

**MARSHAL'S OFFICE – CITY COURT OF HAMMOND
HAMMOND, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Marshal's Office – City Court of Hammond
Hammond, Louisiana
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For the Year Ended June 30, 2017

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Independent Auditor's Report

The Honorable Pat Farris
Marshal, City Court of Hammond
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Marshal's Office, 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 includes 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, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the Marshal's proportionate share of the net pension liability, and the schedule of Marshal contributions on pages 4 to 10, and 32 to 34, respectively, 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

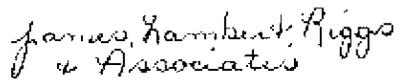
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshal's Office, City Court of Hammond's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional 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.

Marshal's Office, City Court of Hammond
Hammond, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the Marshal's Office, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshal's Office, City Court of Hammond's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.

Hammond, Louisiana
November 13, 2017

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

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Introduction

The Marshal's Office of the City Court of Hammond (the "Marshal's Office") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Marshal's Office's financial statements and footnotes, which follow this section.

Financial Highlights

- At June 30, 2017, the Marshal's Office net position is a negative \$221,816. This amount increased by \$103,298 or 16.02 % from the prior year. Net position is reflecting a negative balance due to the recognition of Net Pension Liability in the 2016-2017 fiscal year.
- Total revenues for the Marshal's Office decreased by \$22,368, or 3.02%, from the 2015-2016 fiscal year.
- For the year ended June 30, 2017, total expenses for the Marshal's Office decreased by \$63,670 or 9.38%, from the prior year.

Overview of Annual Financial Report

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Marshal's Office's financial condition and performance.

The financial statements report information of the Marshal's Office using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the nature and amount of the Marshal's Office's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Marshal's Office and assessing the liquidity and financial flexibility of the Marshal's Office.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Marshal's Office's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operations of the Marshal's Office, and schedules detailing audit findings and management response.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Financial Analysis

The purpose of financial analysis is to help determine whether the financial position of the Marshal's Office is improved because of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position and the Statement of Activities, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the Marshal's Office.

Condensed Statement of Net Position

	Governmental Activities			
	2017	2016	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 482,041	\$ 392,286	\$ 89,755	22.88%
Prepaid Insurance	13,517	13,112	405	3.09%
Capital Assets	16,094	25,637	(9,543)	-37.22%
Total Assets	<u>\$ 511,652</u>	<u>\$ 431,035</u>	<u>\$ 80,617</u>	18.70%
Deferred Outflows of Resources	<u>\$ 305,082</u>	<u>\$ 276,212</u>	<u>\$ 28,870</u>	10.45%
Liabilities:				
Current Liabilities	\$ 27,394	\$ 25,543	\$ 1,851	7.25%
Non-Current Liabilities	10,066	12,699	(2,633)	-20.73%
Net Pension Liability	862,361	914,222	(51,861)	-5.67%
Total Liabilities	<u>\$ 899,821</u>	<u>\$ 952,464</u>	<u>\$ (52,643)</u>	-5.53%
Deferred Inflows of Resources	<u>\$ 138,729</u>	<u>\$ 79,897</u>	<u>\$ 58,832</u>	73.63%
Net Position				
Net Investment in Capital Assets	\$ 3,237	\$ 7,926	\$ (4,689)	-59.16%
Unrestricted	<u>(225,053)</u>	<u>(333,040)</u>	<u>107,987</u>	-32.42%
Total Net Position	<u>\$ (221,816)</u>	<u>\$ (325,114)</u>	<u>\$ 103,298</u>	-31.77%

The Marshal's Office liabilities exceeded its assets at the close of the most recent fiscal year by \$221,816 (net position). Of this amount, a negative \$225,053 is unrestricted net position.

A portion of the Marshal's Office net position reflects its investment in capital assets (e.g., equipment, vehicles, furniture, etc.) less any related debt used to acquire those assets that is still outstanding. At the present time, the net investment in capital assets is 1.46% of total net position. The Marshal's Office uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Condensed Statement of Activities

	Governmental Activities			
	2017	2016	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 93,803	\$ 128,109	\$ (34,306)	-26.78%
General Revenues:				
Contribution - City of Hammond	370,000	370,000	-	0.00%
Other	254,598	242,660	11,938	4.92%
Total Revenues	<u>718,401</u>	<u>740,769</u>	<u>(22,368)</u>	-3.02%
Expenses:				
Salaries and Related Benefits	478,753	528,115	(49,362)	-9.35%
Operating and Other Charges	126,625	136,854	(10,229)	-7.47%
Interest on Debt Service	182	473	(291)	-61.52%
Depreciation	9,543	13,331	(3,788)	-28.41%
Total Expenses	<u>615,103</u>	<u>678,773</u>	<u>(63,670)</u>	-9.38%
Change in Net Position	103,298	61,996	41,302	66.62%
Net Position, Beginning of Year	<u>(325,114)</u>	<u>(387,110)</u>	61,996	-16.02%
Net Position, End of Year	<u>\$ (221,816)</u>	<u>\$ (325,114)</u>	<u>\$ 103,298</u>	-31.77%

For the year ended June 30, 2017 revenues from charges for services decreased by \$34,306 or 26.78% from the prior year. This is attributable to a decrease in criminal court cost fines collected. Other revenues increased by \$11,938 or 4.92% from the prior year. This is attributable to several factors including, but not limited to, a slight increase in funds provided by the Parish and funds collected from the sale of assets.

Salaries and related benefits during the current year decreased by \$49,306, or 9.35%, over the amount from last year. This decrease is attributable to elimination of one full-time position at the beginning of the 2016-2017 fiscal year. Operating and other charges during the current year decreased by \$10,229, or 7.47%, from the prior year amount. The majority of this is due to the improved facilities from the renovation done in the 2015-2016 fiscal year and a reduction in vehicle and fuel expenses.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

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 Marshal's Office, 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 Marshal's Office can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for most of the Marshal's Office basic services as 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 Marshal's Office 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 Marshal's Office 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 government 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 A and B.

The Marshal's Office maintains only one governmental fund, the General Fund. Information is presented on the General Fund on Exhibits C, D, E, & F of this report.

As of the end of the current fiscal year, the Marshal's Office General Fund reported an ending fund balance of \$457,438. The Marshal's Office has followed the recommendation from its auditors to retain a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decrease 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 statement because the resources of those funds are not available to support the Marshal's Office's other programs. The basis of accounting used for fiduciary funds is the modified accrual basis of accounting. The Marshal's Office only fiduciary fund is the Civil Agency Fund. The basic fiduciary fund financial statements can be found on Exhibits G and H of this report.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

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. The notes to the financial statements are found on pages indicated in the table of contents.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on Schedule 1.

A. Budgetary Comparison Schedule – The Marshal's Office 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.

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

1. Revenues:

- a. Revenues from Intergovernmental were less than budgeted by \$5,714. This decrease in revenue is directly attributable to a cut from Tangipahoa Parish of \$40,000 that was implemented in June 2017 through the remainder of the calendar year. Funds issued monthly beginning June 2017 were less than previously budgeted by \$5,714.
- b. Miscellaneous Income was more than budgeted by \$1,714. This is primarily attributable to the sale of assets.

2. Expenditures:

- a. Overall expenditures were less than budgeted by \$29,066 primarily due to a decrease in salaries, benefits, automobile expenses, office, and other miscellaneous expenditures. The renovation done in the 2015-2016 fiscal year also attributed to these decreased expenditures due to having newer facilities.

Capital Assets

The Marshal's Office investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$16,094 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, fixtures, software, and automobiles. The recording of \$9,543 in depreciation resulted in a total decrease in the Marshal's Office investment in capital assets for the current fiscal year. Additional information on the Marshal's Office capital assets can be found in Note 5 of this report.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Economic Factors and Next Year's Budget and Rates

For fiscal year ending June 30, 2018, the budgeted revenue from the City of Hammond will be \$320,000. The Tangipahoa Parish Council reimbursement for salaries and salary related expenses will be \$121,550 for the 2017-2018 fiscal year. By the end of the June 30, 2016 fiscal year, the unreserved fund balance in the General Fund was \$371,755. There is no surplus or deficit budgeted for the fiscal year ending June 30, 2018.

Requests for Information

This financial report is designed to provide a general overview of the Marshal's Office 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 Marlene Hinshaw, Deputy Marshal / Marshal's Office, 303 East Thomas Street, Hammond, Louisiana, 70401.

Basic Financial Statements

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Statement of Net Position
June 30, 2017

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 204,800
Investments	230,184
Accrued Interest Receivable	1,574
Due from Other Governments	33,780
Due from Agency Fund	11,703
Prepaid Insurance	13,517
Capital Assets, Net of Accumulated Depreciation	<u>16,094</u>
Total Assets	<u>\$ 511,652</u>
Deferred Outflows of Resources	
Changes in Assumptions	\$ 196,940
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,392
Contributions Subsequent to the Measurement Date	<u>76,750</u>
Total Deferred Outflows of Resources	<u>\$ 305,082</u>
Liabilities	
Accounts Payable	\$ 16,169
Salaries and Benefits Payable	8,434
Promissory Notes Payable	2,791
Non-Current Liabilities:	
Accrued Compensated Absences	9,058
Promissory Notes Payable	1,008
Net Pension Liability	<u>862,361</u>
Total Liabilities	<u>\$ 899,821</u>
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ 27,259
Changes in Proportion and Differences Between Marshal Contributions and Proportionate Share of Contributions	<u>111,470</u>
Total Deferred Inflows of Resources	<u>\$ 138,729</u>
Net Position	
Net Investment in Capital Assets	\$ 3,237
Unrestricted	<u>(225,053)</u>
Total Net Position	<u>\$ (221,816)</u>

The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

Exhibit B

	Governmental Activities
Expenses:	
Marshal's General Operations:	
Salaries & Related Benefits	\$ 478,753
Automobile	18,810
Computer Maintenance	3,175
Insurance	64,483
Office Supplies and Telephone	15,462
Legal and Accounting	18,056
Other Expenditures	6,639
Interest on Debt Service	182
Depreciation Expense	9,543
Total Expenses	615,103
 Program Revenues:	
Charges for Services	93,803
Total Program Revenues	93,803
 Net Program (Expense)	 (521,300)
 General Revenues:	
City of Hammond Appropriations	370,000
City of Ponchatoula Appropriations	50,000
Intergovernmental Revenues	155,836
On-Behalf Payments from State	18,000
Miscellaneous Income	2,514
Transfer from Civil Account	15,500
Pension Contributions from Non-Employer Contributing Entities	12,748
Total General Revenues	624,598
 Change in Net Position	 103,298
 Net Position - Beginning of the Year	 (325,114)
Net Position - End of the Year	\$ (221,816)

The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Governmental Fund Balance Sheet
June 30, 2017

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 204,800
Investments	230,184
Accrued Interest Receivable	1,574
Due from Other Governments	33,780
Due from Agency Fund	<u>11,703</u>
 Total Assets	 <u>\$ 482,041</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 16,169
Salaries and Benefits Payable	<u>8,434</u>
Total Liabilities	24,603
Fund Balance:	
Unassigned	<u>457,438</u>
Total Fund Balance	<u>457,438</u>
 Total Liabilities and Fund Balance	 <u>\$ 482,041</u>

The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
 Reconciliation of the Governmental Fund Balance Sheet to the
 Government-Wide Statement of Net Position
 For the Year Ended June 30, 2017

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C) **\$ 457,438**

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 16,094

Prepaid insurance is not accrued and is therefore not reported in the governmental funds.

Prepaid Insurance 13,517

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

Promissory Note Payable (3,799)

Accrued Compensated Absences (9,058)

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 (862,361)

Total Deferred Outflows of Resources 305,082

Total Deferred Inflows of Resources (138,729)

Net Position of Governmental Activities (Exhibit A) **\$ (221,816)**

The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2017

Exhibit E

	<u>General Fund</u>
Revenues:	
Criminal Court Fees	\$ 91,383
Marshal's Bond Fees	2,420
City of Hammond Appropriations	370,000
City of Ponchatoula Appropriations	50,000
Intergovernmental	155,836
On-Behalf Payments by State	18,000
Miscellaneous Income	2,514
Transfer from Civil Account	15,500
Total Revenues	705,653
 Expenditures:	
General Government:	
Salaries & Related Benefits:	
Marshal	56,955
Deputies	280,229
Payroll Taxes	32,176
Retirement Contributions	76,750
Hospitalization Insurance	41,934
Automobile	18,810
Computer Maintenance	3,175
Insurance	64,888
Office Supplies and Telephone	15,462
Legal and Accounting	18,056
Other Expenditures	6,639
Debt Service	4,896
Total Expenditures	619,970
 Excess of Revenues over Expenditures	 85,683
 Fund Balance - Beginning of the Year	 371,755
Fund Balance - End of the Year	\$ 457,438

The accompanying notes are an integral part of this statement.

**Marshal's Office – City Court of Hammond
Hammond, Louisiana**

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances, Governmental Funds (Exhibit E)	\$	85,683
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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		-
Depreciation Expense		(9,543)

Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net position as prepaid insurance.

Prior Year Prepaid Insurance		(13,112)
Current Year Prepaid Insurance		13,517

Lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Paying lease payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments:

Proceeds		-
Repayments		4,714

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		9,151
Contributions from Non-Employer Contributing Entities		12,748

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		140
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>103,298</u>
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The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Statement of Fiduciary Net Position
June 30, 2017

Exhibit G

	<u>Civil Agency Fund</u>
Assets	
Cash on Hand and in Banks	\$ 42,055
Total Assets	<u>\$ 42,055</u>
Liabilities	
Due to General Fund	\$ 11,703
Due to Others	<u>30,352</u>
Total Liabilities	<u>\$ 42,055</u>
Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Marshal's Office – City Court of Hammond

Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2017

Narrative Profile

The Marshal's Office – City Court of Hammond (hereinafter referred to as the “Marshal”) is separate and apart from the Hammond City Court (hereinafter referred to as the “Court”) and was created under the authority of Louisiana Revised Statutes (RS) 13:1871-2512. The purpose of the Marshal is to execute the orders and mandates of the Court, to include making arrests, preserving the peace, processing judgments and garnishments, and similar functions. The Marshal has jurisdiction within the Seventh Ward of Tangipahoa Parish. The Marshal presently employs fourteen people to include the Marshal, five full time Deputy Marshals, and eight part-time Deputy Marshals. The Marshal presently maintains an office in the Court building. Revenues for the Marshal include court costs assessed on all criminal cases handled by the Court and appropriations from the City of Hammond (hereinafter referred to as the “City”). Revenues are used in defraying the costs of operating the office. Major expenditures of the Marshal include salaries & benefits, automobile expenditures, and general office expenditures.

The accounting and reporting policies of the Marshal conform to generally accepted accounting principles as applicable to governmental entities. 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 RS 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and in the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Marshal is an independently elected official; however, the Marshal is fiscally dependent on the City. The City maintains and operates the building in which the office is located and provides funds for salaries, equipment, and expenditures of the office. Because the Marshal is fiscally dependent on the City, the Marshal 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 Marshal 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 Marshal 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 office 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 Marshal'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

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expendable resources that may be used to finance future period programs or operations of the Marshal. The following is the Marshal's governmental fund:

General Fund – the general operating fund of the Marshal 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 the Marshal's policy.

Fiduciary Fund

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 is the Marshal's fiduciary fund:

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

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the office as a whole and include all the non-fiduciary activities of the Marshal. 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 Marshal does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the General 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 balance 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 approach is then reconciled, through adjustment, to a government-wide view of the operations of the Marshal.

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The amounts reflected in the General 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 Marshal 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 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 fund uses 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 Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets and Budgetary Accounting

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

1. The fiscal deputy prepares a proposed budget and submits this budget to the Marshal 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 for the year ended June 30, 2017, was published on May 18, 2016.
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 the proposed budget for the year ended June 30, 2017, on June 3, 2016.
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 for the year ended June 30, 2017, was adopted on June 3, 2016.

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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 Marshal. The budget for the year ended June 30, 2017, was amended on June 21, 2017.
6. 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 Marshal.
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 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.

E. Cash, Cash Equivalents, 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 Marshal 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 Marshal may also 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 Marshal are reported at cost.

F. Prepaid Items

The Marshal recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

G. Capital Assets

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the Marshal's capitalization threshold of \$500 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Compensated Absences

All full-time employees of the Marshal who are paid on a salary basis and work a regular full-time workweek earn sick leave and annual leave. Employees with between six months and one year of service earn five days of sick leave. Employees with one year or more of service earn twelve days of sick leave each year. Employees may accumulate all unused sick leave but the employee's right to unused sick leave

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benefits does not vest. Therefore, the Marshal recognizes an expenditure for sick leave benefits when payments are made to employees.

Employees earn from one to four weeks of annual leave each year depending on length of service. Employees are required to take all vacation days each year by his or her anniversary date. Unused days cannot be carried over to the next year. Therefore, vacation days not used during that year will be lost. Unused annual leave is payable to the employee upon termination.

I. Pension Plans

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

J. Equity Classifications

Government-Wide Net Position:

Government-wide net position is divided into three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of resources with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted – All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

The Marshal considers restricted resources to be spent for government-wide expenses first when both restricted and unrestricted resources are available.

Governmental Fund Balances:

The Marshal follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the reporting of fund balance in the balance sheet of governmental type funds. In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

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2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of state statutes, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action by the Marshal.
4. Assigned Fund Balance – amounts that are constrained by the Marshal's intent that they will be used for specific purposes. The Marshal is the only individual authorized to assign amounts and is the highest level of decision-making. Therefore, amounts must be reported as committed.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Marshal considers restricted balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Marshal also considers committed and assigned balances to be spent first when other unassigned balances are available for use.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year-end. The Marshal was in compliance with the Local Budget Act. See Note 1 for the Marshal's budgetary accounting procedures.

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 regarding cash and cash equivalents, the Marshal was in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2017, no funds of the Marshal had deficit fund equities.

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3. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the Marshal has cash and cash equivalents totaling \$204,800 and investments totaling \$230,184 at June 30, 2017. Total cash from fiduciary responsibilities not reported on the government-wide financial statements was \$42,055. These deposits are stated at cost, which approximates market.

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, 2017, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 526,745
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the Marshal's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 526,745</u>

Even though the pledged securities are not held in the entity's name, RS 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 Marshal 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 Marshal's deposits may not be returned to it. The Marshal does not have a deposits policy for custodial risk. As of June 30, 2017, the Marshal 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.

4. Due from Other Governments

Amounts due from other governmental units at June 30, 2017, consisted of the following:

City of Hammond	\$ 26,353
City Court of Hammond	7,427
Less: Allowance for Uncollectible Accounts	-
	<u>\$ 33,780</u>

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Notes to the Financial Statements (Continued)
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5. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities	Balance 07/01/16	Additions	Deductions	Balance 06/30/17
Office Equipment	\$ 113,044	-	\$ (6,333)	\$ 106,711
Software	65,259	-	-	65,259
Automobiles	123,889	-	(14,652)	109,237
Total	302,192	-	(20,985)	281,207
Accumulated Depreciation:				
Office Equipment	109,512	1,363	(6,333)	104,542
Software	49,052	5,327	-	54,379
Automobiles	117,991	2,853	(14,652)	106,192
Total	276,555	9,543	(20,985)	265,113
Capital Assets, Net	\$ 25,637	\$ (9,543)	\$ -	\$ 16,094

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

Furniture & Equipment	5 Years	Straight-Line Method
Radios	10 Years	Straight-Line Method
Software	5 Years	Straight-Line Method
Vehicles	5 Years	Straight-Line Method

6. Employees Pension Plan (Municipal Employees' Retirement System)

General Information about the Pension Plan

Plan Description – Employees of the Marshal are eligible for participation in the Municipal 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 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports. The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, LA 70809, or at (225) 925-4810.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are generally determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits under age 60 with 5 years of service. Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement 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.

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Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

Contributions – Per Act 788 of the 1978 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 9.50% of their annual pay. The Marshal's contractually required contribution rate for the year ended June 30, 2017, was 22.75% of annual payroll. Contributions to the System from the Marshal were \$76,750 for the year ended June 30, 2017.

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

At June 30, 2017, the Marshal reported a liability of \$862,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Marshal's proportion of the net pension liability was based on a projection of the Marshal's June 30, 2017, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Marshal's proportion was 0.210398%, which was a decrease of 0.045532% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Marshal recognized pension expense of \$68,523. At June 30, 2017, the Marshal 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	\$ -	\$ 27,259
Changes of Assumptions	31,392	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	196,940	-
Changes in Proportion and Differences Between Marshal Contributions and Proportionate Share of Contributions	-	111,470
Marshal Contributions Subsequent to the Measurement Date	76,750	-
	<u>\$ 305,082</u>	<u>\$ 138,729</u>

\$305,082 reported as deferred outflows of resources related to pensions resulting from the Marshal's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
June 30, 2017	(958)
June 30, 2018	(3,162)
June 30, 2019	63,813
June 30, 2020	30,552
Thereafter	-

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Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

Actuarial Assumptions – The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.875%
Salary Increases	5.0% (2.875% Inflation, 2.125% Merit)
Investment Rate of Return	7.50%, Net of Investment Expense

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2016, valuation were verified by combining data from the System with three other Louisiana statewide pension plans which have similar compositions in order to produce a credible experience. The data collected for this study covered the period July 1, 2009 to June 30, 2014.

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 and an adjustment for the effect of rebalancing / diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	2.60%
Public Fixed Income	35.00%	1.80%
Alternatives	15.00%	.80%
Total	<u>100.00%</u>	<u>5.20%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		7.60%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions 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 Louisiana Public Retirement Systems' Actuarial Committee ("PR SAC") taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of

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Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

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 Marshal's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Marshal's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the current rate:

	1.0% Decrease (6.50%)	Current Discount Rate (7.50%)	1.0% Increase (8.50%)
Marshal's Proportionate Share of the Net Pension Liability	\$ 1,096,221	\$ 862,361	\$ 662,806

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, 2017, the Marshal owed \$5,643 to the System for the Marshal's June 2017 payroll.

7. On-Behalf Payments for Salaries and Benefits

The Marshal follows GASB Statement No. 24, "*Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.*" This standard requires the Marshal to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to the Marshal and deputies.

Supplementary salary payments are made by the State directly to the Marshal and deputies. The Marshal is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State. For the fiscal year ended June 30, 2017, the State paid \$18,000 in supplemental salary payments to the Marshal and deputies.

8. Deferred Compensation Plan

The Marshal offers its employees The Delaware Management Company, Inc. Section 457, Deferred Compensation Plan, a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as revised June 1, 2000. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights shall be held for the exclusive benefit of participants and their beneficiaries.

At June 30, 2017, \$24,000 was applicable to employees of the Marshal.

Marshal's Office – City Court of Hammond
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Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

9. Changes in Long-Term Debt

The following is a summary of debt transactions for the Marshal for the year ended June 30, 2017:

Type of Debt	Balance at 07/01/16	Issuances	Payments	Balance at 06/30/17	Due Within One Year
Capital Lease	\$ 2,298	\$ -	\$ 2,298	\$ -	\$ -
Promissory Notes	6,215	-	2,416	3,799	2,791
Total	<u>\$ 8,513</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 3,799</u>	<u>\$ 2,791</u>

Capital Lease Obligation:

\$15,104 Capital Lease Obligation payable to Ford Motor Credit Company dated 01/26/12; Due in 60 monthly installments of \$294.40; With interest at 6.34% (Payable from the excess revenues of the General Fund).

\$ -

Promissory Notes:

\$13,300 Promissory Note payable to Hancock Bank dated 09/30/13; Due in 60 monthly installments of \$237.74; With interest at 2.79% (Payable from the excess revenues of the General Fund).

\$ 3,799

The annual requirements to amortize all debt outstanding at June 30, 2017, including interest payments of \$243 are as follows:

Year Ended	\$15,104 Capital Lease	\$13,300 Promissory Note	Totals
June 30, 2018	\$ -	\$ 2,853	\$ 2,853
June 30, 2019	-	1,189	1,189
	-	4,042	4,042
Interest Portion	-	(243)	(243)
	<u>\$ -</u>	<u>\$ 3,799</u>	<u>\$ 3,799</u>

Required Supplemental Information (Part II)

**Marshal's Office – City Court of Hammond
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Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2017

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Criminal Court Fees	\$ 120,240	\$ 91,115	\$ 91,383	\$ 268
Marshal's Bond Fees	3,600	2,200	2,420	220
City of Hammond Appropriations	370,000	370,000	370,000	-
City of Ponchatoula Appropriations	50,000	50,000	50,000	-
Intergovernmental	161,550	161,550	155,836	(5,714)
On Behalf Payments by State	18,000	18,000	18,000	-
Miscellaneous Income	800	800	2,514	1,714
Transfer from Civil Account	15,500	15,500	15,500	-
Total Revenues	<u>739,690</u>	<u>709,165</u>	<u>705,653</u>	<u>(3,512)</u>
Expenditures:				
General Government:				
Salaries & Related Benefits:				
Marshal	56,955	56,955	56,955	-
Deputies	272,888	287,466	280,229	7,237
Payroll Taxes	34,649	34,649	32,176	2,473
Retirement Contributions	82,500	77,000	76,750	250
Hospitalization Insurance	38,168	42,422	41,934	488
Automobile	26,280	21,800	18,810	2,990
Computer Maintenance	4,620	5,020	3,175	1,845
Insurance	64,387	68,129	64,888	3,241
Office Supplies and Telephone	22,472	18,972	15,462	3,510
Legal and Accounting	20,500	19,500	18,056	1,444
Other Expenditures	8,507	11,627	6,639	4,988
Capital Outlay	600	600	-	600
Debt Service	4,914	4,896	4,896	-
Total Expenditures	<u>637,440</u>	<u>649,036</u>	<u>619,970</u>	<u>29,066</u>
 Excess of Revenues over Expenditures	 102,250	 60,129	 85,683	 25,554
 Fund Balance - Beginning of the Year	 <u>371,755</u>	 <u>371,755</u>	 <u>371,755</u>	 <u>-</u>
Fund Balance - End of the Year	<u>\$ 474,005</u>	<u>\$ 431,884</u>	<u>\$ 457,438</u>	<u>\$ 25,554</u>

See independent auditor's report.

**Marshal's Office – City Court of Hammond
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Schedule 2

Schedule of the Marshal's Proportionate Share of the Net Pension Liability –
Municipal Employees' Retirement System of Louisiana
For the Year Ended June 30, 2017

<u>Fiscal Year*</u>	<u>Marshal's Proportion of the Net Pension Liability</u>	<u>Marshal's Proportionate Share of the Net Pension Liability</u>	<u>Marshal's Covered Employee Payroll</u>	<u>Marshal'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>
2017	0.210398%	\$ 862,361	\$ 337,184	255.75%	62.11%
2016	0.255930%	\$ 914,222	\$ 375,862	243.23%	66.18%
2015	0.277104%	\$ 711,172	\$ 459,316	154.83%	73.99%
2014	0.267932%	\$ 830,431	\$ 442,135	187.82%	67.97%

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

See independent auditor's report.

Marshal's Office – City Court of Hammond
Hammond, Louisiana
 Schedule of Marshal Contributions –
 Municipal Employees' Retirement System of Louisiana
 For the Year Ended June 30, 2017

Schedule 3

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency / (Excess)</u>	<u>Marshal's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2017	\$ 76,750	\$ (76,750)	\$ -	\$ 337,184	22.76%
2016	\$ 74,229	\$ (74,229)	\$ -	\$ 375,862	19.75%
2015	\$ 86,270	\$ (86,270)	\$ -	\$ 459,316	18.78%
2014	\$ 86,220	\$ (86,220)	\$ -	\$ 442,135	19.50%

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

See independent auditor's report.

Other Supplemental Information

**Marshal's Office – City Court of Hammond
Hammond, Louisiana**

Schedule 4

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head: Honorable Pat Farris, Hammond City Marshal

<u>Purpose</u>	<u>Amount</u>
Salary	
<i>Paid From City of Hammond Budget Funds</i>	\$ 42,369
<i>Paid From Tangipahoa Parish</i>	14,586
<i>Paid From Civil Fees (R.S. 33:1704.2)</i>	108,601
Benefits - Insurance	
Health	6,953
Dental	289
Benefits - Retirement (19.75%)	
Salary from City of Hammond, State Supplemental Pay, Tangipahoa Parish	14,322
Civil Fees	24,707
Deferred Compensation	-
Benefits - Other - Supplemental Pay	6,000
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	125
Per Diem	-
Reimbursements - Gas for Marshal's Owned 2009 Ford F-150 Truck	1,571
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
Total	\$ 219,523

See independent auditor's report.

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

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.
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Member of
American Institute of CPAs
Society of Louisiana CPAs

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 Pat Farris
Marshal, 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, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Marshal's Office, City Court of Hammond's basic financial statements, and have issued our report thereon dated November 13, 2017

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marshal's Office, City Court of Hammond's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's Office, City Court of Hammond's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshal's Office, 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

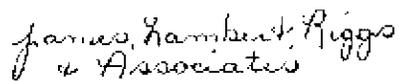
As part of obtaining reasonable assurance about whether the Marshal's Office, City Court of Hammond's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Marshal's Office, City Court of Hammond
Hammond, Louisiana

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.



James Lambert Riggs & Associates, Inc.

Hammond, Louisiana
November 13, 2017

**Marshal's Office – City Court of Hammond
Hammond, Louisiana**
Schedule of Current Year Audit Findings and Responses
For the Year Ended June 30, 2017

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Marshal's Office – City Court of Hammond
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

<u>Ref.#</u>	<u>Fiscal Year Findings Occurred</u>	<u>Description of Findings</u>	<u>Finding Resolved</u>	<u>Corrective Action Taken</u>
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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 Marshal's Office, City Court of Hammond.

MARSHAL'S OFFICE, CITY COURT OF HAMMOND

STATEWIDE AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2017

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Pat Farris, Marshal
Hammond, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Marshal's Office, City Court of Hammond, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Marshal's management is responsible for those control and compliance areas identified in the SAUPs.

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*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "A"

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. 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.

November 13, 2017
Hammond, Louisiana

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial / business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: We sighted the entity's written policies and procedures for budgeting.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: We sighted the entity's written policies and procedures for purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

Results: We sighted the entity's written policies and procedures for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: We sighted the entity's written policies and procedures for receipts.

- e) **Payroll / Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Results: We sighted the entity's written policies and procedures for payroll / personnel.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: We sighted the entity's written policies and procedures for contracts.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Results: We sighted the entity's written policies and procedures for credit cards and fuel cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: We sighted the entity's written policies and procedures for travel and expense reimbursements.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Results: We sighted the entity's written policies and procedures for ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Results: We sighted the entity's written policies and procedures for debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board / committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Results: The Marshal is an independently elected official, and there is no governing board or minutes.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Results: The Marshal is an independently elected official, and there is no governing board or minutes.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal / written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal / written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Results: The Marshal is an independently elected official, and there is no governing board or minutes.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The Marshal is an independently elected official, and there is no governing board or minutes.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Results: For the three bank accounts selected, all bank reconciliations were prepared for all twelve months for the period July 1, 2016 through June 30, 2017.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: For the three bank accounts selected, evidence existed that the bank statements were reviewed by the Fiscal Deputy; however, no evidence existed that the bank reconciliations were reviewed by the Fiscal Deputy or another person involved in management for the period July 1, 2016 through June 30, 2017.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Results: For the three bank accounts selected, two bank accounts had outstanding items over six months as of June 30, 2017. For these two accounts, no evidence existed that the entity has researched the outstanding reconciling items as of June 30, 2017.

Collections

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

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: The five individuals that are able to collect cash are all bonded. Three of these individuals have the ability to deposit cash in the bank. Additionally, two of the five individuals are responsible for recording the related transaction in the accounting system. Finally, only one of the five individuals that is able to collect cash is responsible for reconciling the related bank account. Due to the small size of the entity and the nature of cash received, no cash drawers are used.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: Management provided us with written documentation for reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual who is also responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Results: The highest week of cash collections had only three days of collections. All collections were deposited within one business day.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Daily cash collections for the highest week of cash collections were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The entity provided written policies and procedures for collections.

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

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

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card / debit card / fuel card / P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens / logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition / purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition / purchase order system.

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system.

- c) Payments for purchases were not processed without (1) an approved requisition and / or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system. All 25 transactions including a receiving report when applicable and all 25 transactions had an approved invoice.

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

Results: We sighted the entity's written policies and procedures for purchasing. The fiscal deputy who is responsible for processing payments is able to add vendors to the entity's purchasing / disbursement system.

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

Results: We sighted the entity's written policies and procedures for purchasing. The individuals who can initiate or record purchases also have signatory authority.

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

Results: We sighted the entity's written policies and procedures for purchasing. Checks are printed on blank check stock, and individuals with signatory authority do have access to print checks.

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

Results: No signature stamp or machine is utilized by the entity.

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

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

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

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

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

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

Results: For the one credit card / fuel cards selected, the statements of the card was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and / or late fees were assessed on the selected statements.

Results: For the one credit card / fuel cards selected, no finance charges and / or late charges was assessed.

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

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

Results: For the one credit card / fuel cards selected, it had supporting itemized receipts for all transactions.

- Documentation of the business / public purpose. For meal charges, there should also be documentation of the individuals participating.

Results: For the one credit card / fuel cards selected, the card selected had supporting documentation of the business/ public purpose. No meals were purchased to review documentation.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.).

Results: We sighted the entity's written policies and procedures for credit cards and fuel cards. For the one credit card / fuel cards selected, the card selected had other supporting documentation required by the entity's written policy.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing / disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Results: For the one credit card / fuel cards selected, no transactions reviewed required the solicitation of bids or quotes.

c) For each transaction, compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the one credit card / fuel cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

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

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing is complete.

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

Results: We sighted the entity's written policies and procedures for travel and expense reimbursements. No reimbursement rates exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Results: For the one employee selected, all travel and expense reimbursements were paid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Results: For the one employee selected, all travel and expense reimbursements were documented by original itemized receipts.

- Documentation of the business / public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Results: For the one employee selected, all travel and expense reimbursements documented the business / public purchase of the expense.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: We sighted the entity's written policies and procedures for travel and expense reimbursement. For the one employee selected, all travel and expense reimbursements had other supporting documentation required by the entity's written policy.

- c) Compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the one employee selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For the one employee selected, each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Results: Management provided us with a listing of all contracts in effect during the period July 1, 2016 through June 30, 2017 as well as management's representation that the listing is complete.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal / written contract that supports the services arrangement and the amount paid.

Results: For the five contracts selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain / compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Results: For the five contracts selected, none were subject to the Louisiana Public Bid Law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Results: For the five contracts selected, each contract was for a service engagement. There was no documentary evidence in the files that the entity solicited other quotes for any of the five contracts selected.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Results: For the five contracts selected, none were amended during the period July 1, 2016 through June 30, 2017.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Results: For the five contracts selected, all five of the largest payments contained supporting invoices that complied with the terms and conditions of the contract.

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

Results: For the five contracts selected, all five contracts were approved by the Marshal.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees / officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- b) Review changes made to hourly pay rates / salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees / officials (or randomly select one-third of employees / officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees / officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his / her attendance and leave. However, if the elected official is earning leave according to policy and / or contract, the official should document his / her daily attendance and leave.)

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees, only one did not document their daily attendance.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees / officials.

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees, we sighted documentation that supervisors approved all leave requests. Only one employee did not document their daily attendance.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees / officials that earn leave.

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees, we sighted written documentation of the entity's leave records.

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

Results: Management provided us with the required list of employees terminated for the period July 1, 2016 through June 30, 2017. For the two termination payments selected for this period, the payments were made in accordance with the entity's policies and were approved by management.

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

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period July 1, 2016 through June 30, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

Ethics (excluding nonprofits)

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

Results: For the five randomly selected employees, all ethics compliance documentation was provided to us and the required ethics training was completed for all employees.

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

Results: Per conversation with the Marshal, Fiscal Deputy; and Chief Deputy, the entity had no alleged ethics violations reported during the period July 1, 2016 through June 30, 2017.

Debt Service (excluding nonprofits)

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

Results: No new debt was issued during the period July 1, 2016 through June 30, 2017.

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

Results: During the period July 1, 2016 through June 30, 2017, the entity had outstanding debt related to capital leases of vehicles. All lease payments were made timely and the leases did not contain any debt reserve requirements or other covenants.

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

Results: No new debt was issued during the period July 1, 2016 through June 30, 2017.

Other

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

Results: Per conversation with the Marshal, Fiscal Deputy; and the Chief Deputy, the entity had no misappropriations of public funds or assets during the period July 1, 2016 through June 30, 2017.

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

Results: Sighted copy of the notice posted on the premises. The entity's website does not have the notice posted nor a link to the notice posted on the website.

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

Results: There were no exceptions regarding management's representations in the procedures above.



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November 27, 2017

James, Lambert Riggs & Associates, Inc.
P.O. Drawer 369
Hammond, LA 70404

Ref: Managements Response to SAUPs

Please find below the Seventh Ward Marshal's Office response to the audit of SAUPs performed by James, Lambert Riggs & Associates, Inc.

Our practice for processing bank reconciliations for the audit period of July 1, 2016 through June 30, 2017 is as follows; the Fiscal Deputy examines the bank statement for legitimate disbursements, accuracy of bank recording of transaction amounts and approved employee signatures on checks. It is then handed over to the Chief Deputy for the Quick Book Reconciliation, printing of reports, finalization and filing of material.

We have incorporated an additional step in our bank reconciliation process; once the bank reconciliation has been completed by the Chief Deputy the Fiscal Deputy will then review the bank reconciliation and all corresponding reports.

The Chief Deputy and Fiscal Deputy will design specific guidelines as to the research and handling of outstanding reconciling items.

We do have a link posted on our website in reference to article R.S. 24:523.1 that has been available for public view for five months now.

Overall the Marshal's office has found the audit process to be very beneficial. We appreciate the auditors' recommendations and have taken steps to address them in a positive manner.

We look forward to a continued relationship with your office.

With kindest regards,



Pat Farris
Marshal
7th Ward Marshal's Office
Hammond City Court



Kerry Balado
Fiscal Deputy
7th Ward Marshal's Office
Hammond City Court



Marlene Hinshaw
Chief Deputy
7th Ward Marshal's Office
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