlay	66,000	83,200	77,552	5,648
Debt Service				
Principal Retirement	11,160	11,160	11,584	(424)
Interest	540	540	540	-
Total Expenditures	600,200	616,800	638,955	(22,155)
Net Change in Fund Balance	\$ 38,500	\$ (55,000)	(76,916)	\$ (21,916)
Fund Balance, Beginning of Year			80,589	
Fund Balance, End of Year			\$ 3,673	

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 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 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.

GASB 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, 2019.

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 Marshall 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 types:

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:

1. The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2019, 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 \$21,722 for the year ended June 30, 2019.

Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted for the fiscal year ended June 30, 2019. The budget was amended on June 1, 2019.

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.

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.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the Marshal's financial statements. This Statement will be effective for the Marshal for the fiscal year ending June 30, 2021.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 2. Deposits and Investments

At June 30, 2019, the carrying amount of the Marshal's cash and cash equivalents totaled \$42,280, 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, 2019, none of the Marshal's bank balance of \$94,311 was exposed to custodial credit risk because it was completely insured by the FDIC.

Note 3. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Office Equipment	\$ 9,673	\$ -	\$ -	\$ 9,673
Machinery and Equipment	10,932	12,722	-	23,654
Vehicles	187,547	69,630	(36,301)	220,876
Total Capital Assets Being Depreciated	208,152	82,352	(36,301)	254,203
Less Accumulated Depreciation for:				
Office Equipment	(3,547)	(2,213)	-	(5,760)
Machinery and Equipment	(9,511)	(3,055)	-	(12,566)
Vehicles	(169,193)	(16,454)	36,301	(149,346)
Total Accumulated Depreciation	(182,251)	(21,722)	36,301	(167,672)
Capital Assets - Net	\$ 25,901	\$ 60,630	\$ -	\$ 86,531

Depreciation expense was charged to governmental activities as follows:

Judicial	<u>\$ 21,722</u>
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MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Long-Term Liabilities

Capital Leases Payable

The Marshal entered into another capital lease agreement on September 4, 2015 for financing the purchase of a 2015 Chevrolet Silverado. The lease requires monthly payments of principal and interest of \$967 for forty-eight months with a final payment due September 4, 2019. At June 30, 2019, the book value (net of depreciation) of the vehicle was \$9,883.

The Marshal entered into another capital lease agreement on January 31, 2017 to finance the purchase of a copier. The lease requires monthly payments of principal and interest of \$119 for sixty months with a final payment due March 1, 2022. At June 30, 2019, the book value (net of depreciation) of the copier was \$2,117.

The capital leases payable at June 30, 2019 were as follows:

Description/Purpose	Lease Amount	Interest Rate	Final Maturity	Balance June 30, 2019
Capital Lease to Finance the Purchase of a Copier	\$ 6,666	2.90%	03/01/22	\$ 3,785
Capital Lease to Finance the Purchase of a Chevrolet Silverado	\$ 42,355	4.55%	09/04/19	2,878
Total Capital Leases Payable				\$ 6,663

Capital lease payments to maturity, including interest requirements, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,220	\$ 105	\$ 4,325
2021	1,381	53	1,434
2022	1,062	15	1,077
Total	\$ 6,663	\$ 173	\$ 6,836

Long-term liability activity for the year ended June 30, 2019 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Leases Payable	\$ 18,247	\$ -	\$ (11,584)	\$ 6,663

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. Employees 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.

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 5. Employees 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 the Deferred Retirement Option Plan 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. 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, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. Employees 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 (LRS 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, 2018, the actuarially determined contribution rate was 7.01% of member's compensation for Plan B. However, the actual rate for the fiscal year ended December 31, 2018 was 7.50% for Plan B.

According to state statute, the System also receives 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.

Pension Asset (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Marshal reported a liability of \$60,877 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, 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, 2018, the Marshal's proportion was 0.225333%.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. Employees Pension Plan (Continued)

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

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

For the year ended June 30, 2019, the Marshal recognized pension expense of \$37,920. At June 30, 2019, 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	\$ 41,686	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	13,564
Changes in Proportion	1,303	-
Changes in Assumptions	16,914	-
Marshal Contributions Subsequent to the Measurement Date	8,193	-
Total	\$ 68,096	\$ 13,564

In the year ending June 30, 2020, \$8,193 reported as deferred outflows of resources related to pensions resulting from the Marshal's contributions subsequent to the measurement date will be recognized. 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
2020	\$ 14,956
2021	7,048
2022	6,764
2023	17,571
Total	\$ 46,339

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. Employees 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 net pension asset as of December 31, 2018, are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Return	6.50% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Projected Salary Increases	4.25% (1.85% Merit/2.40% Inflation)
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. Pub-2010 Public Retirement Plans Mortality Table for General 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 5. Employees Pension Plan (Continued)

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

Actuarial Assumptions (Continued)

The discount rate used to measure the total pension liability was 6.50% 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.43% for the year ended December 31, 2018.

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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real Assets	2%	0.11%
	<u>100%</u>	<u>5.43%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Normal Return		<u><u>7.43%</u></u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. Employees 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 liability (asset) of the Marshal using the discount rate of 6.50% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Marshal's Proportionate Share of the Net Pension Liability (Asset)	\$ 160,163	\$ 60,877	\$ (22,071)

Note 6. 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, 2019, state supplemental payments to the Marshall and its employees amounted to \$25,000.

Note 7. 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
For the Year Ended June 30, 2019

	2019	2018	2017	2016	2015
Marshal's Portion of the Net Pension Liability	0.225333%	0.144935%	0.188560%	0.228810%	0.304830%
Marshal's Proportionate Share of the Net Pension Liability (Asset)	\$ 60,877	\$ (18,036)	\$ 24,469	\$ 40,739	\$ 827
Marshal's Covered-Employee Payroll	\$ 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	25.82%	-12.27%	15.69%	14.93%	0.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Year Ended June 30, 2019

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 17,502	\$ 11,758	\$ 12,460	\$ 16,695	\$ 25,244
Contributions in Relation to the Contractually Required Contribution	(17,502)	(11,758)	(12,460)	(16,695)	(25,244)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Marshal's Covered-Employee Payroll	\$ 233,360	\$ 146,976	\$ 155,960	\$ 185,800	\$ 272,908
Contributions as a Percentage of Covered-Employee Payroll	7.50%	8.00%	8.00%	9.00%	9.25%

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, 2019

Agency Head
Joe Shumate, Marshal

Purpose	Amount
Salary	\$77,828
Supplemental Wages - Paid by State	\$6,000
Benefits - Insurance	\$10,784
Benefits - Retirement	\$5,837
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government *	\$0
Per Diem	\$0
Reimbursements	\$5,020
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
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.

**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, 2019, 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 October 9, 2019.

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) to determine the 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
October 9, 2019

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Findings and Responses
For the Year Ended June 30, 2019

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?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	None Reported

Federal Awards

Not Applicable.

Section II. Financial Statement Findings

2019-001 Review of Garnishments Disbursements

<i>Criteria:</i>	Effective controls over disbursements require that disbursements be reviewed prior to issuance.
<i>Condition:</i>	The Marshal processes garnishments and settles to creditors on a monthly basis. The garnishment checks issued for August 2018 included garnishments received in August and also incorrectly included garnishments received in July 2018 which had already been settled.
<i>Cause:</i>	Oversight by management.
<i>Effect:</i>	Creditors were overpaid for the August 2018 settlements which resulted in an overdraft in the garnishments bank account.
<i>Recommendation:</i>	We recommend that management review garnishment checks to determine that garnishment settlements include only the current month.
<i>Management's Response:</i>	The Marshal will request refunds from creditors for the overpayments. Refunds will be deposited into the garnishments bank account.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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, 2018 - June 30, 2019

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

We have performed the procedures enumerated below, which were agreed to by Marshal of City Court of Denham Springs - Ward Two (the Marshal) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Marshal's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b. **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.
 - c. **Disbursements**, including processing, reviewing, and approving.
 - d. **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).

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. **Credit Cards (and debit cards, fuel cards, P-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).
- h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k. **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.

Results: Procedures a through j were not applicable due to no exceptions being found in the prior year testing. We obtained the written Disaster Recovery/Business Continuity policy of the Marshal and applicable areas were met without exception.

Bank Reconciliations

- 2. Obtain a listing of client 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b. Bank reconciliations include evidence that a member of management/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
 - c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained a listing of bank accounts from the Marshal and management's representation that the listing is complete. We selected the main operating and four additional bank accounts and obtained bank statements and reconciliations. The Marshal contracts with an outside accounting service to prepare the bank reconciliations. Criterion 2(a) was met without exception. While performing procedure 2(b), we noted that for the five bank accounts selected, there was no evidence to support that the review had occurred. While performing procedure 2(c), we noticed that three of the bank accounts selected for testing had multiple items that were outstanding for longer than 12 months.

Collections

3. 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 five deposit sites (or all deposit sites if less than five).

Results: We obtained from the Marshal a listing of cash deposit sites and management's representation that the list is complete.

4. 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 (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c. Each employee responsible for collecting cash is not 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.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: The Marshal only has one collection location, which was selected for testing. We obtained management's representation that the listing is complete. While performing 4(a) we noted that there is not a formal cash register or drawer. The employees responsible for collecting cash share the same locked cash collection bag. The remaining attributes were met without exception.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: We noted that employees who are responsible for collecting cash are bonded.

6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #2 under "Bank Reconciliations" above (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). *Alternately, 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:
 - a. Observe that receipts are sequentially pre-numbered.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
 - d. 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).
 - e. Trace the actual deposit per the bank statement to the general ledger.

Results: Five bank accounts were tested. Three accounts did not have deposits other than transfers from the operating account. No exceptions were found in 6(a), 6(b), or 6(c). While performing procedure 6(d), we noted that of the four deposits tested, all four were not deposited within one day of collection. The four deposits that had exceptions ranged from nine to eighteen days.

Contracts

7. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a vendor list and management's representation that the listing was complete.

8. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - c. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

- d. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: Five vendors were selected along with the highest payments to each vendor. No exceptions were noted in the applicable testing attributes.

This agreed-upon procedures engagement was performed 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. 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.

The purpose of this report is 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.



A Professional Accounting Corporation

Baton Rouge, LA
October 9, 2019



Joe M. Shumate Jr.
Marshal

Denham Springs City Marshal

Ward 2 and Ward 7

Livingston Parish

Ph: 225-665-8568

Fx: 225-773-0818

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
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Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the Marshal of City Court of Denham Springs - Ward 2 wishes to provide the following responses relative to the results of the 2019 statewide agreed-upon procedures engagement:

1. Bank reconciliations - The Marshal will institute a process for reviewing bank reconciliations prepared by the outside accounting service. We will research checks outstanding more than 12 months.
6. Collections - Due to the small nature of the Marshal's office, employees sometimes share cash drawers. The Marshal will work to make deposits more timely.

Sincerely,

A handwritten signature in blue ink, appearing to be "Joe Shumate", is written over the typed name and title.

Joe Shumate
Marshal

"Serving Our Community"

116 N. Range Ave, Denham Springs
Louisiana 70726

Phone: (225) 665-8568 Fax: (225) 773-0818