

**CITY COURT OF HAMMOND
HAMMOND, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

City Court of Hammond
Hammond, Louisiana
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For the Year Ended June 30, 2017

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Hammond, Louisiana
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Hammond's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Hammond as of June 30, 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 City Court of Hammond's proportionate share of the net pension liability, and the schedule of the City Court of Hammond's contributions on pages 5 through 10 and 34 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

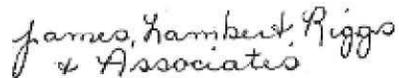
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Hammond's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head 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.

City Court of Hammond
November 9, 2017

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of the City Court of Hammond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City Court of Hammond's internal control over financial reporting and compliance.

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

James, Lambert, Riggs and Associates, Inc.

Hammond, Louisiana
November 9, 2017

Required Supplementary Information (Part I):

Management's Discussion and Analysis

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

Introduction

As management of the City Court of Hammond ("City Court"), we offer readers of the City Court's financial statements this narrative overview and analysis of the financial activities of the City Court, for the fiscal year ended June 30, 2017. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the City Court's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City Court finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the City Court based on information presented in the financial report and fiscal policies that have been adopted by the City Court. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City Court's financial activity, identify changes in the City Court's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

- At June 30, 2017, the City Court's assets exceeded its liabilities by \$1,171,559 (net position). Of this amount, \$791,644 (unrestricted net position) may be used to meet the City Court's ongoing obligations. This amount decreased by \$21,757, or 2.67% from the prior year.
- For the year ended June 30, 2017 the City Court's total net position decreased by \$43,155, or 3.55% from the prior year.
- For the year ended June 30, 2017, the City Court's total revenues decreased by \$31,307, or 1.92% from the prior year.
- For the year ended June 30, 2017, the City Court's total expenses increased by \$49,271, or 3.09% from the prior year.
- For the year ended June 30, 2017, the City Court's total liabilities decreased by \$20,518, or 8.88% from the prior year.

Government-Wide Financial Statements

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

- A. The *statement of net position* presents information on all of the City Court's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The

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

difference between the assets and liabilities are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City Court is improving or weakening.

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

Government-Wide Financial Analysis

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

	Governmental Activities			
	2017	2016	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 886,763	\$ 868,760	\$ 18,003	2.07%
Capital Assets	260,092	308,389	(48,297)	-15.66%
Restricted Assets	116,436	88,243	28,193	31.95%
Total Assets	<u>\$ 1,263,291</u>	<u>\$ 1,265,392</u>	<u>\$ (2,101)</u>	-0.17%
Deferred Outflows of Resources	<u>\$ 148,450</u>	<u>\$ 213,393</u>	<u>\$ (64,943)</u>	-30.43%
Liabilities:				
Current Liabilities	\$ 42,827	\$ 35,812	\$ 7,015	19.59%
Non-Current Liabilities	63,954	48,818	15,136	31.00%
Net Pension Liability	103,779	146,448	(42,669)	-29.14%
Total Liabilities	<u>\$ 210,560</u>	<u>\$ 231,078</u>	<u>\$ (20,518)</u>	-8.88%
Deferred Inflows of Resources	<u>\$ 29,622</u>	<u>\$ 32,993</u>	<u>\$ (3,371)</u>	-10.22%
Net Position:				
Net Investment in Capital Assets	\$ 260,092	\$ 308,389	\$ (48,297)	-15.66%
Restricted	119,823	92,924	26,899	28.95%
Unrestricted	791,644	813,401	(21,757)	-2.67%
Total Net Position	<u>\$ 1,171,559</u>	<u>\$ 1,214,714</u>	<u>\$ (43,155)</u>	-3.55%

The City Court's assets exceeded its liabilities at the close of the most recent fiscal year by \$1,171,559 (net position). Of this amount, \$791,644 are unrestricted net position. The net position decreased by \$43,155, or 3.55% from the prior year. This decrease was attributable to an increase in the court's liability to the retirement system.

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

A portion of the City Court's net positions (23%) reflects its investment in capital assets (e.g., office equipment, office furniture and fixtures, etc.), less any outstanding debt used to acquire those assets. The City Court uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City Court's net position (11%) represents resources that are designated for particular purposes. The remaining balance of unrestricted net position (\$791,644) may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

	Governmental Activities			
	2017	2016	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 754,209	\$ 776,254	\$ (22,045)	-2.84%
Operating Grants	81,960	129,543	(47,583)	-36.73%
General Revenues:				
Contribution - City of Hammond	515,006	500,000	15,006	3.00%
Other	249,233	225,918	23,315	10.32%
Total Revenues	<u>1,600,408</u>	<u>1,631,715</u>	<u>(31,307)</u>	-1.92%
Expenses:				
City Court	1,552,780	1,519,745	33,035	2.17%
Depreciation Expense	90,783	74,547	16,236	21.78%
Total Expenses	<u>1,643,563</u>	<u>1,594,292</u>	<u>49,271</u>	3.09%
Change in Net Position	(43,155)	37,423	(80,578)	-215.32%
Net Position, Beginning of the Year	<u>1,214,714</u>	<u>1,177,291</u>	<u>37,423</u>	3.18%
Net Position, End of the Year	<u>\$ 1,171,559</u>	<u>\$ 1,214,714</u>	<u>\$ (43,155)</u>	-3.55%

Operating grants for the City Court for the current year decreased by \$47,583, or 36.73%. This is attributable to a decrease in grant funding.

Other general revenue for the City Court increased by \$23,315, or 10.32%. This is attributable to an increase in the amount of monies collected from other agencies.

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 City Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City Court can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

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

As of the end of the current fiscal year, the City Court's General Fund reported an ending fund balance of \$840,549. The Judicial Building Fund reported an ending fund balance of \$119,823.

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

Fiduciary Funds

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

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

Other Supplementary Information (Budgetary Highlights)

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

- A. Budgetary Comparison Schedule – The City Court adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on Schedule 1 of this report.
- B. Analysis of Significant Budget Variances in the General Fund:
 - 1. Revenues:
 - a. Overall revenues were above the amounts budgeted by \$11,094. This was mainly attributable to an increase in Civil filings.
 - 2. Expenditures:
 - a. Office supplies expense was below the amount budgeted by \$8,138 due to the court switching to a paperless case management system during the fiscal year.

Capital Assets

The City Court's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$260,092 (net of accumulated depreciation). This investment in capital assets includes computer software, and office equipment and furniture. The total decrease in the City Court's investment in capital assets for the current fiscal year is primarily due to minimal asset additions in comparison to the last fiscal year and the depreciation of prior year assets. Major capital asset additions during the current fiscal year included computer software purchases of \$33,725.

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

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the City Court's budget for the 2017-2018 fiscal year:

For fiscal year ending June 30, 2018, there is no budgeted revenue increase in contributions from the City of Hammond or Court Costs.

There is no surplus or deficit budgeted for the fiscal year ending June 30, 2018.

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

Requests for Information

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

Basic Financial Statements

**City Court of Hammond
Hammond, Louisiana
Statement of Net Position
June 30, 2017**

Exhibit A

	Governmental Activities
Assets	
Cash & Cash Equivalents	\$ 192,237
Investments	592,060
Due from Other Governments	34,342
Due from Agency Funds	68,124
Capital Assets, Net of Accumulated Depreciation	260,092
Restricted Assets:	
Cash & Cash Equivalents	116,436
Investments	-
Total Assets	\$ 1,263,291
Deferred Outflows of Resources	
Change in Assumptions	\$ 12,378
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	103,609
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	884
Contributions Subsequent to the Measurement Date	31,579
Total Deferred Outflows of Resources	\$ 148,450
Liabilities	
Accounts Payable	\$ 14,354
Salaries and Benefits Payable	28,473
Accrued Compensated Absences	63,954
Net Pension Liability	103,779
Total Liabilities	\$ 210,560
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ 29,622
Total Deferred Inflows of Resources	\$ 29,622
Net Position	
Net Investment in Capital Assets	\$ 260,092
Restricted for Judicial Building Fund	119,823
Unrestricted	791,644
Total Net Position	\$ 1,171,559

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

Exhibit B

	<u>Governmental Activities</u>
Governmental Activities:	
City Court Operations:	
Salaries	\$ 869,696
Judges Salary and Fees	128,871
Payroll Tax & Employee Benefits	304,007
Ad Hoc Judge Fees	6,118
Computer Software & Programming	68,810
Educational Conferences & Seminars	40,756
Equipment Repairs & Maintenance	21,783
Insurance	9,437
Juvenile Service Programs	1,690
Legal and Professional Fees	22,082
Miscellaneous	29,983
Credit Card Service Charges	15,051
Office Supplies	3,719
Records Retention Management	1,240
Telephone	29,537
Depreciation Expense	90,783
Total Expenses	<u>1,643,563</u>
Program Revenues:	
Charges for Services	754,209
Operating Grants	81,960
Total Program Revenues	<u>836,169</u>
Net Program (Expense) / Revenue	(807,394)
General Revenues:	
Contributions from Other Governments	593,669
On-Behalf Payments	73,308
Interest Income	1,845
Other Income	39,510
Transfers from Civil Reserve	46,246
Contributions from Non-Employer Contributing Entities	9,661
Loss on Disposal of Capital Assets	-
Total General Revenues	<u>764,239</u>
Change in Net Position	(43,155)
Net Position - Beginning of the Year	<u>1,214,714</u>
Net Position - End of the Year	<u>\$ 1,171,559</u>

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
 Governmental Funds Balance Sheet
 June 30, 2017

Exhibit C

	General Fund	Judicial Building Fund	Total
Assets			
Cash & Cash Equivalents	\$ 192,237	\$ -	\$ 192,237
Investments	592,060	-	592,060
Due from Other Governments	34,342	-	34,342
Due from Agency Funds	61,706	6,418	68,124
Restricted Assets:			
Cash & Cash Equivalents	-	116,436	116,436
Total Assets	\$ 880,345	\$ 122,854	\$ 1,003,199
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 11,323	\$ 3,031	\$ 14,354
Salaries and Benefits Payable	28,473	-	28,473
Total Liabilities	39,796	3,031	42,827
Fund Balance:			
Restricted for:			
Judicial Building Fund	-	119,823	119,823
Unassigned	840,549	-	840,549
Total Fund Balance	840,549	119,823	960,372
Total Liabilities and Fund Balance	\$ 880,345	\$ 122,854	\$ 1,003,199

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
 Reconciliation of the Governmental Funds 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) **\$ 960,372**

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 260,092

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

Accrued Compensated Absences (63,954)

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 (103,779)

Deferred Outflows of Resources:

Changes in Assumptions 12,378

Net Difference Between Projected and Actual Earnings on Pension

Pension Plan Investments 103,609

Changes in Proportion and Differences Between City Court Contributions and

Proportionate Share of Contributions 884

Contributions Subsequent to the Measurement Date 31,579

Deferred Inflows of Resources:

Differences Between Expected and Actual Experience (29,622)

Net Position of Governmental Activities (Exhibit A) **\$ 1,171,559**

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
Statement of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2017

Exhibit E

	General Fund	Judicial Building Fund	Total
Revenues:			
Contributions:			
Criminal Docket	\$ 549,246	\$ -	\$ 549,246
Civil Fees	49,839	-	49,839
Judicial Building Fund	-	70,775	70,775
City of Hammond	515,006	-	515,006
City of Ponchatoula	24,000	-	24,000
Tangipahoa Parish Government	54,663	-	54,663
Grant Revenue	30,000	51,960	81,960
On-Behalf Payments	73,308	-	73,308
Civil Docket - Judges Fees	82,304	-	82,304
Ad Hoc Judge Fees	2,045	-	2,045
Interest Income	1,532	313	1,845
Other Fees	39,510	-	39,510
Total Revenues	1,421,453	123,048	1,544,501
Expenditures:			
Salaries	863,852	-	863,852
Judges Salary and Fees	128,871	-	128,871
Payroll Tax & Employee Benefits	275,443	-	275,443
Ad Hoc Judge Fees	6,118	-	6,118
Computer Software & Programming	18,034	50,776	68,810
Educational Conferences & Seminars	40,756	-	40,756
Equipment Repairs & Maintenance	18,896	2,887	21,783
Insurance	9,437	-	9,437
Juvenile Service Programs	1,690	-	1,690
Legal and Professional Fees	22,082	-	22,082
Miscellaneous	29,983	-	29,983
Credit Card Service Charges	15,051	-	15,051
Office Supplies	3,719	-	3,719
Records Retention Management	1,240	-	1,240
Telephone	29,537	-	29,537
Capital Outlay	-	42,486	42,486
Total Expenditures	1,464,709	96,149	1,560,858
Excess (Deficiency) of Revenues over Expenditures	(43,256)	26,899	(16,357)

(Continued)

**City Court of Hammond
Hammond, Louisiana**
Statement of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2017

Exhibit E
(Continued)

	General Fund	Judicial Building Fund	Total
Other Financing Sources:			
Transfers from Civil Reserve	46,246	-	46,246
Total Other Financing Sources	46,246	-	46,246
 Excess (Deficiency) Revenues and Other Sources over Expenditures	2,990	26,899	29,889
 Fund Balance - Beginning of the Year	837,559	92,924	930,483
Fund Balance - End of the Year	\$ 840,549	\$ 119,823	\$ 960,372

The accompanying notes are an integral part of this statement.

**City Court of Hammond
Hammond, Louisiana**

Exhibit F

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

Net Change in Fund Balances, Governmental Funds (Exhibit E)	\$	29,889
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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		42,486
Depreciation Expense		(90,783)
Disposal of Capital Assets		-

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

Change in Accrued Compensated Absences		(5,844)
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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		(28,564)
Contributions from Non-Employer Contributing Entities		<u>9,661</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(43,155)</u>
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The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
Statement of Fiduciary Net Position
June 30, 2017

Exhibit G

	Agency Funds		Total
	Civil Docket	Criminal Docket	
Assets			
Cash on Hand and in Banks	\$ 189,434	\$ 172,847	\$ 362,281
Accounts Receivable	-	156	156
Total Assets	\$ 189,434	\$ 173,003	\$ 362,437
Liabilities			
Accounts Payable	\$ 8,962	\$ 61,929	\$ 70,891
Due to General Fund	14,019	47,687	61,706
Due to Judicial Building Fund	2,600	3,818	6,418
Due to Others	163,853	59,569	223,422
Total Liabilities	\$ 189,434	\$ 173,003	\$ 362,437
Net Position	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2017

Narrative Profile

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

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

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Fund Accounting

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

Governmental Funds

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

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

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

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

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

Fiduciary Funds

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

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

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

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

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

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

Basic Financial Statements – Governmental Funds

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

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

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 City Court's operations.

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

1. The fiscal officer prepares a proposed budget and submits this budget to the Judge and Clerk of Court no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2017, was published on May 18, 2016.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

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.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Judge and Clerk of Court. The budget for the year ended June 30, 2017, was amended on May 31, 2017.
6. The budgets for the General Fund and Judicial Building Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Judge and Clerk of Court.
7. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General Fund and the Judicial Building Fund present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

E. Cash and Investments

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

F. Inventory

The City Court utilizes the “purchase method” of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City Court did not record any inventory at June 30, 2017, as the amount is immaterial.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

G. Capital Assets

All capital assets of the City Court are recorded at historical cost and are reported on the government-wide financial statements. Depreciation of all capital assets is charged as an expense against their operations. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition.

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

Depreciation expense amounted to \$90,783, for the year ended June 30, 2017.

H. Compensated Absences

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

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

I. Pension Plans

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

J. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Resources recorded in the Judicial Building Fund are considered to be restricted in accordance with LRS 13:1910.
3. Unrestricted – all other net position is reported in this category.

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

K. Fund Balance

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

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

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

As of June 30, 2017, the City Court did not have any nonspendable, committed, or assigned fund balances.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Judicial Building Fund. All annual appropriations lapse at fiscal year end. The

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

City Court was in compliance with the Local Budget Act. See Note 1 for the procedures the City Court follows regarding budgets and budgetary accounting.

B. Deposits, Investment Laws and Regulations

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

C. Deficit Fund Equity

As of June 30, 2017, no City Court funds had deficit fund balances.

3. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the City Court has cash totaling \$308,673 (of which \$116,436 is restricted) and investments totaling \$592,060 (of which \$0 is restricted) at June 30, 2017. Total cash from fiduciary responsibilities not reported on the government-wide financial statements was \$362,281.

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)	\$ 887,242
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the City Court's name	444,173
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>\$ 1,331,415</u>

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

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the City Court's deposits may not be returned to it. The City Court does not have a deposits policy for custodial risk. As of June 30, 2017, the City Court was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

4. Due From Other Governments

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

City of Hammond	\$	31,665
FINS Counseling Grant		2,489
Louisiana Department of Public Safety		188
Less: Allowance for Uncollectible Accounts		-
	<u>\$</u>	<u>34,342</u>

5. Interfund Receivables / Payables

The following is a summary of interfund receivables / payables at June 30, 2017:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Criminal Agency Fund	\$ 47,687	\$ -
Civil Agency Fund	14,019	-
Judicial Building Fund:		
Criminal Agency Fund	3,818	
Civil Agency Fund	2,600	-
Civil Agency Fund:		
General Fund	-	14,019
Judicial Building Fund	-	2,600
Criminal Agency Fund:		
General Fund	-	47,687
Judicial Building Fund	-	3,818
	<u>\$ 68,124</u>	<u>\$ 68,124</u>

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

6. Capital Assets

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

Governmental Activities	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Building Improvements	\$ 40,954	\$ -	\$ -	\$ 40,954
Furniture & Fixtures	76,236	936	-	77,172
Software	188,125	33,725	-	221,850
Equipment	394,745	7,825	5,212	397,358
Total	700,060	42,486	5,212	737,334
Accumulated Depreciation	391,671	90,783	5,212	477,242
Capital Assets, Net	<u>\$ 308,389</u>	<u>\$ (48,297)</u>	<u>\$ -</u>	<u>\$ 260,092</u>

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

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

7. Accounts, Salaries, and Other Payables

Accounts payable at June 30, 2017, consisted of the following:

	General Fund	Judicial Building Fund	Total
Accounts Payable	\$ 11,323	\$ 3,031	\$ 14,354
Salaries & Benefits Payable	28,473	-	28,473
	<u>\$ 39,796</u>	<u>\$ 3,031</u>	<u>\$ 42,827</u>

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

General Information about the Pension Plan

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

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0% of the employee’s final compensation multiplied by the employee’s years of creditable service. Employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

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

Contributions – Per Act 765 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 3.00% of their annual pay. The City Court's contractually required contribution rate was 8.00% for the period July 1, 2016 to June 30, 2017. Contributions to the System from the City Court were \$63,157 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 City Court reported a liability of \$103,779 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's June 30, 2017, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the City Court's proportion was 0.798868%, which was a decrease of 0.023663% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the City Court recognized pension expense of \$96,895. At June 30, 2017, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 29,622
Changes of Assumptions	12,378	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	103,609	-
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	884	-
City Court Contributions Subsequent to the Measurement Date	31,579	-
	<u>\$ 148,450</u>	<u>\$ 29,622</u>

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

\$31,579 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	\$ 28,935
June 30, 2018	35,818
June 30, 2019	24,889
June 30, 2020	(2,921)
June 30, 2021	-
Thereafter	-

Actuarial Assumptions – The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)
Investment Rate of Return	7.00%, 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 beneficiaries, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The mortality rate assumption used in the December 31, 2016, valuation was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real Assets	2.00%	0.12%
Total	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City Court’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City Court’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City Court’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
City Court's Proportionate Share of the Net Pension Liability	\$ 394,540	\$ 103,779	\$ (141,664)

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 City Court owed \$21,188 to the System for the City Court’s 2nd quarter 2017 payroll contribution.

9. On-Behalf Payments for Salaries and Benefits

The City Court follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which requires the City Court to report in the financial statements on-behalf

City Court of Hammond
Hammond, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

salary and fringe benefit payments made by the State to the City Court Judge and salary and fringe benefits payments made by Tangipahoa Parish Council to the Judge and the City Court's employees.

Supplementary salary payments are made by the State directly to the City Court Judge and from the Parish Council to the Judge and the City Court's employees. The City Court is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State and the Parish Council. For the fiscal year ended June 30, 2017, the State and Parish Council paid \$40,808 in supplemental salary payments to the City Court Judge and the Parish Council made supplementary salary and benefit payments of \$32,500 to the City Court's employees.

10. Compensated Absences

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

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

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

At June 30, 2017, employees of the City Court have accumulated and vested \$63,954 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded as an obligation of the government-wide liabilities.

11. Judges' Supplemental Compensation Fund

The Judges' Supplemental Compensation Fund was created to be used solely and exclusively for salary supplements to Judges and commissioners, for related costs of state or municipal retirement funds, and for necessary and associated administrative expenses. A non-refundable fee has been set for every civil filing. The Clerk of Court is required to remit these fees collected to the state treasurer on a monthly basis. The total fees paid for the year ended June 30, 2017, were \$44,634.

Required Supplemental Information (Part II):
Budgetary Comparison Schedules

City Court of Hammond
Hammond, Louisiana
 Budgetary Comparison Schedule – General Fund
 For the Year Ended June 30, 2017

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Contributions:				
Criminal Docket	\$ 578,150	\$ 542,396	\$ 549,246	\$ 6,850
Civil Fees	45,000	45,500	49,839	4,339
City of Hammond	515,000	515,000	515,006	6
City of Ponchatoula	25,000	25,000	24,000	(1,000)
Tangipahoa Parish Government	51,821	51,821	54,663	2,842
Grant Revenue	10,000	30,000	30,000	-
On-Behalf Payments	80,114	80,114	73,308	(6,806)
Civil Docket - Judges Fees	72,000	78,238	82,304	4,066
Ad Hoc Judge Fees	4,000	2,000	2,045	45
Interest Income	1,500	1,500	1,532	32
Other Fees	12,800	38,790	39,510	720
Total Revenues	<u>1,395,385</u>	<u>1,410,359</u>	<u>1,421,453</u>	<u>11,094</u>
Expenditures:				
Salaries	862,974	862,829	863,852	(1,023)
Judges Salary and Fees	131,539	135,677	128,871	6,806
Payroll Tax & Employee Benefits	264,376	283,411	275,443	7,968
Ad Hoc Judge Fees	3,000	6,118	6,118	-
Computer Software & Programming	13,464	18,034	18,034	-
Educational Conferences & Seminars	29,450	23,695	22,989	706
Equipment Repairs & Maintenance	5,500	20,256	18,896	1,360
Insurance	8,622	9,215	9,437	(222)
Juvenile Service Programs	2,460	1,921	1,690	231
Legal and Professional Fees	19,375	22,910	22,082	828
Miscellaneous	22,085	28,083	29,983	(1,900)
Office Supplies	20,000	29,624	21,486	8,138
Records Retention Management	500	1,240	1,240	-
Rent	-	-	-	-
Telephone	32,040	28,250	29,537	(1,287)
Uniforms	-	-	-	-
Secure Deposit Pickup	-	14,100	15,051	(951)
Capital Outlay	5,000	-	-	-
Total Expenditures	<u>1,420,385</u>	<u>1,485,363</u>	<u>1,464,709</u>	<u>20,654</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>(25,000)</u>	<u>(75,004)</u>	<u>(43,256)</u>	<u>31,748</u>

(Continued)

**City Court of Hammond
Hammond, Louisiana**
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2017

Schedule 1
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Other Financing Sources:				
Transfers from Civil Reserve	25,000	46,246	46,246	-
Total Other Financing Sources	<u>25,000</u>	<u>46,246</u>	<u>46,246</u>	<u>-</u>
 Excess (Deficiency) of Revenues and Other Sources over Expenditures	 -	 (28,758)	 2,990	 31,748
 Fund Balance - Beginning of the Year	 <u>797,283</u>	 <u>837,559</u>	 <u>837,559</u>	 <u>-</u>
Fund Balance - End of the Year	<u>\$ 797,283</u>	<u>\$ 808,801</u>	<u>\$ 840,549</u>	<u>\$ 31,748</u>

See auditor's report.

City Court of Hammond
Hammond, Louisiana
 Budgetary Comparison Schedule – Judicial Building Fund
 For the Year Ended June 30, 2017

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Judicial Building Fund Fees	\$ 60,000	\$ 60,000	\$ 70,775	\$ 10,775
Grant Revenue	-	51,960	51,960	-
Interest Income	400	300	313	13
Total Revenues	60,400	112,260	123,048	10,788
Expenditures:				
Computer Software & Programming	27,036	32,245	50,776	(18,531)
Equipment Repairs & Maintenance	8,764	2,887	2,887	-
Equipment Rental & Lease	5,000	-	-	-
Capital Outlay	2,500	57,986	42,486	15,500
Total Expenditures	43,300	93,118	96,149	(3,031)
Excess (Deficiency) of Revenues over Expenditures	17,100	19,142	26,899	7,757
Other Financing Sources:				
Transfer of Investment Earnings	-	-	-	-
Total Other Financing Sources	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	17,100	19,142	26,899	7,757
Fund Balance - Beginning of the Year	93,234	92,924	92,924	-
Fund Balance - End of the Year	\$ 110,334	\$ 112,066	\$ 119,823	\$ 7,757

See auditor's report.

**City Court of Hammond
Hammond, Louisiana**

Schedule 3

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

<u>Fiscal Year*</u>	<u>City Court's Proportion of the Net Pension Liability</u>	<u>City Court's Proportionate Share of the Net Pension Liability</u>	<u>City Court's Covered Employee Payroll</u>	<u>City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2017	0.798868%	\$ 103,779	\$ 720,982	14.39%	96.54%
2016	0.822531%	\$ 146,448	\$ 615,668	23.79%	93.48%
2015	0.847937%	\$ 2,355	\$ 619,323	0.38%	99.89%
2014	0.820612%	\$ 1,398	\$ 599,636	0.23%	99.93%

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

See auditor's report.

**City Court of Hammond
Hammond, Louisiana**

Schedule 4

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

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

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

See auditor's report.

Other Supplemental Information

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

Schedule 5

Agency Head: Honorable Grace B. Gasaway, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 132,796
Benefits - Insurance	-
Benefits - Retirement	-
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	970
Per Diem	-
Reimbursements	-
Travel	48
Registration Fees	1,620
Conference Travel	2,903
Housing	3,503
Unvouchered Expenses	-
Special Meals	-
Other	101
	<u>\$ 141,941</u>

**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



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Member of
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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 Grace Bennett Gasaway
City Court of Hammond
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Hammond's basic financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control over Financial Reporting

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

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

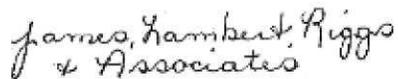
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Hammond's financial statements are free 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

James, Lambert, Riggs and Associates, Inc.

Hammond, Louisiana
November 9, 2017

City Court of Hammond
Hammond, Louisiana
Schedule of Current Year Audit Findings, Recommendations, and Responses
For the Year Ended June 30, 2017

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

City Court of Hammond
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

<u>Ref. #</u>	<u>Fiscal Year Findings Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
---------------	--	--------------------------------	--------------------------------

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

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

CITY COURT OF HAMMOND
STATEWIDE AGREED-UPON PROCEDURES 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
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Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the City Court of Hammond and the Louisiana Legislative Auditor (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 City Court of Hammond'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.

Hammond, Louisiana
November 9, 2017

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 City Court of Hammond'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 City Court of Hammond's written policies and procedures for purchasing.

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

Results: We sighted the City Court of Hammond's written policies and procedures for disbursements.

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

Results: We sighted the City Court of Hammond'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 City Court of Hammond'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 City Court of Hammond'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: Since the City Court of Hammond does not have any credit cards, debit cards, or fuel cards, the City Court of Hammond does not have written policies and procedures for credit cards, debit 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 City Court of Hammond'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 City Court of Hammond'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: Since the City Court of Hammond has never had to issue debt, the City Court of Hammond does not have 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 Judge is an independently elected official with no governing board or minutes. The Judge, Clerk of Court, and Chief Financial Officer, however, do meet regularly to review financials.

- 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 Judge is an independently elected official with no governing board or minutes. The Judge, Clerk of Court, and Chief Financial Officer, however, do meet regularly to review financials.

- 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 Judge is an independently elected official with no governing board or minutes. The Judge, Clerk of Court, and Chief Financial Officer, however, do meet regularly to review financials.

- 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 Judge is an independently elected official with no governing board or minutes. The Judge, Clerk of Court, and Chief Financial Officer, however, do meet regularly to review financials.

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 5 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 5 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 5 bank accounts selected, all bank reconciliations were reviewed by a member of 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 6 months as of the end of the fiscal period.

Results: For the 5 bank accounts selected, 4 accounts had outstanding items over 6 months as of June 30, 2017. For these 4 accounts, no evidence existed that the City Court of Hammond 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 5 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: Each person responsible for collecting cash is bonded. Each person responsible for collecting cash is not responsible for depositing the cash in the bank, does not record the related transaction, and does not reconcile the related bank account. Each person responsible for collecting cash has their own cash drawer.

- 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 or reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not 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: All days' collections for the highest week of cash collections were deposited within 1 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: We sighted the City Court of Hammond's 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: The City Court of Hammond 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: The City Court of Hammond 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: The City Court of Hammond does not utilize a purchase order system. For the 25 transactions selected, all 25 included a receiving report, when applicable and an associated invoice. 2 invoices, however, did not contain proper approval.

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 individual 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 City Court of Hammond's written policies and procedures for purchasing. The individuals who can initiate or record purchases do not 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 City Court of Hammond's written policies and procedures for purchasing. Checks are printed on blank check stock, and individuals with signatory authority do not 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 City Court of Hammond.

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 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 cardholder. [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 Office Depot card selected, there were no purchases made for the covered period.

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

Results: For the one Office Depot card selected, no finance charges and / or late charges were 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 Office Depot card selected, there were no purchases made for the covered period.

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

Results: For the one Office Depot card selected, there were no purchases for the covered period.

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

Results: For the one Office Depot card selected, there were no purchases for the covered period.

- 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 Office Depot card 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 Office Depot card 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 City Court of Hammond's written policies and procedures for travel and expense reimbursements. No reimbursement rates exceeded GSA rates or LA Travel Guide 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 3 employees 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 3 employees 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 3 employees 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 City Court of Hammond's written policies and procedures for travel and expense reimbursements. For the 3 employees selected, all 3 employee reimbursements had other supporting documentation required by the City Court of Hammond'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 3 employees 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 3 employees 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: There were no formal / written contracts for the covered period of July 1, 2016 through June 30, 2017.

- 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: There were no formal / written contracts for the covered period of July 1, 2016 through June 30, 2017.

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

Results: There were no formal / written contracts for the covered period of July 1, 2016 through June 30, 2017.

- 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: There were no formal / written contracts for the covered period of 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: There were no formal / written contracts for the covered period of July 1, 2016 through June 30, 2017.

- 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: There were no formal / written contracts for the covered period of July 1, 2016 through June 30, 2017.

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 the twenty-five selected employees, all employees documented their daily attendance and leave.

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

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 attendance and leave.

- 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 City Court of Hammond'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: There were no employees terminated for the period July 1, 2016 through June 30, 2017.

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 Chief Financial Officer, Amy Giannobile, the City Court of Hammond 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 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: No outstanding debt existed for the period July 1, 2016 through June 30, 2017.

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: The City Court of Hammond had no tax millages relating to debt service 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 Amy Giannobile, Chief Financial Officer, the City Court of Hammond 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 and on the City Court of Hammond's 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.

Grace Bennett Gasaway
Judge



303 East Thomas Street
Hammond, Louisiana 70401

Pat Farris
Marshal

City Court of Hammond
7th Ward - Tangipahoa Parish
State of Louisiana

Guy Recotta, Jr.
Clerk of Court

November 17, 2017

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

Dear Paul,

The City Court of Hammond retains overpayments of its customers in both the Civil and Criminal divisions. There have been attempts made by the court to refund these overpayments to customers by checks sent to their addresses of record. The checks have been lost in the mail or returned unclaimed.

The court shall seek to remedy this pursuant to LSA-R.S. 9:159.

Respectfully yours

Guy Recotta, Jr.
Clerk of Court