

**CITY COURT OF HAMMOND  
HAMMOND, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

**City Court of Hammond**  
**Hammond, Louisiana**  
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For the Year Ended June 30, 2019

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**Hammond, Louisiana**  
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## Independent Auditor's Report

The Honorable Grace Bennett Gasaway  
City Court of Hammond  
Hammond, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court of Hammond'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Hammond as of June 30, 2019, 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 management's discussion and analysis, the budgetary comparison information, the schedule of the City Court of Hammond's proportionate share of the net pension liability, and the schedule of the City Court of Hammond's contributions on pages 5 through 10 and 39 through 45 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, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Hammond's basic financial statements. The 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 November 19, 2019, on our consideration of the City Court of Hammond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court of Hammond's internal control over financial reporting or on compliance. That report is an integral part of an audit

City Court of Hammond  
November 19, 2019

performed in accordance with *Government Auditing Standards* in considering the City Court of Hammond's internal control over financial reporting and compliance.

*James, Lambert, Riggs  
& Associates*

James, Lambert, Riggs and Associates, Inc.

Hammond, Louisiana  
November 19, 2019

**Required Supplementary Information (Part I):**  
**Management's Discussion and Analysis**

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**Introduction**

As management of the City Court of Hammond ("City Court"), we offer readers of the City Court's financial statements this narrative overview and analysis of the financial activities of the City Court, for the fiscal year ended June 30, 2019. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the City Court's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City Court finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the City Court based on information presented in the financial report and fiscal policies that have been adopted by the City Court. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City Court's financial activity, identify changes in the City Court's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

**Financial Highlights**

- At June 30, 2019, the City Court's assets exceeded its liabilities by \$968,769 (net position). Of this amount, \$756,718 (unrestricted net position) may be used to meet the City Court's ongoing obligations. This amount decreased by \$172,868, or 18.60% from the prior year.
- For the year ended June 30, 2019, the City Court's total net position decreased by \$267,403, or 21.63% from the prior year.
- For the year ended June 30, 2019, the City Court's total revenues decreased by \$38,685, or 2.29% from the prior year.
- For the year ended June 30, 2019, the City Court's total expenses increased by \$293,331, or 18.06% from the prior year.
- For the year ended June 30, 2019, the City Court's total liabilities increased by \$485,376, or 4,090.13% from the prior year.

**Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City Court's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net position* presents information on all of the City Court's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities are reported as net position. Over time, increases or decreases in

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2019

net position may serve as a useful indicator of whether the financial position of the City Court is improving or weakening.

- B. The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City Court's net position for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Position on Exhibit A of this report.

	Governmental Activities			
	2019	2018	\$ Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 1,057,804	\$ 1,015,127	\$ 42,677	4.20%
Capital Assets	163,872	239,113	(75,241)	-31.47%
Restricted Assets	41,613	61,187	(19,574)	-31.99%
Total Assets	<u>\$ 1,263,289</u>	<u>\$ 1,315,427</u>	<u>\$ (52,138)</u>	-3.96%
Deferred Outflows of Resources	<u>\$ 258,485</u>	<u>\$ 98,008</u>	<u>\$ 160,477</u>	163.74%
<b>Liabilities:</b>				
Current Liabilities	\$ 47,554	\$ 41,698	\$ 5,856	14.04%
Non-Current Liabilities	61,891	67,335	(5,444)	-8.08%
Net Pension Liability	387,798	(97,166)	484,964	-499.11%
Total Liabilities	<u>\$ 497,243</u>	<u>\$ 11,867</u>	<u>\$ 485,376</u>	4090.13%
Deferred Inflows of Resources	<u>\$ 55,762</u>	<u>\$ 165,396</u>	<u>\$ (109,634)</u>	-66.29%
<b>Net Position:</b>				
Net Investment in Capital Assets	\$ 163,872	\$ 239,113	\$ (75,241)	-31.47%
Restricted	48,179	67,473	(19,294)	-28.60%
Unrestricted	756,718	929,586	(172,868)	-18.60%
Total Net Position	<u>\$ 968,769</u>	<u>\$ 1,236,172</u>	<u>\$ (267,403)</u>	-21.63%

The City Court's assets exceeded its liabilities at the close of the most recent fiscal year by \$968,769 (net position). Of this amount, \$756,718 are unrestricted net position. The net position decreased by \$267,403, or 21.63% from the prior year. This decrease was attributable to an increase in the City Court's proportionate share of pension liabilities.

A portion of the City Court's net positions (17%) reflects its investment in capital assets (e.g., office equipment, office furniture and fixtures, etc.), less any outstanding debt used to acquire those assets. The City Court uses

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2019

these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City Court's net position (5%) represents resources that are designated for particular purposes. The remaining balance of unrestricted net position (\$756,718) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City Court is able to report positive net position balances in both the government-wide and governmental activities. The same situation held true for the prior fiscal year.

To further understand what makes up the changes in net position, the following table provides a summary of the results of the City Court's operating activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For a more detailed analysis, see Statement of Activities on Exhibit B of this report.

	Governmental Activities			
	2019	2018	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 809,095	\$ 838,513	\$ (29,418)	-3.51%
Operating Grants	30,000	30,000	-	0.00%
General Revenues:				
Contribution - City of Hammond	515,000	514,975	25	0.00%
Other	296,250	305,542	(9,292)	-3.04%
Total Revenues	<u>1,650,345</u>	<u>1,689,030</u>	<u>(38,685)</u>	-2.29%
Expenses:				
City Court	1,820,944	1,531,865	289,079	18.87%
Depreciation Expense	96,804	92,552	4,252	4.59%
Total Expenses	<u>1,917,748</u>	<u>1,624,417</u>	<u>293,331</u>	18.06%
Change in Net Position	(267,403)	64,613	(332,016)	-513.85%
Net Position, Beginning of the Year	<u>1,236,172</u>	<u>1,171,559</u>	<u>64,613</u>	5.52%
Net Position, End of the Year	<u>\$ 968,769</u>	<u>\$ 1,236,172</u>	<u>\$ (267,403)</u>	-21.63%

Charges for Services for the City Court for the current year decreased by \$29,418, or 3.51%. This is attributable to a decrease in the collection of court costs.

Other general revenue for the City Court decreased by \$9,292, or 3.04%. This is attributable to a decrease in the amount of monies collected from other agencies. General expenses for the City Court of Hammond increased by \$289,079, or 18.87%. This is attributable to an increase in the net pension liability.

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2019

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City Court can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for most of the City Court's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City Court's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Exhibits D & F of this report.

The City Court maintains two governmental funds, the General Fund and the Judicial Building Fund. Information is presented on the governmental funds on Exhibits C, D, E, & F of this report.

As of the end of the current fiscal year, the City Court's General Fund reported an ending fund balance of \$1,003,684. The Judicial Building Fund reported an ending fund balance of \$48,179.

The City Court has followed the recommendation of its auditors to retain a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decreases in economic conditions, emergency capital outlay requirements, and other similar conditions.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City Court's other programs. The basis of accounting used for fiduciary funds is the modified accrual basis of accounting. The City Court has two fiduciary funds: the Civil Agency Fund and the Criminal Agency Fund. The basic fiduciary fund financial statements can be found on Exhibit G of this report.

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2019

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other Supplementary Information (Budgetary Highlights)**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on Schedule I of this report.

- A. Budgetary Comparison Schedule – The City Court adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on Schedule I of this report.
- B. Analysis of Significant Budget Variances in the General Fund:
  - 1. Revenues:
    - a. Criminal Docket revenues were above the amounts budgeted by \$15,729. This was attributable to an increase in collections.
  - 2. Expenditures:
    - a. Telephone expenses were above the amounts budgeted by \$4,372 due to the City Court switching to a new telephone system at the end of the fiscal year.

**Capital Assets**

The City Court's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$163,872 (net of accumulated depreciation). This investment in capital assets includes computer software, and office equipment and furniture. The total decrease in the City Court's investment in capital assets for the current fiscal year is primarily due to minimal asset additions in comparison to the last fiscal year and the depreciation of prior year assets. Capital asset additions during the current fiscal year included computer software and equipment purchases of \$21,680.

Additional information on the City Court's capital assets can be found in Note 6 of this report.

**Economic Factors and Next Year's Budget and Rates**

The following factors were considered in preparing the City Court's budget for the 2019 – 2020 fiscal year:

For fiscal year ending June 30, 2020, there is no budgeted revenue increase in contributions from the City of Hammond or Court Costs.

There is no surplus or deficit budgeted for the fiscal year ending June 30, 2020.

**City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2019

**Requests for Information**

This financial report is designed to provide a general overview of the City Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Guy Recotta, Clerk of Court, 303 East Thomas Street, Hammond, Louisiana 70401.

## **Basic Financial Statements**

**City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Net Position  
June 30, 2019

Exhibit A

	Governmental Activities
<b>Assets</b>	
Cash & Cash Equivalents	\$ 351,027
Investments	599,510
Due from Other Governments	34,526
Due from Agency Funds	72,741
Capital Assets, Net of Accumulated Depreciation	163,872
Restricted Assets:	
Cash & Cash Equivalents	41,613
<b>Total Assets</b>	<b>\$ 1,263,289</b>
<b>Deferred Outflows of Resources</b>	
Change in Assumptions	\$ 60,746
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	147,573
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	557
Contributions Subsequent to the Measurement Date	49,609
<b>Total Deferred Outflows of Resources</b>	<b>\$ 258,485</b>
<b>Liabilities</b>	
Accounts Payable	\$ 17,494
Salaries and Benefits Payable	30,060
Net Pension Liability	387,798
Accrued Compensated Absences	61,891
<b>Total Liabilities</b>	<b>\$ 497,243</b>
<b>Deferred Inflows of Resources</b>	
Differences Between Expected and Actual Experience	\$ 49,245
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	6,517
<b>Total Deferred Inflows of Resources</b>	<b>\$ 55,762</b>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ 163,872
Restricted for Judicial Building Fund	48,179
Unrestricted	756,718
<b>Total Net Position</b>	<b>\$ 968,769</b>

The accompanying notes are an integral part of this statement.

**City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Activities  
For the Year Ended June 30, 2019

Exhibit B

	<u>Governmental Activities</u>
<b>Governmental Activities:</b>	
City Court Operations:	
Salaries	\$ 877,986
Judges Salary and Fees	151,564
Payroll Tax & Employee Benefits	516,594
Ad Hoc Judge Fees	4,613
Computer Software & Programming	80,414
Educational Conferences & Seminars	22,318
Equipment Repairs & Maintenance	16,550
Insurance	10,482
Juvenile Service Programs	1,167
Legal and Professional Fees	21,450
Miscellaneous	40,203
Credit Card Service Charges	16,431
Office Supplies	29,574
Telephone	31,598
Depreciation Expense	<u>96,804</u>
Total Expenses	1,917,748
<b>Program Revenues:</b>	
Charges for Services	809,095
Operating Grants	<u>30,000</u>
Total Program Revenues	<u>839,095</u>
Net Program (Expense) / Revenue	(1,078,653)
<b>General Revenues:</b>	
Contributions from Other Governments	595,206
On-Behalf Payments	99,566
Interest Income	6,189
Other Income	56,651
Transfers from Civil Reserve	43,451
Contributions from Non-Employer Contributing Entities	10,304
Loss on Disposal of Capital Assets	<u>(117)</u>
Total General Revenues	<u>811,250</u>
Change in Net Position	(267,403)
<b>Net Position - Beginning of the Year</b>	<u>1,236,172</u>
<b>Net Position - End of the Year</b>	<u>\$ 968,769</u>

The accompanying notes are an integral part of this statement.

**City Court of Hammond**  
**Hammond, Louisiana**  
Governmental Funds Balance Sheet  
June 30, 2019

Exhibit C

	General Fund	Judicial Building Fund	Total
<b>Assets</b>			
Cash & Cash Equivalents	\$ 351,027	\$ -	\$ 351,027
Investments	599,510	-	599,510
Due from Other Governments	34,526	-	34,526
Due from Agency Funds	66,102	6,639	72,741
Restricted Assets:			
Cash & Cash Equivalents	-	41,613	41,613
<b>Total Assets</b>	<b>\$ 1,051,165</b>	<b>\$ 48,252</b>	<b>\$ 1,099,417</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts Payable	\$ 17,421	\$ 73	\$ 17,494
Salaries and Benefits Payable	30,060	-	30,060
Total Liabilities	47,481	73	47,554
Fund Balance:			
Restricted for:			
Judicial Building Fund	-	48,179	48,179
Unassigned	1,003,684	-	1,003,684
Total Fund Balance	1,003,684	48,179	1,051,863
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,051,165</b>	<b>\$ 48,252</b>	<b>\$ 1,099,417</b>

The accompanying notes are an integral part of this statement.

**City Court of Hammond  
Hammond, Louisiana**

Exhibit D

Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position  
For the Year Ended June 30, 2019

**Total Fund Balances, Governmental Funds (Exhibit C)** \$ 1,051,863

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation 163,872

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Accrued Compensated Absences (61,891)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.

Net Pension Liability (387,798)

Deferred Outflows of Resources 258,485

Deferred Inflows of Resources (55,762)

**Net Position of Governmental Activities (Exhibit A)** \$ 968,769

The accompanying notes are an integral part of this statement.

**City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Governmental Funds Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2019

Exhibit E

	General Fund	Judicial Building Fund	Total
<b>Revenues:</b>			
Contributions:			
Criminal Docket	\$ 566,854	\$ -	\$ 566,854
Civil Fees	61,173	-	61,173
Judicial Building Fund	-	75,967	75,967
City of Hammond	515,000	-	515,000
City of Ponchatoula	24,000	-	24,000
Tangipahoa Parish Government	56,206	-	56,206
Grant Revenue	30,000	-	30,000
On-Behalf Payments	99,566	-	99,566
Civil Docket - Judges Fees	102,455	-	102,455
Ad Hoc Judge Fees	2,646	-	2,646
Interest Income	5,936	253	6,189
Other Fees	56,651	-	56,651
Total Revenues	1,520,487	76,220	1,596,707
<b>Expenditures:</b>			
Salaries	883,430	-	883,430
Judges Salary and Fees	151,564	-	151,564
Payroll Tax & Employee Benefits	291,437	-	291,437
Ad Hoc Judge Fees	4,613	-	4,613
Computer Software & Programming	5,980	74,434	80,414
Educational Conferences & Seminars	22,318	-	22,318
Equipment Repairs & Maintenance	14,451	2,099	16,550
Insurance	10,482	-	10,482
Juvenile Service Programs	1,167	-	1,167
Legal and Professional Fees	21,450	-	21,450
Miscellaneous	40,203	-	40,203
Credit Card Service Charges	16,431	-	16,431
Office Supplies	29,574	-	29,574
Telephone	31,598	-	31,598
Capital Outlay	2,699	18,981	21,680
Total Expenditures	1,527,397	95,514	1,622,911
Excess (Deficiency) of Revenues over Expenditures	(6,910)	(19,294)	(26,204)

(Continued)

**City Court of Hammond  
Hammond, Louisiana**  
Statement of Governmental Funds Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2019

Exhibit E  
(Continued)

	General Fund	Judicial Building Fund	Total
<b>Other Financing Sources:</b>			
Transfers from Civil Reserve	43,451	-	43,451
<b>Total Other Financing Sources</b>	43,451	-	43,451
 Excess (Deficiency) Revenues and Other Sources over Expenditures	 36,541	 (19,294)	 17,247
<b>Fund Balance - Beginning of the Year</b>	967,143	67,473	1,034,616
<b>Fund Balance - End of the Year</b>	\$ 1,003,684	\$ 48,179	\$ 1,051,863

The accompanying notes are an integral part of this statement.

**City Court of Hammond  
Hammond, Louisiana**

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended June 30, 2019

**Net Change in Fund Balances, Governmental Funds (Exhibit E)** \$ 17,247

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	21,680
Depreciation Expense	(96,804)
Disposal of Capital Assets	(117)

Annual changes in accrued compensated absences are not recorded in the governmental funds. In the statement of activities, these changes are recorded against current year payroll expenses.

Change in Accrued Compensated Absences	5,444
--	-------

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to charges in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities:

Net Change in Pension Expense	(225,157)
Contributions from Non-Employer Contributing Entities	<u>10,304</u>

**Change in Net Position of Governmental Activities (Exhibit B)** \$ (267,403)

The accompanying notes are an integral part of this statement.

**City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Fiduciary Net Position  
June 30, 2019

Exhibit G

	Agency Funds		Total
	Civil Docket	Criminal Docket	
<b>Assets</b>			
Cash on Hand and in Banks	\$ 208,999	\$ 196,962	\$ 405,961
Accounts Receivable	150	200	350
Total Assets	\$ 209,149	\$ 197,162	\$ 406,311
<b>Liabilities</b>			
Accounts Payable	\$ 9,048	\$ 92,897	\$ 101,945
Due to General Fund	12,892	53,210	66,102
Due to Judicial Building Fund	1,920	4,719	6,639
Due to Others	185,289	46,336	231,625
Total Liabilities	\$ 209,149	\$ 197,162	\$ 406,311
<b>Net Position</b>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Narrative Profile**

The City Court of Hammond (the “City Court”) was created under the authority of Louisiana Revised Statutes (“LRS”) 13:1952. The purpose of the City Court is to collect fines and court costs and remit these fines to the City of Hammond (the “City”) and to the Tangipahoa Parish Council. The City Court has jurisdiction within the Seventh Ward of Tangipahoa Parish. The City Court presently employs twenty-one people to include the Judge, Clerk of Court, and nineteen full-time and part-time Deputy Clerks of Court. The City Court maintains a courtroom and offices in Hammond City Hall. City Court revenues include court costs on civil and criminal cases, appropriations from the City, intergovernmental grants, and other revenues. City Court expenditures include salaries and benefits, data processing, telephone and utilities, and other expenditures.

The accounting and reporting policies of the City Court conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:513 and the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

**1. Summary of Significant Accounting Policies**

A. Financial Reporting Entity

The City Court is fiscally dependent on the City. The City maintains and operates the building in which the City Court’s courtroom and offices are located and provides funds for salaries, equipment, and expenditures of the office. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the City, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Fund Accounting

The City Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Governmental Funds*

Governmental funds account for all of the City Court’s general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund’s assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the City Court. The following are the City Court’s governmental funds:

General Fund – the general operating fund of the City Court and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

available for any purpose, provided it is expended or transferred in accordance with State and Federal laws and according to City Court policy.

Judicial Building Fund – used to account for the collection of a \$10 service charge (as authorized by LRS 13:1910) for the purpose acquiring, leasing, constructing, equipping, and maintaining new and existing City Court buildings.

*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, these funds have no measurement focus, but use the modified accrual basis of accounting. The following are the City Court's fiduciary funds:

Civil Agency Fund – This fund is used to account for assets held by the City Court as an agent for individuals or private organizations.

Criminal Agency Fund – This fund is used to account for assets held by the City Court as an agent for criminal defendants.

C. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the City Court. These statements include all the non-fiduciary activities of the City Court with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues. The City Court does not allocate indirect expenses.

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund and the Judicial Building Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

approach is then reconciled, through adjustment, to a government-wide view of the City Court's operations.

The amounts reflected in the General Fund and the Judicial Building Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Criminal Court fees, appropriations from the City, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are presented in Exhibit F of the basic financial statements.

**D. Budgets and Budgetary Accounting**

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their budgets over the course of the year for a variety of reasons. As a result, the City Court's original budget is shown along with the comparison of the final budget and actual results.

The City Court follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The fiscal officer prepares a proposed budget and submits this budget to the Judge and Clerk of Court no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget was published on June 1, 2018.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on June 14, 2018.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget was adopted on June 14, 2018.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Judge and Clerk of Court. The budget was amended on May 17, 2019.
6. The budgets for the General Fund and Judicial Building Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Judge and Clerk of Court.
7. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General Fund and the Judicial Building Fund present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

E. Cash and Investments

Cash includes cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the City Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments for the City Court are stated at cost.

F. Inventory

The City Court utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City Court did not record any inventory at June 30, 2019, as the amount is immaterial.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value (entry price) at the date of donation. Depreciation of all capital assets is charged as an expense against their operations. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the related capital assets, as applicable. It is the City Court's policy to capitalize capital assets over \$500.

Depreciation expense amounted to \$96,804, for the year ended June 30, 2019.

H. Compensated Absences

All full-time City Court employees who are paid on a salary basis and work a regular full-time workweek earn sick leave and annual leave. Employees earn from three days to ten days of sick leave each year depending on length of service. Employees may accumulate all unused sick leave but the employee's right to unused sick leave benefits does not vest. Therefore, the City Court recognizes an expenditure for sick leave benefits when payments are made to employees.

Employees earn from five days to twenty days of annual leave each year depending on length of service. An employee may accumulate up to one week of annual leave each year up to a maximum of thirty days. All days accumulated in excess of thirty days are lost. The employee's rights to annual leave vest with a maximum of thirty days unused annual leave payable upon termination.

I. Pension Plans

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 City Court's two pension plans and additions to / deductions from the plans' fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plans. 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.

J. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Resources recorded in the Judicial Building Fund are considered to be restricted in accordance with LRS 13:1910.
3. Unrestricted – all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the City Court's policy to use restricted resources first, then unrestricted resources as they are needed.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

**K. Fund Balance**

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Judge (the City Court's highest level of decision-making authority),
4. Assigned fund balances are intended to be used by the City Court for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The City Court considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

As of June 30, 2019, the City Court did not have any nonspendable, committed, or assigned fund balances.

**L. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Judicial Building Fund. All annual appropriations lapse at fiscal year-end. The City Court was in compliance with the Local Budget Act. See Note 1 for the procedures the City Court follows regarding budgets and budgetary accounting.

**B. Deposits, Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 the City Court was in compliance with the deposit and investment laws and regulations.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

C. Deficit Fund Equity

As of June 30, 2019, no City Court funds had deficit fund balances.

**3. Cash, Cash Equivalents, and Investments**

As reflected on Exhibit A, the City Court has cash totaling \$392,640 (of which \$41,613 is restricted) and investments totaling \$599,510 (of which \$-0- is restricted) at June 30, 2019. Total cash from fiduciary responsibilities not reported on the government-wide financial statements was \$405,961.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash, cash equivalents, and investments (bank balances) at June 30, 2019, with the related Federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 815,641
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the City Court's name	568,548
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 1,384,189</u>

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City Court that the fiscal agent has failed to pay deposited funds upon demand.

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the City Court's deposits may not be returned to it. The City Court does not have a deposits policy for custodial risk. As of June 30, 2019, the City Court was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

**4. Due From Other Governments**

Amounts due from other governmental units at June 30, 2019, consisted of the following:

City of Hammond	\$	27,314
Tangipahoa Parish Government		6,474
Other		738
Less: Allowance for Uncollectible Accounts		-
	<u>\$</u>	<u>34,526</u>

**5. Interfund Receivables / Payables**

The following is a summary of interfund receivables / payables at June 30, 2019:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Criminal Agency Fund	\$ 53,210	\$ -
Civil Agency Fund	12,892	-
Judicial Building Fund:		
Due from Other Funds	6,639	\$ -
Civil Agency Fund:		
General Fund	-	12,892
Judicial Building Fund	-	1,920
Criminal Agency Fund:		
General Fund	-	53,210
Judicial Building Fund	-	4,719
	<u>\$ 72,741</u>	<u>\$ 72,741</u>

**6. Capital Assets**

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

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Building Improvements	\$ 40,954	\$ -	\$ -	\$ 40,954
Furniture & Fixtures	82,622	300	-	82,922
Software	271,100	12,000	-	283,100
Equipment	411,798	9,380	2,274	418,904
Total	806,474	21,680	2,274	825,880
Accumulated Depreciation	567,361	96,804	2,157	662,008
Capital Assets, Net	<u>\$ 239,113</u>	<u>\$ (75,124)</u>	<u>\$ 117</u>	<u>\$ 163,872</u>

**City Court of Hammond  
Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

The following estimated useful lives and methods are used to compute depreciation:

Furniture & Fixtures	5 to 7 Years	Straight-Line Method
Equipment	5 to 10 Years	Straight-Line Method
Building Improvements	40 Years	Straight-Line Method

**7. Accounts, Salaries, and Other Payables**

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Judicial Building Fund	Total
Accounts Payable	\$ 17,421	\$ 73	\$ 17,494
Salaries & Benefits Payable	30,060	-	30,060
	<u>\$ 47,481</u>	<u>\$ 73</u>	<u>\$ 47,554</u>

**8. Employee Pension Plan – Parochial Employees Retirement System of Louisiana**

*General Information about the Pension Plan*

Plan Description – Employees of the City Court are eligible for participation in the Parochial Employees’ Retirement System of Louisiana (the “System”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 205 of the 1952 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org). The report may also be obtained by writing to the Parochial Employees’ Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0% of the employee’s final compensation multiplied by the employee’s years of creditable service. Employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.0% of their final-average salary for each year of creditable service. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree’s original benefit for each full calendar year since retirement.

Contributions – Per Act 765 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System’s Board of Trustees. Employees are required to contribute 3.00% of their annual pay. The City Court’s contractually required contribution rate was 7.50% for the period July 1, 2018 to June 30, 2019. Contributions to the System from the City Court were \$62,197 for the year ended June 30, 2019.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

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

At June 30, 2019, the City Court reported a liability of \$212,185 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's June 30, 2019, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the City Court's proportion was 0.785389%, which was an increase of 0.013133% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the City Court recognized pension expense of \$116,375. At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 47,276
Changes of Assumptions	58,959	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	145,296	-
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	557	290
City Court Contributions Subsequent to the Measurement Date	30,722	-
	\$ 235,534	\$ 47,566

\$30,732 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended:</b>			
December 31, 2019	\$	49,876	
December 31, 2020		22,536	
December 31, 2021		20,863	
December 31, 2022		63,596	
December 31, 2023		-	
Thereafter		-	

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

Actuarial Assumptions – The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50%, net of investment expense, including inflation
Expected Remaining Service Lives	4 Years
Projected Salary Increases	4.25% (1.85% Merit / 2.40% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

Mortality rates were based on the RP-2000 Employee Sex Distinct Table for employees, the RP-2000 Healthy Annuitant Sex Distinct Table for annuitants and beneficiaries, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants.

The mortality rate assumption used in the December 31, 2018, valuation was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

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),

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

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 is 7.43% for the year ended December 31, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.22%
Equity	52.00%	3.45%
Alternatives	11.00%	0.65%
Real Assets	2.00%	0.11%
Total	100.00%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. 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 Systems’ 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.

Sensitivity of the City Court’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City Court’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City Court’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
City Court's Proportionate Share of the Net Pension Liability	\$ 558,240	\$ 97,166	\$ (76,926)

**City Court of Hammond  
Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan – As of June 30, 2019, the City Court owed \$21,800 to the System for the City Court’s 2<sup>nd</sup> quarter 2019 payroll contribution.

**9. Employee Pension Plan – Louisiana State Employees Retirement System**

***General Information about the Pension Plan***

Plan Description – The Judge of the City Court is the only employee eligible for participation in the Louisiana State Employees’ Retirement System (“LASERS”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Title 11, Section 401 of the Louisiana Revised Statutes of 1950. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org). The report may also be obtained by writing to the Louisiana Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213.

Benefits Provided – The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and may vary depending on the member’s employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age, upon completing thirty years of service, to age sixty, upon completing ten years of service.

The basic annual retirement benefit for substantially all members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member’s average annual earned compensation for the highest thirty-six consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member’s average annual earned compensation for the highest sixty consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member’s age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Employees are eligible for disability benefits under age 60 with 10 or more years of credited service. Survivor’s benefits are available upon the death of a member who has credit for five or more years of service who is not eligible for normal retirement benefits. As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases that are funded through investment earnings when recommended by the Board of Trustees and approved by the State.

Contributions – Contribution rates are established annually under LRS 11:101 – 11:104 by the Public Retirement Systems’ Actuarial Committee (PRSAC), taking into consideration the recommendation of LASER’s actuary. Rates are different for each class of members; however, the City Court’s contractually required contribution rate for the year ended June 30, 2019, was 40.10%. Employees are required to contribute 11.50% of their annual pay. Contributions to LASERS from the City Court were \$18,887 for the year ended June 30, 2019.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

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

At June 30, 2019, the City Court reported a liability of \$175,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's June 30, 2019, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City Court's proportion was 0.002575%, which was an increase of 0.002575% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City Court recognized pension expense of \$14,337. At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,969
Changes of Assumptions	1,787	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,277	-
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	-	6,227
City Court Contributions Subsequent to the Measurement Date	18,887	-
	\$ 22,951	\$ 8,196

\$18,887 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended:</b>			
June 30, 2019	\$	4,986	
June 30, 2020		2,043	
June 30, 2021		(4,292)	
June 30, 2022		(643)	
June 30, 2023		-	
Thereafter		-	

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

Actuarial Assumptions – The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 Years
Investment Rate of Return	7.65% per annum, net of investment expenses
Inflation Rate	2.75% per annum
Mortality	<p><b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.80%	12.80%
Judges	2.80%	5.30%
Corrections	3.40%	14.30%
Hazardous Duty	3.40%	14.30%
Wildlife	3.40%	14.30%

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
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**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 5.40% for 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total	5.40%

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the PRSAC taking into consideration the recommendation of LASERS's actuary. Based on those assumptions, LASERS'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.

**Sensitivity of the City Court's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City Court's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
City Court's Proportionate Share of the Net Pension Liability	\$ 221,635	\$ 175,613	\$ 135,977

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued LASERS financial report.

Payables to the Pension Plan – As of June 30, 2019, the City Court did not have any payables due to LASERS.

**10. On-Behalf Payments for Salaries and Benefits**

The City Court follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which requires the City Court to report in the financial statements on-behalf salary and fringe benefit payments made by the State to the City Court Judge and salary and fringe benefits payments made by Tangipahoa Parish Council to the Judge and the City Court’s employees.

Supplementary salary payments are made by the State directly to the City Court Judge and from the Parish Council to the Judge and the City Court’s employees. The City Court is not legally responsible for these salaries; therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State and the Parish Council. For the fiscal year ended June 30, 2019, the State and Parish Council paid \$61,992 in supplemental salary payments to the City Court Judge and the Parish Council made supplementary salary and benefit payments of \$33,792 to the City Court’s employees.

**11. Compensated Absences**

Employees of the City Court earn annual leave and sick leave based on the equivalent of years of service for the City Court and the leave is credited at the end of each regular pay period in accordance with the following schedule:

Years of Service	Hours Earned Per Month	
	Annual Leave	Sick Leave
3 Months - 1 Year	-	3 Days
3 Months - 3 Years	5 Days	-
1 - 5 Years	-	5 Days
3 - 5 Years	10 Days	-
6 - 10 Years	15 Days	7 Days
Over 10 Years	20 Days	10 Days

The City Court’s present written policy provides annual leave hours may be accumulated up to 30 days and is paid upon separation from service in good standing. An unlimited amount of sick leave may be accumulated but is not paid upon separation from service. As a result, no liability for accrued sick leave is recorded by the City Court.

At June 30, 2019, employees of the City Court have accumulated and vested \$61,891 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded as an obligation of the government-wide liabilities.

**City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2019

**12. Judges' Supplemental Compensation Fund**

The Judges' Supplemental Compensation Fund was created to be used solely and exclusively for salary supplements to Judges and commissioners, for related costs of state or municipal retirement funds, and for necessary and associated administrative expenses. A non-refundable fee has been set for every civil filing. The Clerk of Court is required to remit these fees collected to the state treasurer on a monthly basis. The total fees paid for the year ended June 30, 2019, were \$50,947.

**13. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 19, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Required Supplemental Information (Part II):**  
**Budgetary Comparison Schedules**

**City Court of Hammond**  
**Hammond, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended June 30, 2019

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Contributions:				
Criminal Docket	\$ 610,000	\$ 551,125	\$ 566,854	\$ 15,729
Civil Fees	62,000	60,593	61,173	580
City of Hammond	515,000	515,000	515,000	-
City of Ponchatoula	24,000	24,000	24,000	-
Tangipahoa Parish Government	66,691	61,282	56,206	(5,076)
Grant Revenue	30,000	30,000	30,000	-
On-Behalf Payments	98,214	95,119	99,566	4,447
Civil Docket - Judges Fees	100,000	99,149	102,455	3,306
Ad Hoc Judge Fees	3,300	2,585	2,646	61
Interest Income	1,500	5,598	5,936	338
Other Fees	48,800	54,800	56,651	1,851
Total Revenues	<u>1,559,505</u>	<u>1,499,251</u>	<u>1,520,487</u>	<u>21,236</u>
<b>Expenditures:</b>				
Salaries	890,673	884,118	883,430	688
Judges Salary and Fees	159,169	151,564	151,564	-
Payroll Tax & Employee Benefits	332,466	291,677	291,437	240
Ad Hoc Judge Fees	7,000	4,613	4,613	-
Computer Software & Programming	6,500	7,430	5,980	1,450
Educational Conferences & Seminars	21,600	22,654	22,318	336
Equipment Repairs & Maintenance	20,085	12,589	14,451	(1,862)
Insurance	9,001	10,482	10,482	-
Juvenile Service Programs	2,350	1,200	1,167	33
Legal and Professional Fees	22,550	22,981	21,450	1,531
Miscellaneous	34,610	39,906	40,203	(297)
Office Supplies	26,500	29,399	29,574	(175)
Records Retention Management	3,000	-	-	-
Telephone	30,500	27,226	31,598	(4,372)
Uniforms	3,000	-	-	-
Secure Deposit Pickup	16,000	17,181	16,431	750
Capital Outlay	2,000	2,699	2,699	-
Total Expenditures	<u>1,587,004</u>	<u>1,525,719</u>	<u>1,527,397</u>	<u>(1,678)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(27,499)</u>	<u>(26,468)</u>	<u>(6,910)</u>	<u>19,558</u>

(Continued)

**City Court of Hammond  
Hammond, Louisiana**  
Budgetary Comparison Schedule – General Fund  
For the Year Ended June 30, 2019

Schedule 1  
(Continued)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Other Financing Sources:</b>				
Transfers from Civil Reserve	25,000	43,451	43,451	-
Total Other Financing Sources	25,000	43,451	43,451	-
 Excess (Deficiency) of Revenues and Other Sources over Expenditures	 (2,499)	 16,983	 36,541	 19,558
<b>Fund Balance - Beginning of the Year</b>	809,201	940,270	967,143	26,873
<b>Fund Balance - End of the Year</b>	\$ 806,702	\$ 957,253	\$ 1,003,684	\$ 46,431

See auditor's report.

**City Court of Hammond**  
**Hammond, Louisiana**  
 Budgetary Comparison Schedule – Judicial Building Fund  
 For the Year Ended June 30, 2019

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Judicial Building Fund Fees	\$ 80,813	\$ 69,190	\$ 75,967	\$ 6,777
Interest Income	775	212	253	41
Total Revenues	81,588	69,402	76,220	6,818
<b>Expenditures:</b>				
Computer Software & Programming	68,500	76,434	74,434	2,000
Equipment Repairs & Maintenance	5,000	2,190	2,099	91
Capital Outlay	11,400	18,981	18,981	-
Total Expenditures	84,900	97,605	95,514	2,091
Excess (Deficiency) of Revenues over Expenditures	(3,312)	(28,203)	(19,294)	8,909
<b>Other Financing Sources:</b>				
Transfer of Investment Earnings	-	-	-	-
Total Other Financing Sources	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(3,312)	(28,203)	(19,294)	8,909
<b>Fund Balance - Beginning of the Year</b>	62,226	67,473	67,473	-
<b>Fund Balance - End of the Year</b>	\$ 58,914	\$ 39,270	\$ 48,179	\$ 8,909

See auditor's report.

**City Court of Hammond  
Hammond, Louisiana**

Schedule 3

Schedule of the City Court's Proportionate Share of the Net Pension Liability / Asset –  
Parochial Employees Retirement System of Louisiana  
For the Year Ended June 30, 2019

Fiscal Year*	City Court's Proportion of the Net Pension Liability / (Asset)	City Court's Proportionate Share of the Net Pension Liability / (Asset)	City Court's Covered Employee Payroll	City Court's Proportionate Share of the Net Pension Liability / (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / (Asset)
2019	0.785389%	\$ 212,185	\$ 829,294	25.59%	91.93%
2018	0.772260%	\$ (97,166)	\$ 736,333	-13.20%	104.02%
2017	0.798868%	\$ 103,779	\$ 720,982	14.39%	96.54%
2016	0.822531%	\$ 146,448	\$ 615,668	23.79%	93.48%
2015	0.847937%	\$ 2,355	\$ 619,323	0.38%	99.89%
2014	0.820612%	\$ 1,398	\$ 599,636	0.23%	99.93%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year

See auditor's report.

**City Court of Hammond  
Hammond, Louisiana**

Schedule 4

Schedule of the City Court's Proportionate Share of the Net Pension Liability –  
Louisiana State Employees' Retirement System  
For the Year Ended June 30, 2019

<u>Fiscal Year*</u>	<u>City Court's Proportion of the Net Pension Liability</u>	<u>City Court's Proportionate Share of the Net Pension Liability</u>	<u>City Court's Covered Employee Payroll</u>	<u>City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2019	0.002575%	\$ 175,613	\$ 47,100	372.85%	64.30%
2018	0.000000%	\$ -	\$ 23,550	0.00%	62.54%
2017	0.000000%	\$ -	\$ -	-	-
2016	0.000000%	\$ -	\$ -	-	-
2015	0.002620%	\$ 163,826	\$ 23,550	695.65%	65.02%
2014	0.002650%	\$ 193,043	\$ 47,100	409.86%	58.64%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

See auditor's report.

**City Court of Hammond  
Hammond, Louisiana**

Schedule 5

Schedule of the City Court's Contributions –  
Parochial Employees Retirement System of Louisiana  
For the Year Ended June 30, 2019

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City Court's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 62,697	\$ (62,697)	\$ -	\$ 829,294	7.56%
2018	\$ 58,907	\$ (58,907)	\$ -	\$ 736,333	8.00%
2017	\$ 57,679	\$ (57,679)	\$ -	\$ 720,982	8.00%
2016	\$ 55,410	\$ (55,410)	\$ -	\$ 615,668	9.00%
2015	\$ 57,287	\$ (57,287)	\$ -	\$ 619,323	9.25%
2014	\$ 59,964	\$ (59,964)	\$ -	\$ 599,636	10.00%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year

See auditor's report.

**City Court of Hammond  
Hammond, Louisiana**

Schedule 6

Schedule of the City Court's Contributions –  
Louisiana State Employees' Retirement System  
For the Year Ended June 30, 2019

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City Court's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	\$ 18,887	\$ (18,887)	\$ -	\$ 47,100	40.10%
2018	\$ 9,444	\$ (9,444)	\$ -	\$ 23,550	40.10%
2017	\$ -	\$ -	\$ -	-	-
2016	\$ -	\$ -	\$ -	-	-
2015	\$ 9,773	\$ (9,773)	\$ -	\$ 23,550	41.50%
2014	\$ 17,097	\$ (17,097)	\$ -	\$ 47,100	36.30%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year

See auditor's report.

## **Other Supplemental Information**

**City Court of Hammond**  
**Hammond, Louisiana**  
Schedule of the Compensation, Benefits, and  
Other Payments to Agency Head  
For the Year Ended June 30, 2019

Schedule 7

Agency Head: Honorable Grace B. Gasaway, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 151,564
Benefits - Insurance	-
Benefits - Retirement	18,887
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	1,070
Per Diem	-
Reimbursements	-
Travel	113
Registration Fees	1,125
Conference Travel	402
Housing	2,932
Unvouchered Expenses	-
Special Meals	-
Other	52
	<u>\$ 176,145</u>

See auditor's report.

**Other Independent Auditor's Reports and  
Findings and Recommendations**



Independent Auditor's 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

The Honorable Grace Bennett Gasaway  
City Court of Hammond  
Hammond, Louisiana

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court of Hammond's basic financial statements, and have issued our report thereon dated November 19, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City Court of Hammond'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 City Court of Hammond's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court of Hammond'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 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

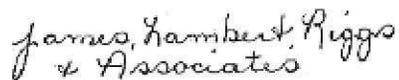
As part of obtaining reasonable assurance about whether the City Court of Hammond's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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

City Court of Hammond  
November 19, 2019

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James, Lambert, Riggs and Associates, Inc.

Hammond, Louisiana  
November 19, 2019

**City Court of Hammond**  
**Hammond, Louisiana**  
 Schedule of Current Year Audit Findings, Recommendations, and Responses  
 For the Year Ended June 30, 2019

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, each major fund, and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements, and have issued our report thereon dated November 19, 2019. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	___	Yes	_X_	No
Significant Deficiencies	___	Yes	_X_	No

Compliance:

Compliance Material to the Financial Statements	___	Yes	_X_	No
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2. Management Letter

Was a management letter issued?	___	Yes	_X_	No
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Section II Financial Statement Findings

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

None

**City Court of Hammond**  
**Hammond, Louisiana**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2019

Ref. #	Fiscal Year Findings Occurred	Description of Findings	Corrective Action Taken
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Internal Control over Financial Reporting

None

Compliance and Other Matters

None

*Note: This schedule has been prepared by the management of the City Court of Hammond.*

**CITY COURT OF HAMMOND**

**STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT**

**FOR THE YEAR ENDED JUNE 30, 2019**

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To Honorable Grace Bennett Gasaway, Judge  
City Court of Hammond and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City Court of Hammond and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The City Court of Hammond's management is responsible for those control and compliance areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the City Court of Hammond and the Louisiana Legislative Auditor. 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 findings are detailed in Schedule "A".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information and use of the City Court of Hammond and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Accordingly, this report 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.

*James Lambert Riggs  
& Associates*

James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

November 19, 2019

**Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - k) **Disaster Recovery / Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing / verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches / updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results:** The entity's policy included the above requirements. No exceptions were noted.

**Non-Payroll Disbursements (excluding card purchases /payments, travel reimbursements, and petty cash purchases)**

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** Management provided us with the required listing of locations and well as management's representation that the listing is complete.

3. For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order / making the purchase.

**Results:** No exceptions to the above procedures.

- b) At least two employees are involved in processing and approving payments to vendors.

**Results:** No exceptions to the above procedures.

- c) The employee responsible for processing payments is prohibited from adding / modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**Results:** No exceptions to the above procedures.

- d) Either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** No exceptions to the above procedures.

4. For each location selected under #3 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice / billing statement.

**Results:** No exceptions to the above procedures.

b) Observe that the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #4, as applicable.

**Results:** No exceptions to the above procedures.