

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

Annual Financial Statements

June 30, 2017



Contents

Independent Auditor's Report	1 - 3
-------------------------------------	--------------

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Governmental Fund	
Balance Sheet	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10 - 11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	13
Notes to Financial Statements	14 - 28

Required Supplementary Information under GASB Statement No. 68

Schedule of the Marshal's Proportionate Share of the Net Pension Liability	30
Schedule of the Marshal's Contributions	31

Other Supplementary Information

Schedules of Compensation, Benefits, and Other Payments to Agency Head	33 - 34
---	---------

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35 - 36
--	----------------

Schedule of Findings and Responses	37 - 38
---	----------------

Schedule of Prior Audit Findings	39
---	-----------

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 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, 2017, 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.

LOUISIANA • TEXAS

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, 2017, and the respective changes in financial position 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 December 19, 2017, 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 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 Professional Accounting Corporation

Covington, LA
December 19, 2017

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

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 126,259
Accounts Receivable	1,425
Capital Assets (Net of Accumulated Depreciation)	<u>41,946</u>
Total Assets	<u>169,630</u>
Deferred Outflows of Resources	
Pension	<u>33,066</u>
Liabilities	
Accounts Payable	80,204
Accrued Liabilities	3,905
Due to Primary Government	31,098
Due to Other Governments	4,687
Net Pension Liability	24,469
Capital Lease	
Due Within One Year	11,962
Due in More than One Year	<u>19,159</u>
Total Liabilities	<u>175,484</u>
Deferred Inflows of Resources	
Pension	<u>6,984</u>
Net Position	
Net Investment in Capital Assets	10,825
Unrestricted	<u>9,403</u>
Total Net Position	<u><u>\$ 20,228</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, 2017

	Governmental Activities
Expenses	
Judicial	\$ 489,827
Program Revenues	
Charges for Services	191,119
Operating Grants and Contributions	291,829
Total Program Revenues	<u>482,948</u>
Net Program Revenues (Expenses)	<u>(6,879)</u>
General Revenues	
Miscellaneous Income	12,718
Interest Income	73
Special Item - Loss on Disposition of Capital Assets	<u>(25,751)</u>
Total General Revenues and Special Items	<u>(12,960)</u>
Change in Net Position	(19,839)
Net Position, Beginning of Year	<u>40,067</u>
Net Position, End of Year	<u>\$ 20,228</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, 2017

	General Fund
Assets	
Cash and Cash Equivalents	\$ 126,259
Accounts Receivable	<u>1,425</u>
Total Assets	<u>\$ 127,684</u>
Liabilities	
Accounts Payable	\$ 80,204
Accrued Liabilities	3,905
Due to Primary Government	31,098
Due to Other Governments	<u>4,687</u>
Total Liabilities	<u>119,894</u>
Fund Balance	
Unassigned	<u>7,790</u>
Total Fund Balance	<u>7,790</u>
Total Liabilities and Fund Balance	<u>\$ 127,684</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, 2017

Fund Balance - Total Governmental Fund	\$ 7,790
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund:</p>	
Governmental Capital Assets	208,152
Less: Accumulated Depreciation	(166,206)
<p>Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>	
	33,066
<p>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.</p>	
	(6,984)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:</p>	
Net Pension Liability	(24,469)
Capital Lease Payable	(31,121)
Net Position of Governmental Activities	<u>\$ 20,228</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, 2017

	General Fund
Revenues	
Court Costs and Fees	\$ 191,119
Intergovernmental Revenues	
On-Behalf Payments	17,273
Primary Government - City of Denham Springs	189,077
Livingston Parish Council	22,800
Federal Grant Reimbursements	62,679
Miscellaneous Income	12,718
Interest Income	73
	<hr/>
Total Revenues	495,739
	<hr/>
Expenditures	
Judicial	
Salaries and Payroll Taxes	283,061
Document Recovery	34,455
Office Expenses	34,201
Insurance	22,163
Auto Expenses	21,331
Telephone	17,250
Retirement	12,910
Outsource Accounting	9,871
Advertising	6,190
Rent	6,017
Conventions and Training	4,714
Uniforms	4,603
Audit	3,287
Service Contracts	768
Guns and Ammunition	635
Capital Outlay	6,666
Debt Service	
Principal Retirement	18,331
Interest	2,067
	<hr/>
Total Expenditures	488,520
	<hr/>
Excess of Revenues Over Expenditures	7,219
	<hr/>

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 (Continued)
Governmental Fund
For the Year Ended June 30, 2017

	General Fund
Other Financing Sources	
Proceeds of Capital Lease	<u>6,666</u>
Total Other Financing Sources	<u>6,666</u>
Net Change in Fund Balance	13,885
Fund Balance (Deficit), Beginning of Year	<u>(6,095)</u>
Fund Balance, End of Year	<u><u>\$ 7,790</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 Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Fund	\$	13,885
--	----	--------

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.		(10,793)
The net effect of various capital asset transactions is to decrease net position.		(25,751)
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.		(8,845)
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.		
Proceeds of Capital Lease		(6,666)
Repayment of Principal on Long-Term Debt		18,331
		18,331
Change in Net Position of Governmental Activities	\$	(19,839)

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, 2017

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs and Fees	\$ 252,000	\$ 252,000	\$ 191,119	\$ (60,881)
Intergovernmental Revenues -				
On-Behalf Payments	18,000	18,000	17,273	(727)
Primary Government - City of Denham Springs	217,500	222,500	189,077	(33,423)
Livingston Parish Council	62,700	45,700	22,800	(22,900)
Federal Grant Reimbursements	-	62,679	62,679	-
Miscellaneous Income	32,000	44,000	12,718	(31,282)
Interest Income	100	100	73	(27)
Total Revenues	582,300	644,979	495,739	(149,240)
Expenditures				
Judicial				
Salaries and Payroll Taxes	352,500	365,300	283,061	82,239
Document Recovery	-	34,455	34,455	
Insurance	25,900	25,900	34,201	(8,301)
Auto Expenses	12,000	42,500	22,163	20,337
Office Expenses	6,300	11,750	21,331	(9,581)
Retirement	13,000	13,000	17,250	(4,250)
Telephone	8,850	16,150	12,910	3,240
Service Contracts	2,000	2,000	9,871	(7,871)
Rent	10,000	12,800	6,190	6,610
Audit	10,500	10,500	6,017	4,483
Outsource Accounting	6,000	10,000	4,714	5,286
Conventions and Training	-	3,800	4,603	(803)
Miscellaneous	13,800	13,850	3,287	10,563
Advertising	-	5,400	768	4,632
Uniforms	1,500	5,000	635	4,365
Capital Outlay	19,900	14,200	6,666	7,534
Debt Service				
Principal Retirement	-	11,500	18,331	(6,831)
Interest	2,000	2,000	2,067	(67)
Total Expenditures	484,250	600,105	488,520	111,585
Excess (Deficiency) of Revenues Over Expenditures	98,050	44,874	7,219	(37,655)
Other Financing Sources				
Proceeds of Capital Lease	-	-	6,666	6,666
Total Other Financing Sources	-	-	6,666	6,666
Net Change in Fund Balance	\$ 98,050	\$ 44,874	13,885	\$ (30,989)
Fund Balance (Deficit), Beginning of Year			(6,095)	
Fund Balance, End of Year			\$ 7,790	

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, and
2. Financial accountability, and
 - 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, 2017.

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, 2017, 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 interest income and fines and fees for services relating to court filings. Interest income is 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:

Vehicles	5 Years
Computer Equipment	5 Years
Office Furniture and Equipment	5 - 10 Years
Office Improvements	10 - 20 Years

Depreciation expense amounted to \$20,466, for the year ended June 30, 2017.

Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted for the fiscal year ended June 30, 2017. The budget was amended on June 1, 2017.

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.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position

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

Fund Balance

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

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.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 2. Deposits and Investments

At June 30, 2017, the carrying amount of the Marshal's cash and cash equivalents totaled \$126,259, 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, 2017, none of the Marshal's bank balance of \$143,195 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, 2017, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Office Equipment	\$ 15,470	\$ 9,673	\$ (15,470)	\$ 9,673
Furniture and Fixtures	16,126	-	(16,126)	-
Machinery and Equipment	43,776	-	(32,844)	10,932
Vehicles	235,874	-	(48,327)	187,547
Leasehold Improvements	12,529	-	(12,529)	-
Total Capital Assets Being Depreciated	323,775	9,673	(125,296)	208,152
Less Accumulated Depreciation for:				
Office Equipment	(14,414)	(1,713)	14,515	(1,612)
Furniture and Fixtures	(14,626)	(42)	14,668	-
Machinery and Equipment	(33,149)	(1,500)	26,179	(8,470)
Vehicles	(173,311)	(17,039)	34,226	(156,124)
Leasehold Improvements	(9,785)	(172)	9,957	-
Total Accumulated Depreciation	(245,285)	(20,466)	99,545	(166,206)
Capital Assets - Net	\$ 78,490	\$ (10,793)	\$ (25,751)	\$ 41,946

Depreciation expense was charged to governmental activities as follows:

Judicial	\$ 20,466
----------	-----------

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 a capital lease agreement on February 28, 2013, for financing the purchase of two 2013 Chevrolet Impalas for the deputies. The lease requires monthly payments of principal and interest of \$1,002 for forty-eight months with a final payment due February 1, 2017. The lease agreement contains a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. In August 2016, both of these vehicles were destroyed by flood and the remaining lease obligation was paid during the year ended June 30, 2017.

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, 2017, the book value (net of depreciation) of the vehicle was \$26,825.

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, 2017, the book value (net of depreciation) of the copier was \$5,555.

The capital leases payable at June 30, 2017, were as follows:

Description/Purpose	Original Lease Amount	Interest Rate	Final Maturity	Balance June 30, 2017
Capital lease to finance the purchase of a copier	\$ 6,666	2.90%	03/01/22	\$ 6,355
Capital lease to finance the purchase of a Chevrolet Silverado	\$ 42,355	4.55%	09/04/19	24,766
Total Capital Leases Payable				\$ 31,121

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 11,962	\$ 1,074	\$ 13,036
2019	12,497	540	13,037
2020	4,220	105	4,325
2021	1,381	53	1,434
2022	1,061	15	1,076
Total	\$ 31,121	\$ 1,787	\$ 32,908

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 4. Long-Term Liabilities (Continued)

Capital Leases Payable (Continued)

Long-term liability activity for the year ended June 30, 2017, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Leases Payable	\$ 42,786	\$ 6,666	\$ (18,331)	\$ 31,121

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 years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Note 5. Employees Pension Plan (Continued)

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

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.

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 Deferred Retirement Option Plan (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.

Note 5. Employees Pension Plan (Continued)

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

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.

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, 2016, the actuarially determined contribution rate was 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ended December 31, 2016, was 8.00% 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.

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

At June 30, 2017, the Marshal reported a liability of \$24,469 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, 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 municipalities, actuarially determined. At December 31, 2016, the Marshal's proportion was 0.18836%.

For the year ended June 30, 2017, the Marshal recognized pension expense of \$21,755. At June 30, 2017, 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	\$ -	\$ 6,984
Net Difference between Projected and Actual Earnings on Pension Plan Investments	24,429	-
Changes in Proportion	458	-
Changes in Assumptions	2,918	-
Marshal Contributions Subsequent to the Measurement Date	5,261	-
	<u>\$ 33,066</u>	<u>\$ 6,984</u>

In the year ending June 30, 2017, \$5,261 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,	
2018	\$ 9,066
2019	6,201
2020	<u>5,554</u>
Total	<u>\$ 20,821</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)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2016, are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Return	7.00% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Projected Salary Increases	5.25% (2.75% Merit/2.50% 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	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected 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 7.00% 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 liability.

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 7.66% for the year ended December 31, 2016.

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, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
	<hr/>	<hr/>
	100%	5.66%
		<hr/>
Inflation		2.00%
		<hr/>
Expected Arithmetic Normal Return		<u>7.66%</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 of the Marshal using the discount rate of 7.00% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Marshal's Proportionate Share of the Net Pension Liability	\$ 93,024	\$ 24,469	\$ (33,401)

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, 2017, state supplemental payments to the Marshall and its employees amounted to \$17,273.

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.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

Notes to Financial Statements

Note 8. August 2016 Flood

On August 12, 2016, Denham Springs, Louisiana was severely impacted by flooding. The Marshal's office was severely flooded and all records were damaged. During the year ended June 30, 2017, the Marshall contracted with a company to restore documents damaged in the flood. In addition, capital assets with a book value (net of depreciation) of \$25,751 were destroyed during the flood. As a result, the Marshal recorded a loss on assets that were destroyed in the amount of \$25,751. During the year ended June 30, 2017, the Marshal received FEMA reimbursements of \$62,679.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2017

	2017	2016
Marshal's Portion of the Net Pension Liability	0.188560%	0.228810%
Marshal's Proportionate Share of the Net Pension Liability	\$ 24,469	\$ 40,739
Marshal's Covered-Employee Payroll	\$ 155,960	\$ 272,908
Marshal's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	15.69%	14.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.50%	93.47%

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of the Marshal's Contributions
For the Year Ended June 30, 2017

	2017	2016
Contractually Required Contribution	\$ 12,460	\$ 16,695
Contributions in Relation to the Contractually Required Contribution	<u>(12,460)</u>	<u>(16,695)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Marshal's Covered-Employee Payroll	\$ 155,960	\$ 185,800
Contributions as a Percentage of Covered-Employee Payroll	8.00%	9.00%

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, 2017

Agency Head
 Jerry Denton, Marshal

Purpose	Amount
Salary	\$38,026
Benefits - Insurance	\$4,109
Benefits - Retirement	\$3,042
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government *	\$0
Per Diem	\$0
Reimbursements	\$750
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.

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, 2017

Agency Head
 Joe Shumate, Marshal

Purpose	Amount
Salary	\$68,686
Benefits - Insurance	\$5,499
Benefits - Retirement	\$4,860
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government *	\$0
Per Diem	\$0
Reimbursements	\$385
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. Jerry Denton
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, 2017, and the related notes to the financial statements, which collectively comprise the Marshal of City Court of Denham Springs - Ward Two's basic financial statements, and have issued our report thereon dated December 19, 2017.

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.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, identified as items 2017-001 and 2017-002 in the schedule of findings and responses.

Purpose of this Report

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



A Professional Accounting Corporation

Covington, LA
December 19, 2017

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Findings and Responses
For the Year Ended June 30, 2017

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?	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Not Applicable

Section II. Financial Statement Findings

2017-001 Budget Compliance

Criteria: Louisiana Revised Statutes 39:1310-1311.

Condition: During our audit procedures, we noted that the actual revenues and other sources of \$502,405 fell short of final budgeted revenues of \$644,979 resulting in an unfavorable variance of \$142,574, or 22%, which exceeds the legal threshold of 5%.

Cause: The Marshal's revenues were impacted by the August 2016 flood.

Effect: Noncompliance with the Local Government Budget Act.

Recommendation: We recommend implementing a process to propose revisions to the budget when actual revenues and other sources fall short of budgeted amounts by more than 5% and making the appropriate amendments when necessary.

Management's Response: The Marshal will implement a process to propose revisions to the budget when variances are identified over 5%.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2017

2017-002 Preservation of Public Records

Criteria: Louisiana Revised Statutes 44:36

Condition: The Marshal's office was impacted by flooding on August 12, 2016. The Marshal contracted with a document recovery company and its documents have been restored. The Marshal is currently not scanning its records and keeping a backup off site.

Cause: The Marshal's revenues have been affected by the August 2016 flood.

Effect: Possible noncompliance with Louisiana Revised Statutes 44:36.

Recommendation: We recommend that the Marshal take steps to preserve records such as scanning public records into electronic format and storing a backup in an off-site location.

Management's Response: The Marshal is considering the cost/benefit of implementing a scanning program. At the present time, the Marshal does not have the resources to implement such a program.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO
Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

2016-001 Budget Compliance

This finding has not been resolved. See finding 2017-001.

2016-002 Preservation of Public Records

This finding is partially resolved. See finding 2017-002.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

For the Period of July 1, 2016 - June 30, 2017

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

We have performed the procedures enumerated below, which were agreed to by the 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 year July 1, 2016 through June 30, 2017. 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 specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits.
 - 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, and (5) monitoring card usage.

- 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 (LRS) 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Marshal's policies and procedures address the applicable financial/ business functions except for as follows:

- b) Items (2) and (5) not addressed in the policy.
- f) Items (2), (3), and (5) are not addressed in the policy.
- g) Item (5) is not addressed in the policy.

Management's Response: The Marshal will amend policies to include elements not currently addressed in policies.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

This section is not applicable as the Marshal is an independently elected official.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained management's representation that the listing of bank accounts is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We noted that bank reconciliations were prepared for each account monthly. The Marshal contracts with an accounting service to prepare the bank reconciliations. We noted that there was no evidence of review. We noted that there were 23 checks over 6 months old which totaled \$6,799.90.

Management's Response: The Marshal will begin initialing bank reconciliations after his review. The Marshal will research the outstanding checks and will submit them to the Louisiana Treasurer's unclaimed property division

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We noted one cash collection location, the primary location. We noted that employees responsible for collecting cash are bonded. We noted that the Deputy Clerk sometimes collects cash and also records it and takes deposit to bank. We noted that the Marshal does not have any formal cash registers or drawers.

The Marshal has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by the accounting service that the Marshal contracts with.

We noted that the largest week of collections was between October 9, 2016 and October 16, 2016. We noted that the one deposit for this week included several weeks of collections.

Management's Response: Due to the limited number of personnel, the Marshal has determined that the cost of further segregation of duties would outweigh the benefit.

The Marshal's office was severely damaged by the August 2016 flood and, as a result, the office was closed for several weeks until it was able to be relocated to another building not affected by the flood.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: The Marshal reviews budget to actual comparisons on a monthly basis.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: Of the 25 disbursements tested, we noted that an approved invoice was not found for 2 disbursements and another 2 disbursements were not supported by a purchase order. The 2 disbursements not supported by a purchase order were payments of garnishments withheld from the paychecks of an employee of the Marshal.

Management's Response: The Marshal will ensure that future disbursements are supported by an approved invoice.

10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The Marshal contracts with an accounting service to perform accounting and to process A/P disbursements. The accounting service would add any new vendors to the system.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: We noted that the Marshal and the Deputy Clerk are authorized check signers. The Marshal's disbursement policy is that checks less than \$500 are signed by the Deputy Clerk and checks over \$500 are signed by both the Marshal and the Deputy Clerk.

Management's Response: Due to the limited number of personnel, the Marshal has determined that the cost of further segregation of duties would outweigh the benefit given the limited resources of the Marshal.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: We noted that blank check stock is maintained in a locked file cabinet with access restricted to the Marshal and Deputy Clerk.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: The Marshal does not use a signature stamp or machine. Signed checks are maintained under the control of the signer until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We noted evidence that the monthly combined statement and supporting documentation was reviewed and approved for all statements and cards sampled.

We noted no late payments or finance fees on the sample tested.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: We noted that itemized receipts are not turned in for fuel card purchases. We noted that all transactions tested for the Marshal's only credit card were supported by itemized receipt and contained documentation of business purpose.

We noted no purchases that exceed the thresholds of the Public Bid Law.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

Management's Response: The fuel card report includes odometer reading, gallons purchased, and purchase location by driver. The Marshal reviews report on a monthly basis.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We obtained the Marshal's policies and procedures for travel expenses. The policy addresses that mileage is reimbursed at the federal rate established by the Internal Revenue Service and meals per diem for business travel will be paid in accordance with Supreme Court guidelines which is \$59 for travel outside of a 50 mile radius of the Marshal's office. For the Marshal's travel only, per diem is \$118 per day if travel requires an overnight stay or travel time of 8 or more continuous hours. We noted that only one of the reimbursements in the listing involved travel. For that reimbursement, actual fuel cost was reimbursed as an employee made several trips in his personal vehicle to pickup donated furniture several hours away.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted no exceptions in comparing expense reimbursement transactions sampled to policy.

We noted that all transactions selected were supported by an original itemized receipt and documentation of the business/public purpose.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

Contracts

20. 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 management's representation that the listing provided is complete.

21. 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) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) 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.
- d) 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.
- e) 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: We noted a formal/written contract existed for four out of five of the sampled contracts. There was no written contract with the accounting service.

We noted that contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

We noted that contracts selected included no amendments.

We noted that the largest payment from each contract agreed to the supporting invoice and contract terms.

We noted that the Marshal approved each contract.

Management's Response: The Marshal will request the accounting service to provide a written contract for its services.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

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

We noted that compensation paid to each employee sampled was in accordance with their employment contract and pay rate structure. We noted that one employee received an hourly pay raise which was approved by the Marshal in writing.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: Note that the Marshal only has 8 employees so 3 employees were selected for testing. We noted that each employee's daily attendance was documented by a timesheet approved by the Marshal. We also noted that leave time was approved in writing.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We noted two employees who were terminated during the year. Both employees' final paycheck was in accordance with policy and was approved by management.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: The appropriate employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines for all payroll tax and retirement contributions.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: Each employee's personnel file contained a certificate that the required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: No alleged ethics violations were reported during the year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: We noted that the Marshal purchased a copier under a lease agreement. We noted that the lease agreement did not contain a non-appropriation clause and was not approved by the State Bond Commission.

Management's Response: We will obtain bond commission approval or ensure that future leases include a non-appropriation clause.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: The Marshal's only debt is capital leases and we noted that scheduled payments were paid when due.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: This section is not applicable as the Marshal is does not have a tax millage.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We noted no instances of misappropriation of public funds or assets, per inquiry with management and the board treasurer.

32. Observe and report whether the entity has posted on its premises and website, the notice required by LRS 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted the LLA hotline notice per LRS 24:523.1 posted on the wall in the Marshal's office. The Marshal does not have a website. It is a component unit of the City of Denham Springs which does have the notice on its website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were noted in obtained management representation.

* * * * *

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 perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 results 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

Covington, LA
December 19, 2017