

**CITY COURT OF HAMMOND
HAMMOND, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

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

Release Date 12-15-04

City Court of Hammond
Hammond, Louisiana

Annual Financial Statements
With Supplemental Information Schedules

For Year Ended June 30, 2004

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

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American Institute of CPA's
Society of Louisiana CPA's

October 13, 2004

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities 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, 2004, which collectively comprise the City Court of Hammond's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City Court of Hammond's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the City Court of Hammond's 2004 financial statements and, in our report dated September 25, 2003, we expressed unqualified opinions on the respective financial statements of the governmental activities and the aggregate remaining fund information.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the City Court of Hammond as of June 30, 2004, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2004, on our consideration of the City Court of Hammond's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

City Court of Hammond
Hammond, Louisiana

The Management's Discussion and Analysis on pages 4 through 10 and the budgetary comparison schedule identified as Schedule 1 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Durnin & James, CPAs

Durnin & James, CPAs
(A Professional Corporation)

Management's Discussion and Analysis

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Introduction

As management of the City Court of Hammond ("City Court"), we offer readers of the City Court of Hammond's financial statements this narrative overview and analysis of the financial activities of the City Court of Hammond, for the fiscal year ended June 30, 2004. 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, 2004, the City Court's assets exceeded its liabilities by \$528,159 (net assets). Of this amount, \$100,293 (unrestricted net assets) may be used to meet the City Court's ongoing obligations. This amount grew by \$15,624, or 18.45% from the prior year.
- For the year ended June 30, 2004, the City Court's total net assets decreased by \$7,631, or 1.42% from the prior year.
- For the year ended June 30, 2004, the City Court's total revenues increased by \$99,227, or 7.82% from the prior year.
- For the year ended June 30, 2004, the City Court's total expenses increased by \$64,538, or 4.82% from the prior year. This is a smaller increase than the growth in revenue for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City Court's financial statements. The City Court's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

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 Assets 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 assets* 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 is reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes).

Government-Wide Financial Analysis

As noted earlier, net assets 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 assets for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Assets on Exhibit A of this report.

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

Net Assets
June 30, 2004 and 2003

	Governmental Activities			
	2004	2003	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 435,899	\$ 423,233	\$ 12,666	2.99
Capital Assets	164,852	188,739	(23,887)	(12.66)
Total Assets	<u>\$ 600,751</u>	<u>\$ 611,972</u>	<u>\$ (11,221)</u>	<u>(1.83)</u>
Liabilities:				
Current Liabilities	\$ 21,344	\$ 25,553	\$ (4,209)	(16.47)
Long-Term Debt	51,248	50,630	\$ 618	1.22
Total Liabilities	<u>\$ 72,592</u>	<u>\$ 76,183</u>	<u>\$ (3,591)</u>	<u>(4.71)</u>
Net Assets:				
Invested in Capital Assets	\$ 164,852	\$ 188,739	\$ (23,887)	(12.66)
Unrestricted	363,307	347,051	16,256	4.68
Total Net Assets	<u>\$ 528,159</u>	<u>\$ 535,790</u>	<u>\$ (7,631)</u>	<u>(1.42)</u>

The City Court's assets exceeded its liabilities at the close of the most recent fiscal year by \$528,159 (*net assets*). Of this amount, \$100,293 is unrestricted net assets. The net assets decreased by \$7,631, or 1.42% from the prior year. This decrease in net assets was primarily caused by expenditures during the current fiscal year exceeding available revenues.

A portion of the City Court's net assets (31.21%) reflects its investment in capital assets (e.g., office equipment, office furniture and fixtures, etc.), less any related debt used to acquire those assets that is still outstanding. The City Court uses 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 assets (49.79%) represents resources that are designated for particular purposes. The remaining balance of unrestricted net assets (\$100,293) 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 asset 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 assets, 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.

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

Changes in Net Assets
June 30, 2004 and 2003

	Governmental Activities			
	2004	2003	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges For Services	\$ 436,453	\$ 426,246	\$ 10,207	2.39
Fees Earned	56,560	46,287	10,273	22.19
Operating Grants	352,924	221,540	131,384	59.30
General Revenues:				
Contribution from City of Hammond	386,500	298,500	88,000	29.48
Other	135,598	276,235	(140,637)	(50.91)
Total Revenues	<u>\$1,368,035</u>	<u>\$1,268,808</u>	<u>\$ 99,227</u>	<u>7.82</u>
Expenses:				
Salaries and Related Benefits	\$ 856,169	\$ 937,624	\$ (81,455)	(8.69)
Operating and Other Charges	492,841	338,644	154,197	45.53
Depreciation	55,145	63,349	(8,204)	(12.95)
Total Expenses	<u>1,404,155</u>	<u>1,339,617</u>	<u>64,538</u>	<u>4.82</u>
Change in Net Assets	<u>\$ (36,120)</u>	<u>\$ (70,809)</u>	<u>\$ 34,689</u>	<u>(48.99)</u>
Net Assets, Beginning of Year	<u>564,279</u>	<u>606,599</u>	<u>(42,320)</u>	<u>(6.98)</u>
Net Assets, End of Year	<u>\$ 528,159</u>	<u>\$ 535,790</u>	<u>\$ (7,631)</u>	<u>(1.42)</u>

The City Court's revenue from charges for services increased by \$10,207, or 2.39%. This is attributable to an increase in fees collected for contempt.

Operating grants for the City Court for the current year increased by \$131,384, or 59.30%. This is due to a rise in grant revenue of grants that increased from the prior year amount.

Other general revenue for the City Court decreased by \$140,637, or 50.91%. This is due to a decrease in surplus fees transferred from the Civil Agency Fund.

Salaries and related benefits decreased by \$81,455, or 8.69%. This was due to a reduction in the work force.

Operating and other charges increased by \$154,197, or 45.53%. This was due to costs associated with the relocation of the Juvenile Services Division to a new building.

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

Governmental Activities

The Governmental Activity of the City Court includes Judicial Court. Court costs and contributions from the City of Hammond funds most of this governmental activity.

1. 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 Note 1, Section E of this report.

The City Court maintains only one governmental fund, the General Fund. Information is presented on the General Fund on Exhibits A & B of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City Court's General Fund reported an ending fund balance of \$414,555.

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

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.

The designated fund balance in General Fund of \$263,014 indicates that these funds are dedicated for future capital outlay of \$208,933 and ad hoc judge fees of \$54,081.

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 statement can be found on Exhibit C of this report.

2. 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.

3. 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 1 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 1 of this report.

B. Analysis of Significant Budget Variances in the General Fund:

1. Revenues:

- a. Revenues from grants increased by \$112,289 over the amounts budgeted. This is due to increases in the available grants that were renewed for the current year.
- b. Revenues from on behalf payments by the State of Louisiana and Tangipahoa Parish Council increased by \$26,708 over the amounts originally budgeted. This is due to increases in the amount paid by third parties.
- c. Revenues from transfers from the civil account decreased by \$4,195 due to reduction in the amount of civil surplus fees available in the current year.

City Court of Hammond
Hammond, LA
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2004

2. Expenditures:
 - a. Salaries decreased \$55,828 over the original budget due to a reduction in the workforce.
 - b. Payroll taxes and employee benefits decreased \$6,117 over the amounts originally budgeted due to the decrease in salaries.
 - c. Office Supplies exceeded the budget by \$14,321, due to the relocation of the Juvenile Services Division to a new building.

Capital Asset and Debt Administration

A. Capital Assets

The City Court's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$164,852 (net of accumulated depreciation). This investment in capital assets includes 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 depreciation for the current year.

Major capital asset additions during the current fiscal year included the following:

- a. Office equipment - \$31,258

Additional information on the City Court's capital assets can be found in Note 5 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 2004-2005 fiscal year:

For fiscal year ending June 30, 2005, there is no budgeted revenue increase in contributions from the City of Hammond. For the fiscal year ending June 30, 2005, court costs are budgeted to increase \$18,690 or 6.56% over the June 30, 2004 year.

There is no surplus or deficit budgeted for the fiscal year ending June 30, 2005.

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

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

June 30, 2004

	General Fund	Adjustments - Note 1	Statement of Net Assets	
			2004	(Memo Only) 2003
Assets				
Cash & Cash Equivalents	\$ 93,265	\$ -	\$ 93,265	\$ 97,909
Investments	256,758	-	256,758	276,577
Accrued Interest Receivable	-	-	-	3,149
Due from Other Governments	73,901	-	73,901	55,871
Due from Civil Agency Fund	11,975	-	11,975	11,975
Capital Assets, Net of Accumulated Depreciation	-	164,852	164,852	188,739
Total Assets	\$ 435,899	\$ 164,852	\$ 600,751	\$ 634,220
Liabilities				
Accounts Payable	\$ 6,198	\$ -	\$ 6,198	\$ 3,466
Salaries and Benefits Payable	15,146	-	15,146	15,846
Compensated Absences	-	51,248	51,248	50,630
Total Liabilities	\$ 21,344	\$ 51,248	\$ 72,592	\$ 69,942
Net Assets				
Investment in Capital Assets, Net of Related Debt	\$ -	\$ 164,852	\$ 164,852	\$ 188,739
Restricted For:				
Judge's Fees	-	-	-	-
Designated For:				
Ad Hoc Judge	54,081	-	54,081	52,589
Capital Outlay	208,933	-	208,933	209,793
Unrestricted, Undesignated	151,541	(51,248)	100,293	113,157
Total Net Assets	\$ 414,555	\$ 113,604	\$ 528,159	\$ 564,278

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana

Exhibit B

**Statement of Governmental Fund Revenues, Expenditures, and
Changes In Fund Balance / Statement of Activities**

For the Year Ended June 30, 2004

	General Fund	Adjustments - Note 1	Statement of Activities	
			2004	(Memo Only) 2003
Expenditures / Expenses				
Salaries	\$ (692,966)	\$ (618)	\$ (693,584)	\$ (779,730)
Payroll Tax and Employee Benefits	(162,585)	-	(162,585)	(157,894)
Computer Software & Programming Fees	(44,330)	-	(44,330)	(25,261)
Educational Conferences & Seminars	(16,501)	-	(16,501)	(28,704)
Equipment Repairs & Maintenance Contracts	(11,503)	-	(11,503)	(9,548)
Insurance	(8,713)	-	(8,713)	(9,039)
Judges Salary and Fees	(97,275)	-	(97,275)	(94,027)
Juvenile Service Programs	(180,540)	-	(180,540)	(40,172)
Legal and Professional Fees	(11,314)	-	(11,314)	(9,780)
Office Supplies	(57,997)	-	(57,997)	(59,306)
Rent	(33,466)	-	(33,466)	(14,400)
Telephone	(13,240)	-	(13,240)	(18,860)
Miscellaneous	(17,962)	-	(17,962)	(29,547)
Capital Outlay	(31,258)	31,258	-	-
Depreciation Expense	-	(55,145)	(55,145)	(63,349)
Total Expenditures / Expenses	\$ (1,379,650)	\$ (24,505)	\$ (1,404,155)	\$ (1,339,617)
Program Revenues				
Charges for Services	\$ 436,453	\$ -	\$ 436,453	\$ 426,246
Fees Earned	56,560	-	56,560	46,287
Operating Grants	352,924	-	352,924	221,540
Net Program Expense	\$ (533,713)	\$ (24,505)	\$ (558,218)	\$ (645,544)
General Revenues				
Contributions From City of Hammond	\$ 386,500	\$ -	\$ 386,500	\$ 298,500
Contributions From City of Ponchatoula	25,000	-	25,000	25,000
Intergovernmental	83,308	-	83,308	83,308
Other Income	13,485	-	13,485	3,801
Transfers from Civil Agency Fund	13,805	-	13,805	164,126
Total General Revenues	\$ 522,098	\$ -	\$ 522,098	\$ 574,735
Excess (Deficiency) of Revenues over Expenditures	\$ (11,615)	\$ (24,505)	\$ (36,120)	\$ (70,809)
Fund Balance / Net Assets - Beginning of the Year - Originally Stated	\$ 397,681	\$ 138,109	\$ 535,790	\$ 580,749
Prior Period Adjustment	\$ 28,489	\$ -	\$ 28,489	\$ 25,850
Fund Balance / Net Assets - Beginning of the Year - Restated	\$ 426,170	\$ 138,109	\$ 564,279	\$ 606,599
Fund Balance / Net Assets - End of the Year	\$ 414,555	\$ 113,604	\$ 528,159	\$ 535,790

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana

Exhibit C

Statement of Fiduciary Net Assets

June 30, 2004

	Agency Fund		Total	
	Civil	Criminal	(Memorandum Only)	
	Docket	Docket	2004	2003
Assets				
Cash on Hand and in Banks	\$ 96,599	\$ 115,903	\$ 212,502	\$ 211,280
Certificates of Deposit	38,850	-	38,850	38,144
Accrued Interest	1,133	-	1,133	1,133
Total Assets	\$ 136,582	\$ 115,903	\$ 252,485	\$ 250,557
Liabilities and Net Assets				
Liabilities:				
Accounts Payable	\$ -	\$ 16,664	\$ 16,664	\$ 16,664
Due to General Fund	11,975	-	11,975	11,975
Appeal Deposits	-	400	400	400
Total Liabilities	\$ 11,975	\$ 17,064	\$ 29,039	\$ 29,039
Net Assets:				
Held in Trust For Benefit of Others	\$ 124,607	\$ 98,839	\$ 223,446	\$ 221,518
Total Net Assets	\$ 124,607	\$ 98,839	\$ 223,446	\$ 221,518
Total Liabilities and Net Assets	\$ 136,582	\$ 115,903	\$ 252,485	\$ 250,557

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements

June 30, 2004

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City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements

June 30, 2004

Introduction

The City Court of Hammond (hereinafter referred to as "City Court") was created under the authority of RS 13:1952. The purpose of the City Court of Hammond is to collect fines and court costs and remit these fines to the City of Hammond and to the Tangipahoa Parish Council. The City Court of Hammond has jurisdiction within the Seventh Ward of Tangipahoa Parish. The City Court of Hammond presently employs thirty-one people to include the Judge, Clerk of Court, and twenty-six Deputy Clerks of Court. The City Court maintains a courtroom and offices in Hammond City Hall. Revenues for the City Court include court costs assessed on civil and criminal cases handled by the court, appropriations from the City of Hammond, intergovernmental grants, and other revenues. Major expenditures of the City Court include salaries and related benefits, data processing, telephone and utilities and other expenditures.

1. Summary Of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the City Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

B. Reporting Entity

The City Court is fiscally dependent on the City of Hammond. The City of Hammond maintains and operates the building in which the City Court courtroom and offices are located and provides funds for salaries, equipment and expenditures of the City Court. Because the City Court is fiscally dependent on the City of Hammond, the City Court was determined to be a component unit of the City of Hammond, 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 of Hammond, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

C. Fund Accounting

The City Court uses funds to maintain its financial records during the year. 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 Fund –

Governmental funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds of the City Court include:

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

Fiduciary Fund –

Fiduciary funds reporting focuses on net assets and changes in net assets. The City Court maintains two fiduciary funds: the Civil Agency Fund and the Criminal Agency Fund. The Civil Agency Fund is used to account for assets held by the City Court as an agent for individuals or private organizations. The Criminal Agency Fund is used to account for assets held by the City Court as an agent for criminal defendants. These two agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, these agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Exhibits A and B, is 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

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of City Court wide operations.

The amounts reflected in the General Fund, of Exhibits A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means 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 fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and 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 of Hammond 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.

E. Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the City Court as a whole. These statements include all the financial activities of the City Court. Information contained in these columns 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*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Exhibit B) are derived directly from City Court users as a fee for services; program revenues reduce the cost of the function to be financed from the City Court general revenues.

City Court of Hammond
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Notes to Financial Statements (Continued)

June 30, 2004

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and Statement of Net Assets (Exhibit A) are as follows:

<u>Exhibit B</u>	
Capitalization of Capital Assets	\$ 31,258
Recording of Depreciation Expense	(55,145)
Recording of Compensated Absences	<u>(618)</u>
	\$ (24,505)
Adjustment to Beginning Fund Balance for Prior Years	
Capital Assets	188,739
Prepaid Computer Software	-
Compensated Absences	<u>(50,630)</u>
	<u>138,109</u>
Net Effect of Changes	<u>\$ 113,604</u>
<u>Exhibit A</u>	
Recording of Net Capital Assets	164,852
Recording of Compensated Absences	<u>(51,248)</u>
Net Effect of Changes	<u>\$ 113,604</u>

F. Budgets

The City Court of Hammond 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 clerk of court and judge no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the fiscal year ended June 30, 2004, was submitted to the clerk of court on May 7, 2003.
2. A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2004, was published on June 1, 2003.

City Court of Hammond
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Notes to Financial Statements (Continued)

June 30, 2004

3. A public hearing is held on the proposed budget after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 2004 on June 23, 2003.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted. The proposed budget for the year ended June 30, 2004, was adopted on June 23, 2003.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Clerk.
6. 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 Schedule for the General Fund presents 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.

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, money market accounts, and time deposits. 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 equivalents. Investments are stated at cost.

H. Inventories

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, 2004.

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

I. Prepaid Items

The City Court recognized expenditures for insurance and similar services extending over more than one accounting period when paid.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City Court maintains a threshold level of \$100 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture & Equipment	5
Vehicles	5

K. Compensated Absences

The City Court has the following policy relating to vacation and sick leave:

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 with six months to one year of service earn two days of sick leave. Employees with one to five years of service earn five days of sick leave. Employees with six to ten years of service earn seven days of sick leave. Employees with ten or more years of service earn ten days of sick leave. 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-one 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.

City Court of Hammond
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Notes to Financial Statements (Continued)

June 30, 2004

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the General Fund when leave actually accrues. The current and noncurrent portions are recorded in the government-wide financial statements.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and 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 equivalents. Investments are stated at cost.

As reflected in Exhibit A, the City Court has restricted and unrestricted cash totaling \$93,265 and unrestricted investments totaling \$256,758 at June 30, 2004. Total cash and investments from fiduciary responsibilities not reported on the government-wide financial statements were \$212,502 and \$38,850 respectively. 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 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 by and in the name of the fiscal agent bank but pledged to the City Court. The following is a summary of cash investments (bank balances) at June 30, 2004, with the related federal deposit insurance and pledged securities:

City Court of Hammond
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Notes to Financial Statements (Continued)

June 30, 2004

	<i>Confirmed</i> Bank Balances June 30, 2004	FDIC Insurance	Balance Uninsured
Cash:			
Demand Deposits	\$ 282,347	\$ 113,438	\$ 168,909
Interest Bearing Demand Deposits	108,771	-	108,771
Total Cash	\$ 391,118	\$ 113,438	\$ 277,680
Investments:			
Time Deposits	\$ 293,443	\$ 240,238	\$ 53,205
Total Investments	\$ 293,443	\$ 240,238	\$ 53,205
Uncollateralized - Securities in the Name of and Held by the Fiscal Agent Pledged to the City Court			\$ 1,075,445
Excess of FDIC Insurance and Pledged Securities over Cash and Investment Bank Balances			\$ 744,560

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the City Court that the fiscal agent has failed to pay deposited funds upon demand.

3. Interfund Receivables / Payables

The following is a summary of interfund receivables / payables at June 30, 2004

	Due From	Due To
General Fund:		
Civil Agency Fund	\$ 11,975	\$ -
Civil Agency Fund:		
General Fund	-	11,975
	\$ 11,975	\$ 11,975

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

4. Due From Other Governments

Amounts due from other governmental units at June 30, 2004 consisted of the following:

Receivables Due From

State of Louisiana - Grant Revenue	\$ <u>73,901</u>
	\$ <u><u>73,901</u></u>

No allowance for uncollectible accounts is required at June 30, 2004

5. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2004 is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Furniture & Fixtures	\$ 63,328	\$ 12,091	\$ -	\$ 75,419
Equipment	<u>470,574</u>	<u>19,167</u>	<u>-</u>	<u>489,741</u>
Total	\$ 533,902	\$ 31,258	\$ -	\$ 565,160
Accumulated Depreciation	<u>\$ 345,163</u>	<u>\$ 55,145</u>	<u>\$ -</u>	<u>\$ 400,308</u>
Capital Assets, Net	<u>\$ 188,739</u>	<u>\$ (23,887)</u>	<u>\$ -</u>	<u>\$ 164,852</u>

6. Accounts, Salaries, and Other Payables

	<u>General Fund</u>	<u>Civil</u> <u>Agency Fund</u>	<u>Criminal</u> <u>Agency Fund</u>	<u>Total</u>
Accounts Payable	\$ 6,198	\$ -	\$ 16,664	\$ 22,862
Salaries & Benefits Payable	<u>15,146</u>	<u>-</u>	<u>-</u>	<u>15,146</u>
	<u>\$ 21,344</u>	<u>\$ -</u>	<u>\$ 16,664</u>	<u>\$ 38,008</u>

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

7. Employees Pension Plan (Parochial Employees Retirement System Of Louisiana)

Substantially all employees of the City Court of Hammond are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and B, with separate assets and benefit provisions. *All employees of the City Court are members of Plan B.*

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, 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 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. 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. Benefits are established by state statute.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, 5420 Corporate Blvd., Suite 103, Baton Rouge, Louisiana 70808, or by calling (225) 928-1361.

Funding Policy – Under Plan B, members are required by state statute to contribute 3.00% of their annual earnings in excess of \$1,200 and the City Court of Hammond is required to contribute at an actuarially determined rate. The current rate is 3.75% of annual covered payroll. Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City Court of Hammond's contributions to the System under Plan B for the years ending June 30, 2004, 2003 and 2002, were \$46,922, \$43,768, and \$31,159, respectively, equal to the required contributions for each year. The Court's total payroll in the fiscal year ended June 30, 2004, was \$789,941, and the Court's contributions were based on a payroll of \$628,150. Both the Court and the covered employees made the required contributions, amounting to \$46,922. There were no related party transactions.

8. Employees Pension Plan (Louisiana State Employees Retirement System – LASERS)

Only the Judge of the City Court of Hammond participates in the Louisiana State Employees' Retirement System.

The Louisiana State Employees' Retirement System ("LASERS" or the "System") is an agency of the State of Louisiana established under the provisions of Title 11, Section 401, of the Louisiana Revised Statutes of 1950, as amended (the "Statutes"). LASERS is a single-employer public employee retirement system which is organized for the purpose of providing retirement and other benefits for employees of the State and its various departments and agencies and their beneficiaries. LASERS is supervised by an eleven-member Board of Trustees and is funded through employee and employer contributions and investment earnings.

The following information describing LASERS is necessarily general in nature and its not intended to be a full and complete description of the numerous and varied statutory provisions applicable to LASERS and its members. Reference should be made to the applicable Statutes for specific detailed information.

Eligibility Requirements:

All state employees except certain classes of employees specifically excluded by Statutes become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Elected officials and officials appointed by the governor may, at their option, become members of LASERS.

Retirement Benefits:

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 creditable service, to age sixty, upon completing ten years of creditable service.

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

The basic annual retirement benefit for substantially all members is equal to 2-1/2% of average compensation multiplied by the number of years of creditable service plus \$300. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. Average compensation is defined as the member's average annual earned compensation for the period of thirty-six consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

Contributions:

Covered employees are required by state statute to contribute 11.50% of their salary to the plan. The Court is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 2004, was \$12,058, which consisted of \$6,641 from the Court and \$5,417 from employees. Each employer was required by Statute to contribute 15.80% of each employee's earned compensation to finance participation of its employees in LASERS. The following provides certain disclosures for the Court and the retirement system.

The Court's total payroll in the fiscal year ended June 30, 2004 was \$789,941 and the Court's contributions were based on a payroll of \$47,100. Both the Court and the covered employees made the required contributions, amounting to \$12,858. There were no related party transactions.

Trend Information

Contributions required by state statute:

<u>Fiscal Year</u> <u>June 30</u>	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contribution</u>
2002	\$ 11,540	100%
2003	\$ 12,058	100%
2004	\$ 12,858	100%

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 922-0600.

All employees of the Court, with the exception of the judge, are also members of the Social Security System.

9. On Behalf Payments for Salaries and Benefits

The Court follows GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance". This standard requires the Court to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to the City Court Judge and salary and fringe benefits payments made by Tangipahoa Parish Council to the Judge and the 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 Court's employees. The Court is not legally responsible for these salary supplements. 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, 2004 the State and Parish Council paid \$26,708 in supplemental salary payments to the City Court Judge and the Parish Council and School Board made supplementary salary and benefit payments of \$56,600 to the City Court's employees.

10. Compensated Absences

Employees of the Court earn annual leave and sick leave based on the equivalent of years of service for the 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
6 mo. - 1 year	5 days	2 days
1 - 5 years	11 days	5 days
6 - 10 years	-	7 days
6 - 11 years	16 days	-
Over 10 years	-	10 days
Over 12 years	21 days	-

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

The 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. Sick leave up to 30 days may be accumulated but is not paid upon separation from service. As a result, no liability for accrued sick leave is recorded by the Court.

At June 30, 2004 employees of the City Court have accumulated and vested \$51,248 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. \$51,248 is recorded as an obligation of the government-wide non-current liabilities.

11. Fund Balance – Reserved For Judge's Fees

Fund Balance – Reserved for Judge's Fees has been included on the Balance Sheet of the General Fund to reflect judge's fees which have been earned, but which have not been remitted to the judge due to legal limitations.

12. Fund Balance – Designated For Capital Outlay

The Judge has appropriated monies and the interest earned thereon to be used for future equipment purchases and capital improvements. The total accumulated at June 30, 2004 for this purpose is \$208,933.

13. Fund Balance – Designated For Ad Hoc Judge

Fund Balance – Designated for Ad Hoc Judge has been included on the Balance Sheet of the General Fund to reflect fees for ad hoc judge which have been collected, but which have not been expended.

14. 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, 2004 were \$-0-.

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

15. Interest Earned

The Civil Docket has placed funds in an interest-bearing account. Since the Civil Docket operates in a fiduciary capacity and is not required to pay interest on bonds paid in advance of trial, interest income is transferred to the General Fund and used for operations of the Court.

16. Postretirement Health Care And Life Insurance Benefits

At June 30, 2004, the Court has no postretirement health care and life insurance benefit plan in existence.

17. Prior Period Adjustment

As of June 30, 2003, grant revenues earned but not yet received totaled \$22,248. This receivable was not included in the financial statements of the City Court of Hammond for the fiscal year ended June 30, 2003. Also, as of June 30, 2003, Accounts Payable that had been paid but not yet recorded totaled \$6,241. This payable was included in the financial statements of the City Court of Hammond for the fiscal year ended June 30, 2003. The following table shows beginning net assets restated for exclusion of this payable, and inclusion of the previously mentioned grant receivable as of June 30, 2003.

	<u>Original</u>	<u>Net Change</u>	<u>Restated</u>
Due From Other Governments	\$ 33,623	\$ 22,248	\$ 55,871
Total Assets	<u>\$ 423,234</u>	<u>\$ 22,248</u>	<u>\$ 445,482</u>
Accounts Payable	\$ 9,707	\$ (6,241)	\$ 3,466
Total Liabilities	<u>\$ 25,553</u>	<u>\$ (6,241)</u>	<u>\$ 19,312</u>
Net Assets	<u>\$ 397,681</u>	<u>\$ 28,489</u>	<u>\$ 426,170</u>

City Court of Hammond
Hammond, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

18. Expenditures Exceeding Appropriations (GAAP Budgetary Basis)

For the fiscal year ended June 30, 2004 actual expenditures exceeding amounts budgeted as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$ 1,347,990	\$ 1,379,650	\$ (31,660)

Required Supplemental Information

City Court of Hammond
Hammond, Louisiana

Schedule 1

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Contributions:				
Contribution from Civil Docket	\$ -	\$ -	\$ -	\$ -
Contribution from Civil Docket - Judges Fees	40,000	43,950	46,858	2,908
Contribution from Criminal Docket	472,791	438,330	436,453	(1,877)
Contribution from Criminal Docket - Public Defender Fees	3,000	6,070	9,702	3,632
Transfers from Civil Agency Fund	18,000	80,291	13,805	(66,486)
Intergovernmental -				
Contributions from City of Hammond	386,500	379,167	386,500	7,333
Contributions from City of Ponchatoula	25,000	25,000	25,000	-
Grant Revenue	240,635	314,803	352,924	38,121
On Behalf Payments	56,600	56,600	83,308	26,708
Fines:				
Probation Fees	-	-	-	-
Other Fees	500	-	7,175	7,175
Interest Income	4,000	3,784	6,310	2,526
Total Revenues	\$ 1,247,026	\$ 1,347,995	\$ 1,368,035	\$ 20,040

(Continued)

City Court of Hammond
Hammond, Louisiana

Schedule 1
(Continued)

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:				
General Government:				
Salaries	\$ 748,794	\$ 665,607	\$ 692,966	\$ (27,359)
Payroll Tax & Employee Benefits	168,702	182,620	162,585	20,035
Computer Software & Programming Fees	30,000	28,270	44,330	(16,060)
Judges Salary and Fees	90,730	95,115	97,275	(2,160)
Public Defender Fees	6,000	-	-	-
Educational Conferences & Seminars	23,500	11,633	14,049	(2,416)
Capital Outlay	7,500	46,867	31,258	15,609
Equipment Repairs & Maintenance Contracts	12,500	6,874	11,503	(4,629)
Insurance	16,300	8,713	8,713	-
Juvenile Service Programs	4,000	172,440	180,540	(8,100)
Legal and Professional Fees	10,000	11,281	11,314	(33)
Miscellaneous	17,700	12,692	17,962	(5,270)
Office Supplies	35,500	45,762	49,821	(4,059)
Telephone	18,000	16,053	13,240	2,813
Travel	-	2,421	2,452	(31)
Uniforms	23,000	8,176	8,176	-
Rent	34,800	33,466	33,466	-
Total Expenditures	<u>\$ 1,247,026</u>	<u>\$ 1,347,990</u>	<u>\$ 1,379,650</u>	<u>\$ (31,660)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ -	\$ 5	\$ (11,615)	\$ (11,620)
Total Fund Balance - Beginning of Year	\$ -	\$ -	\$ 397,681	\$ 397,681
Prior Period Adjustment	\$ -	\$ -	\$ 28,489	\$ 28,489
Fund Balance - Beginning of Year - Restated	-	-	426,170	426,170
Total Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 414,555</u>	<u>\$ 414,550</u>

See auditor's report.

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

**Independent Auditor's Report on Compliance and On
Internal Control over Financial Reporting Based on an Audit Of
Financial Statements Performed In Accordance With
*Government Auditing Standards***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

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Member
American Institute of CPA's
Society of Louisiana CPA's

October 13, 2004

Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting 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 the accompanying statements of the governmental activities and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, as of and for the year ended June 30, 2004, which collectively comprise the financial statements and have issued our report thereon dated October 13, 2004. 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.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered City Court of Hammond's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

City Court of Hammond
October 13, 2004

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. We noted no matters involving the internal controls over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the use of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Findings and Recommendations

City Court of Hammond
Hammond, Louisiana

Current Year Audit Findings
For the Year Ended June 30, 2004

Findings and Recommendations

Compliance

None

Internal Control over Financial Reporting

None

Corrective Action Plan for Current Year Audit Findings

City Court of Hammond
Hammond, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2004

<u>Ref. #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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None

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

Summary Schedule of Prior Audit Findings

City Court of Hammond
Hammond, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2004

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken			Additional Explanation
			Action Taken	Plan Corrective Action; Partial Corrective Action Taken	Additional Explanation	
2003-01	June 30, 2003	Budget not amended as required by state law.	Yes	-	-	
2003-02	June 30, 2003	Improved cash receipts processing.	Yes	-	-	

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