

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

Annual Financial Statements

June 30, 2025

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two (the Marshal), a component unit of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Marshal's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Marshal adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of the Statement significantly affected the financial statements in that compensated absences are now accrued if it is considered more likely than not that the leave will be used or paid in future periods. The effect of the adoption of the Statement created a compensated absences liability.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary schedules required by GASB Statement No. 68 on pages 29 and 30, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis information that U.S. GAAP 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 GASB, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 on our consideration of the Marshal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshal's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshal's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Baton Rouge, LA
December 10, 2025

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 52,194
Accounts Receivable	5,506
Capital Assets (Net of Accumulated Depreciation)	<u>43,882</u>
Total Assets	<u>101,582</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pension	<u>83,975</u>
Liabilities	
Accounts Payable	13,105
Accrued Liabilities	16,727
Net Pension Liability	<u>271,799</u>
Total Liabilities	<u>301,631</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pension	<u>12,341</u>
Net Position	
Net Investment in Capital Assets	43,882
Unrestricted	<u>(172,297)</u>
Total Net Position	<u><u>\$ (128,415)</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, 2025

	Governmental Activities
Expenses	
Judicial	\$ 846,240
Program Revenues	
Charges for Services	299,944
Operating Grants and Contributions	337,101
Total Program Revenues	<u>637,045</u>
Net (Expenses) Revenues	<u>(209,195)</u>
Other Revenues	
Other Income	624
Interest Income	2,436
Total Other Revenues	<u>3,060</u>
Change in Net Position	(206,135)
Net Position, Beginning of Year	<u>77,720</u>
Net Position, End of Year	<u><u>\$ (128,415)</u></u>

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Balance Sheet
Governmental Fund
June 30, 2025

	General Fund
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 52,194
Accounts Receivable	<u>5,506</u>
Total Assets	<u><u>\$ 57,700</u></u>
Liabilities	
Accounts Payable	\$ 13,105
Accrued Liabilities	<u>8,399</u>
Total Liabilities	<u>21,504</u>
Fund Balance	
Unassigned	<u>36,196</u>
Total Fund Balance	<u>36,196</u>
Total Liabilities and Fund Balance	<u><u>\$ 57,700</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
June 30, 2025

Fund Balance - Total Governmental Fund	\$	36,196
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets		162,086
Less: Accumulated Depreciation		(118,204)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		(12,341)
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		83,975
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Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		(8,328)
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Net Pension Asset		<u>(271,799)</u>
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Net Position of Governmental Activities	\$	<u>(128,415)</u>
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The accompanying notes are an integral part of these financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2025

	General Fund
Revenues	
Court Costs and Fees	\$ 299,944
Intergovernmental Revenues	
Primary Government - City of Denham Springs	244,775
Livingston Parish Council	40,500
On-Behalf Payments	36,000
Other Income	624
Interest Income	2,436
	<hr/>
Total Revenues	624,279
	<hr/>
Expenditures	
Judicial	
Salaries and Payroll Taxes	425,239
Retirement	60,320
Auto Expenses	41,317
Office Expenses	34,277
Insurance	32,485
Audit	12,500
Telephone	10,541
Conventions and Training	8,239
Rent	8,230
Other	8,133
Advertising	7,839
Outsource Accounting	7,080
Uniforms	999
Capital Outlay	16,033
	<hr/>
Total Expenditures	673,232
	<hr/>
Net Change in Fund Balance	(48,953)
Fund Balance, Beginning of Year	85,149
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Fund Balance, End of Year	\$ 36,196
	<hr/> <hr/>

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, 2025

Net Change in Fund Balance - Total Governmental Fund	\$ (48,953)
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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 depreciation exceeds capital outlay.	(1,559)
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The net effect of various capital asset transactions is to decrease net position.	(16,878)
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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.	(130,417)
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The net effect of long-term liabilities is to decrease net position.	<u>(8,328)</u>
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Change in Net Position of Governmental Activities	<u>\$ (206,135)</u>
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The accompanying notes are an integral part of these financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2025

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs and Fees	\$ 319,200	\$ 297,330	\$ 299,944	\$ 2,614
Intergovernmental Revenues				
Primary Government - City of				
Denham Springs	247,500	244,700	244,775	75
Federal Grant Reimbursements	2,000	-	-	-
Livingston Parish Council	36,000	40,500	40,500	-
On-Behalf Payments	36,200	36,000	36,000	-
Other Income	52,000	650	624	(26)
Interest Income	4,100	2,500	2,436	(64)
Total Revenues	697,000	621,680	624,279	2,599
Expenditures				
Judicial				
Salaries and Payroll Taxes	418,000	426,500	425,239	1,261
Retirement	64,000	60,000	60,320	(320)
Auto Expenses	64,900	46,000	41,317	4,683
Office Expenses	37,130	34,450	34,277	173
Insurance	35,000	36,000	32,485	3,515
Audit	11,200	13,770	12,500	1,270
Telephone	8,800	9,200	10,541	(1,341)
Conventions and Training	5,900	9,250	8,239	1,011
Rent	7,900	8,230	8,230	-
Other	2,050	1,521	8,133	(6,612)
Advertising	9,550	10,100	7,839	2,261
Outsource Accounting	6,900	7,100	7,080	20
Uniforms	600	850	999	(149)
Capital Outlay	-	16,033	16,033	-
Total Expenditures	671,930	679,004	673,232	5,772
Net Change in Fund Balance	\$ 25,070	\$ (57,324)	(48,953)	\$ 8,371
Fund Balance, Beginning of Year			85,149	
Fund Balance, End of Year			\$ 36,196	

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

Based on the previous criteria, City Management has included the Marshal of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshal is an elected official and has certain statutorily defined sources of funds for its own operating and/or capital budget discretion, the funds of the Marshal of City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs' government-wide financial statements for the year ended June 30, 2025.

Basis of Presentation

Basic Financial Statements - Government-Wide Financial Statements

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

In the government-wide statement of net position, the governmental activity is reported on a full accrual, economic resource basis.

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

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

The Marshal does not allocate indirect costs.

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

Basic Financial Statements - Fund Financial Statements

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Basic Financial Statements - Fund Financial Statements (Continued)

The Marshal uses the following fund type:

Governmental Fund

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

The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2025, 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 \$17,592 for the year ended June 30, 2025.

Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted on June 5, 2024 for the fiscal year ended June 30, 2025.

Accumulated Unpaid Vacation and Sick Pay

The employees of the Marshal are not allowed to accumulate vacation or sick time. Employees are allowed to accumulate compensatory time. At June 30, 2025, the Marshal has recorded compensated absences liability in the amount of \$4,353 for the amount of compensatory time that is expected to be used or paid which is recorded in accrued liabilities in the government-wide financial statements.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

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

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

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

Net Position

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

Fund Balance

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the balance sheet - governmental fund (page 9). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Marshal or the assignment has been changed by the Marshal. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

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

New Accounting Pronouncements - Adopted

During the year ended June 30, 2025, the Marshal adopted GASB Statement No. 101, *Compensated Absences*. The Statement updated the recognition and measurement guidance for compensated absences. The adoption of the Statement created the compensated absences liability due to including salary related costs.

The Marshal also adopted GASB Statement No. 102, *Certain Risk Disclosures*. The objective of the Statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The Statement is effective for fiscal years beginning after June 15, 2024. The adoption of the Statement did not have an effect on the financial statements.

New Accounting Pronouncements - Not Yet Adopted

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for the fiscal year ending June 30, 2026.

Note 2. Deposits and Investments

At June 30, 2025, the carrying amount of the Marshal's cash and cash equivalents totaled \$52,194 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, 2025, none of the Marshal's bank balance of \$62,349 was exposed to custodial credit risk because it was completely insured by the Federal Deposit Insurance Corporation (FDIC).

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 3. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Office Equipment	\$ 9,676	\$ -	\$ (6,669)	\$ 3,007
Machinery and Equipment	23,654	1,000	(4,848)	19,806
Vehicles	235,020	15,033	(110,780)	139,273
Total Capital Assets Being Depreciated	268,350	16,033	(122,297)	162,086
Less Accumulated Depreciation for:				
Office Equipment	(9,676)	-	6,669	(3,007)
Machinery and Equipment	(23,654)	(133)	4,848	(18,939)
Vehicles	(172,701)	(17,459)	93,902	(96,258)
Total Accumulated Depreciation	(206,031)	(17,592)	105,419	(118,204)
Capital Assets - Net	\$ 62,319	\$ (1,559)	\$ (16,878)	\$ 43,882

Depreciation expense was charged to governmental activities as follows:

Judicial	<u><u>\$ 17,592</u></u>
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Note 4. Employee Pension Plan

During the year ended June 30, 2025, the Marshal reported pension liabilities for one pension plan - the Municipal Employees Retirement System.

Municipal Employees' Retirement System of Louisiana (MERS)

MERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. MERS was established and provided for by R.S. 11:1731 of the R.S. MERS is composed of two distinct plans, Plan A and Plan B, with separate asset and benefit provisions. The Town is a participant in Plan B only. For the year ended June 30, 2025, there were 70 contributing municipalities in Plan B.

The following is a description of the plan and its benefits and is provided for general information purposes only.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five (35) hours per week.

Retirement Benefits

Members who commenced participation in the System prior to January 1, 2013 can retire providing they meet one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Employees hired on or after January 1, 2013 can retire, providing they meet one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by their years of creditable service. Final compensation is the average monthly earnings during the highest sixty (60) consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

Deferred Retirement Option Plan (DROP) Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the DROP for up to three years and defer the receipt of benefits. During participation in the plan, 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. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at their option, a lump sum from the account equal to the payments into the account, a true annuity based upon their account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in their account shall be paid to their named beneficiary or, if none, to their estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if they have at least ten (10) years of creditable service, are not eligible for normal retirement, and have 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 (1) an amount equal to two percent of their final compensation multiplied by their years of creditable service, but not less than thirty percent of their final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until their earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. 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. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are 65 and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after this date.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

Deferred Benefits

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Funding Policy - Employer and Non-employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. Contributions to the plans are required and are expressed as a percentage of covered payroll. The employer contribution rates in effect for the year ended June 30, 2025 for the Municipal Employees' Retirement System Plan B is 14.0%.

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

At June 30, 2025, the Marshal reported a net pension liability of \$271,799 and pension expense of \$51,831 for its proportionate share of the Municipal Employees Retirement System. The net pension liability was measured as of June 30, 2024, 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 June 30, 2024, Marshal's proportion was 0.4479%.

At June 30, 2025, 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	\$ 2,581	\$ 2,223
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,783	-
Changes in Proportion	16,930	-
Changes in Assumptions	-	10,118
Marshal Contributions Subsequent to the Measurement Date	54,681	-
Total	\$ 83,975	\$ 12,341

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources for contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2026. 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
2026	\$ 7,891
2027	23,303
2028	(8,107)
2029	<u>(6,134)</u>
Total	<u>\$ 16,953</u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each plan as of June 30, 2024 is as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 Years
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Salary Increases, Including Inflation and Merit	1-2 years of service: 9.5% 2+ years of service: 4.6%
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (MERS) (Continued)

Discount Rate

The long-term expected rate of return on MERS pension plan investment was determined using a building-block method in which best estimated ranges 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 ranges 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 and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 6.85%, for the year ended June 30, 2024.

Discount Rate (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in each system's target asset allocation as of June 30, 2024 are summarized as follows:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Total	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

The following presents the Marshal's proportionate share of the net pension liability using the discount rate of each retirement system as well as what the Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Marshal's Proportionate Share of the MERS Net Pension Asset (Liability)	\$ 422,041	\$ 271,799	\$ 144,819

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 5. On-Behalf Payments for Salaries and Benefits

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

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

For the fiscal year ended June 30, 2025, state supplemental payments to the Marshal and its employees amounted to \$36,000.

Note 6. Risk Management

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

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

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

	2025	2024
Municipal Employees' Retirement System		
Marshal's Portion of the Net Pension Liability (Asset)	0.447941%	0.225496%
Marshal's Proportionate Share of the Net Pension Liability (Asset)	\$ 271,799	\$ 180,817
Marshal's Covered-Employee Payroll	\$ 397,872	\$ 101,691
Marshal's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	68.31%	177.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	80.10%	73.25%

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

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

	2025	2024	2023
Municipal Employees' Retirement System			
Contractually Required Contribution	\$ 54,681	\$ 63,248	\$ 29,999
Contributions in Relation to the Contractually Required Contribution	<u>(54,681)</u>	<u>(63,248)</u>	<u>(29,999)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marshal's Covered-Employee Payroll	\$ 390,576	\$ 397,872	\$ 101,691
Contributions as a Percentage of Covered-Employee Payroll	14.00%	15.90%	29.50%

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

OTHER SUPPLEMENTARY INFORMATION

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2025

Agency Head
 Joe Shumate, Marshal

Purpose	Amount
Salary	\$73,236
Supplemental Wages - Paid by State	\$88,860
Benefits - Insurance	\$4,317
Benefits - Retirement	\$30,798
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government *	\$0
Per Diem	\$236
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$1,534
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Justice System Funding Schedule - Agency Information
As Required by Act 87 of the 202 Regular Legislative Session
Cash Basis Presentation
For the Six Month Periods Ended December 31, 2024 and June 30, 2025

1. Agency ID of Reporting Agency (Enter your agency's four or five digit Agency ID.)	6011
2. Name of Reporting Agency (Edit the name if needed.)	Denham Springs City Marshal Ward 2
3. Date that reporting period ended (mm/dd/yyyy)	6/30/2025
4. Did you collect or disburse money during year?	No
5. Did another agency send you money during the year?	Yes

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Justice System Funding Schedule - Disbursement to Other Governments and Nonprofits Form
As Required by Act 87 of the 202 Regular Legislative Session
Cash Basis Presentation
For the Six Month Periods Ended December 31, 2024 and June 30, 2025

	Amount for 07/01/2024 - 12/31/2024	Amount for 01/01/2025 - 06/30/2025
1. Ending Balance of Amounts Assessed but Not Received:	-	-

2. Details of Receipts from Collecting/Disbursing Agency			
		Amount for 07/01/2024 - 12/31/2024	Amount for 01/01/2025 - 06/30/2025
Agency Remitting Money	Remittance Type		
Denham Springs City Court Ward 2	f. Criminal Court Costs/Fees	93,807	90,830
Denham Springs City Court Ward 2	a. Civil Fees	38,460	37,050



**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, 2025, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Baton Rouge, LA
December 10, 2025

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Findings and Responses
For the Year Ended June 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Not Applicable.

Section II. Financial Statement Findings

None.

Section III. Prior Year Findings

None.