

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

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
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**For the Year Ended June 30, 2018**

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

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



JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS  
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## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Marshal's Office, City Court of Hammond's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the Marshal's proportionate share of the net pension liability, and the schedule of Marshal contributions on pages 5 to 9, and 32 to 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshal's Office, City Court of Hammond's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of the Marshal's Office, City Court of Hammond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshal's Office, City Court of Hammond's internal control over financial reporting or on compliance. That report is an integral part

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

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

*James Lambert Riggs  
& Associates*

James Lambert Riggs & Associates, Inc.

Hammond, Louisiana  
November 7, 2018

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

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

**Introduction**

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

**Financial Highlights**

- At June 30, 2018, the Marshal's net position is a negative \$155,930. This amount decreased by \$65,886 or 29.70% from the prior year. Net position is reflecting a negative balance due to the recognition of Net Pension Liability in the 2017 – 2018 fiscal year.
- Total revenues for the Marshal decreased by \$4,800, or 0.67%, from the 2017 – 2018 fiscal year.
- For the year ended June 30, 2018, total expenses for the Marshal increased by \$32,612 or 5.30%, from the prior year.

**Overview of Annual Financial Report**

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

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

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

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

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2018

**Financial Analysis**

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

**Condensed Statement of Net Position**

	Governmental Activities			
	2018	2017	\$ Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 512,213	\$ 482,041	\$ 30,172	6.26%
Prepaid Insurance	11,766	13,517	(1,751)	-12.95%
Capital Assets	7,715	16,094	(8,379)	-52.06%
Total Assets	\$ 531,694	\$ 511,652	\$ 20,042	3.92%
Deferred Outflows of Resources	\$ 231,841	\$ 305,082	\$ (73,241)	-24.01%
<b>Liabilities:</b>				
Current Liabilities	\$ 12,746	\$ 27,394	\$ (14,648)	-53.47%
Non-Current Liabilities	9,058	10,066	(1,008)	-10.01%
Net Pension Liability	777,133	862,361	(85,228)	-9.88%
Total Liabilities	\$ 798,937	\$ 899,821	\$ (100,884)	-11.21%
Deferred Inflows of Resources	\$ 120,528	\$ 138,729	\$ (18,201)	-13.12%
<b>Net Position</b>				
Net Investment in Capital Assets	\$ (2,289)	\$ 3,237	\$ (5,526)	-170.71%
Unrestricted	(153,641)	(225,053)	71,412	-31.73%
Total Net Position	\$ (155,930)	\$ (221,816)	\$ 65,886	-29.70%

The Marshal's liabilities exceeded its assets at the close of the most recent fiscal year by \$155,930 (net position). Of this amount, a negative \$153,641 is unrestricted net position.

A portion of the Marshal's net position reflects its investment in capital assets (e.g., equipment, vehicles, furniture, etc.) less any related debt used to acquire those assets that is still outstanding. At the present time, the net investment in capital assets is 1.47% of total net position. The Marshal uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2018

**Condensed Statement of Activities**

	Governmental Activities			
	2018	2017	\$ Change	% Change
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 246,528	\$ 93,803	\$ 152,725	162.81%
General Revenues:				
Contribution - City of Hammond	320,000	370,000	(50,000)	-13.51%
Other	147,073	254,598	(107,525)	-42.23%
Total Revenues	<u>713,601</u>	<u>718,401</u>	<u>(4,800)</u>	-0.67%
<b>Expenses:</b>				
Salaries and Related Benefits	492,568	478,753	13,815	2.89%
Operating and Other Charges	145,963	126,625	19,338	15.27%
Interest on Debt Service	-	182	(182)	-100.00%
Depreciation	9,184	9,543	(359)	-3.76%
Total Expenses	<u>647,715</u>	<u>615,103</u>	<u>32,612</u>	5.30%
Change in Net Position	65,886	103,298	(37,412)	-36.22%
Net Position, Beginning of Year	<u>(221,816)</u>	<u>(325,114)</u>	<u>103,298</u>	-31.77%
Net Position, End of Year	<u>\$ (155,930)</u>	<u>\$ (221,816)</u>	<u>\$ 65,886</u>	-29.70%

For the year ended June 30, 2018 revenues from charges for services increased by \$152,725 or 162.81% from the prior year. This is attributable to the State law that was passed to set the Marshal's salary at \$111,585, therefore allowing the majority of the civil fees collected to be deposited into the General Fund. Other revenues decreased by \$107,525 or 42.23% from the prior year. This is attributable to substantial cuts the Marshal sustained from Tangipahoa Parish, the City of Hammond, and the City of Ponchatoula during this fiscal year.

Salaries and related benefits during the current year increased by \$13,815, or 2.89%, over the amount from last year. This increase is primarily attributable to the portion of civil fees that are currently making up the Marshal's set salary of \$111,585, which are now included in this Salaries and Related Benefits. Operating and other charges during the current year increased by \$19,338, or 15.27%, from the prior year amount due primarily to overall increases in operating costs.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2018

**Fund Financial Statements**

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

*Governmental Funds*

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

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

As of the end of the current fiscal year, the Marshal's General Fund reported an ending fund balance of \$500,413. The Marshal has followed the recommendation from its auditors to retain a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

*Fiduciary Funds*

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

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages indicated in the table of contents.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2018

**Other Supplementary Information**

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

- A. Budgetary Comparison Schedule – The Marshal adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on Schedule 1.
- B. Analysis of Significant Budget Variances in the General Fund:
  - 1. Revenues:
    - a. Revenues from Criminal Court Fees and Civil Fees were more than budgeted by \$63,922. This increase in revenue is attributable to the law that changed the Marshal's salary and allowed the majority of the civil fees to go directly into the General Fund of the office.
    - b. Intergovernmental Income was less than budgeted by \$14,136. This is directly attributable to budgetary cuts the Marshal sustained from Tangipahoa Parish Government.
    - c. Miscellaneous Income was more than budgeted by \$9,525. This is primarily attributable to insurance proceeds from a vehicle that was totaled and also proceeds from a vehicle that was sent to auction.

**Capital Assets**

The Marshal's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$7,715 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, fixtures, software, and automobiles. The recording of \$9,184 in depreciation resulted in a total decrease in the Marshal's investment in capital assets for the current fiscal year. Additional information on the Marshal's capital assets can be found in Note 5 of this report.

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

For fiscal year ending June 30, 2019, the budgeted revenue from the City of Hammond will be \$320,000. The Tangipahoa Parish Council reimbursement for salaries and salary related expenses will be \$121,550 for the 2018 – 2019 fiscal year. By the end of the June 30, 2018, fiscal year, the unreserved fund balance in the General Fund was \$500,413. There is no surplus or deficit budgeted for the fiscal year ending June 30, 2019.

**Requests for Information**

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

## **Basic Financial Statements**

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Statement of Net Position**  
**June 30, 2018**

Exhibit A

		<u>Governmental Activities</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$	253,543
Investments		232,618
Accrued Interest Receivable		1,574
Due from Other Governments		11,818
Due from Agency Fund		12,660
Prepaid Insurance		11,766
Capital Assets, Net of Accumulated Depreciation		<u>7,715</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>531,694</u></b>
<b>Deferred Outflows of Resources</b>		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$	156,711
Changes in Assumptions		12,995
Contributions Subsequent to the Measurement Date		<u>62,135</u>
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b><u>231,841</u></b>
<b>Liabilities</b>		
Accounts Payable	\$	9,284
Salaries and Benefits Payable		2,516
Promissory Notes Payable		946
Non-Current Liabilities:		
Accrued Compensated Absences		9,058
Net Pension Liability		<u>777,133</u>
<b>Total Liabilities</b>	<b>\$</b>	<b><u>798,937</u></b>
<b>Deferred Inflows of Resources</b>		
Differences Between Expected and Actual Experience	\$	23,668
Changes in Proportion and Differences Between Marshal Contributions and Proportionate Share of Contributions		<u>96,860</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b><u>120,528</u></b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$	(2,289)
Unrestricted		<u>(153,641)</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>(155,930)</u></b>

The accompanying notes are an integral part of this statement.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Exhibit B

	<u>Governmental Activities</u>
<b>Expenses:</b>	
<b>Marshal's General Operations:</b>	
Salaries & Related Benefits	\$ 492,568
Automobile	23,577
Computer Maintenance	4,070
Insurance	75,061
Office Supplies and Telephone	18,622
Legal and Accounting	21,291
Other Expenditures	3,342
Interest on Debt Service	-
Depreciation Expense	<u>9,184</u>
<b>Total Expenses</b>	<b>647,715</b>
<b>Program Revenues:</b>	
Charges for Services	<u>246,528</u>
<b>Total Program Revenues</b>	<b>246,528</b>
Net Program (Expense)	(401,187)
<b>General Revenues:</b>	
City of Hammond Appropriations	320,000
City of Ponchatoula Appropriations	-
Intergovernmental Revenues	107,414
On-Behalf Payments from State	18,000
Miscellaneous Income	10,225
Transfer from Civil Account	-
Pension Contributions from Non-Employer Contributing Entities	<u>11,434</u>
<b>Total General Revenues</b>	<b><u>467,073</u></b>
Change in Net Position	65,886
<b>Net Position - Beginning of the Year</b>	<u>(221,816)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (155,930)</u></b>

The accompanying notes are an integral part of this statement.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Governmental Fund Balance Sheet  
June 30, 2018

Exhibit C

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 253,543
Investments	232,618
Accrued Interest Receivable	1,574
Due from Other Governments	11,818
Due from Agency Fund	<u>12,660</u>
 Total Assets	 <u>\$ 512,213</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts Payable	\$ 9,284
Salaries and Benefits Payable	<u>2,516</u>
Total Liabilities	11,800
Fund Balance:	
Unassigned	<u>500,413</u>
Total Fund Balance	<u>500,413</u>
 Total Liabilities and Fund Balance	 <u>\$ 512,213</u>

The accompanying notes are an integral part of this statement.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
 Reconciliation of the Governmental Fund Balance Sheet to the  
 Government-Wide Statement of Net Position  
 For the Year Ended June 30, 2018

Exhibit D

<b>Total Fund Balances, Governmental Funds (Exhibit C)</b>	<b>\$</b>	<b>500,413</b>
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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		7,715
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Prepaid insurance is not accrued and is therefore not reported in the governmental funds.

Prepaid Insurance		11,766
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Promissory Note Payable		(946)
Accrued Compensated Absences		(9,058)

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

Net Pension Liability		(777,133)
Total Deferred Outflows of Resources		231,841
Total Deferred Inflows of Resources		<u>(120,528)</u>

<b>Net Position of Governmental Activities (Exhibit A)</b>	<b>\$</b>	<b><u>(155,930)</u></b>
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The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2018

Exhibit E

	<u>General Fund</u>
<b>Revenues:</b>	
Criminal Court Fees	\$ 244,052
Marshal's Bond Fees	2,476
City of Hammond Appropriations	320,000
City of Ponchatoula Appropriations	-
Intergovernmental	107,414
On-Behalf Payments by State	18,000
Miscellaneous Income	10,225
Transfer from Civil Account	-
<b>Total Revenues</b>	<b>702,167</b>
 <b>Expenditures:</b>	
General Government:	
Salaries & Related Benefits:	
Marshal	82,027
Deputies	285,354
Payroll Taxes	30,119
Retirement Contributions	62,135
Hospitalization Insurance	51,687
Automobile	23,577
Computer Maintenance	4,070
Insurance	73,310
Office Supplies and Telephone	18,622
Legal and Accounting	21,291
Other Expenditures	3,342
Capital Outlay	805
Debt Service	2,853
<b>Total Expenditures</b>	<b>659,192</b>
 Excess of Revenues over Expenditures	 42,975
 <b>Fund Balance - Beginning of the Year</b>	 457,438
<b>Fund Balance - End of the Year</b>	<b>\$ 500,413</b>

The accompanying notes are an integral part of this statement.

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

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended June 30, 2018

<b>Net Change in Fund Balances, Governmental Funds (Exhibit E)</b>	<b>\$</b>	<b>42,975</b>
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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		805
Depreciation Expense		(9,184)

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

Prior Year Prepaid Insurance		(13,517)
Current Year Prepaid Insurance		11,766

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

Proceeds		-
Repayments		2,853

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		18,754
Contributions from Non-Employer Contributing Entities		11,434

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		-
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<b>Change in Net Position of Governmental Activities (Exhibit B)</b>	<b>\$</b>	<b><u>65,886</u></b>
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The accompanying notes are an integral part of this statement.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Fiduciary Net Position  
June 30, 2018

Exhibit G

	<u>Civil Agency Fund</u>
<b>Assets</b>	
Cash on Hand and in Banks	\$ 52,858
Total Assets	<u>\$ 52,858</u>
<b>Liabilities</b>	
Due to General Fund	\$ 12,660
Due to Others	<u>40,198</u>
Total Liabilities	<u>\$ 52,858</u>
<b>Net Position</b>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

## Marshal's Office – City Court of Hammond

### Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2018

#### Narrative Profile

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

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

#### 1. Summary of Significant Accounting Policies

##### A. Financial Reporting Entity

The Marshal is an independently elected official; however, the Marshal is fiscally dependent on the City. The City maintains and operates the building in which the Marshal is located and provides funds for salaries, equipment, and expenditures of the Marshal. Because the Marshal is fiscally dependent on the City, the Marshal was determined to be a component unit of the City, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

##### B. Fund Accounting

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

##### *Governmental Fund*

Governmental funds account for all of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

General Fund – the general operating fund of the Marshal and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose, provided it is expended or transferred in accordance with state and federal laws and according to the Marshal's policy.

*Fiduciary Fund*

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

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

C. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

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

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

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the operations of the Marshal.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

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

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

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

**D. Budgets and Budgetary Accounting**

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

1. The fiscal deputy prepares a proposed budget and submits this budget to the Marshal no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2018, was published on May 18, 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, 2018, on June 2, 2017.
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, 2018, was adopted on June 26, 2017.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Marshal. The budget for the year ended June 30, 2018, was not amended.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended, if applicable, by the Marshal.
7. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets, if applicable. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended, if applicable. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

E. Cash, Cash Equivalents, and Investments

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

F. Prepaid Items

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

G. Capital Assets

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

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

H. Compensated Absences

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

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

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

I. Pension Plans

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

J. Equity Classifications

*Government-Wide Net Position:*

Government-wide net position is divided into three components:

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

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

*Governmental Fund Balances:*

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

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



**Marshal's Office – City Court of Hammond**  
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Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

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

K. Estimates

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

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

B. Deposits, Investment Laws and Regulations

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

C. Deficit Fund Equity

As of June 30, 2018, no funds of the Marshal had deficit fund equities.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

As reflected on Exhibit A, the Marshal has cash and cash equivalents totaling \$253,543 and investments totaling \$232,618 at June 30, 2018. Total cash from fiduciary responsibilities not reported on the government-wide financial statements was \$52,858. 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, 2018, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 586,476
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the Marshal's name	-
Uninsured and Uncollateralized	4,014
Total Deposits	<u>\$ 590,490</u>

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

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. The Marshal does not have a deposits policy for custodial risk. As of June 30, 2018, the Marshal was in compliance with state law, which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

**4. Due from Other Governments**

Amounts due from other governmental units at June 30, 2018, consisted of the following:

City of Hammond	\$ 9
City Court of Hammond	11,809
Less: Allowance for Uncollectible Accounts	-
	<u>\$ 11,818</u>

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities	Balance 07/01/17	Additions	Deductions	Balance 06/30/18
Office Equipment	\$ 106,711	\$ 805	\$ -	\$ 107,516
Software	65,259	-	-	65,259
Automobiles	109,237	-	(14,592)	94,645
Total	281,207	805	(14,592)	267,420
Accumulated Depreciation:				
Office Equipment	104,542	1,004	-	105,546
Software	54,379	5,327	-	59,706
Automobiles	106,192	2,853	(14,592)	94,453
Total	265,113	9,184	(14,592)	259,705
Capital Assets, Net	\$ 16,094	\$ (8,379)	\$ -	\$ 7,715

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

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

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

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

Plan Description – Employees of the Marshal are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at [www.mersla.com/annual-reports](http://www.mersla.com/annual-reports). The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, LA 70809, or at (225) 925-4810.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are generally determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits under age 60 with 5 years of service. Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

Contributions – Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 9.50% of their annual pay. The Marshal's contractually required contribution rate for the year ended June 30, 2018, was 24.75% of annual payroll. Contributions to the System from the Marshal were \$62,135 for the year ended June 30, 2018.

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

At June 30, 2018, the Marshal reported a liability of \$777,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Marshal's proportion of the net pension liability was based on a projection of the Marshal's June 30, 2018, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Marshal's proportion was 0.185765%, which was a decrease of 0.024633% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Marshal recognized pension expense of \$44,124. At June 30, 2018, the Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 23,668
Changes in Assumptions	12,995	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	156,711	-
Changes in Proportion and Differences Between Marshal Contributions and Proportionate Share of Contributions	-	96,860
Marshal Contributions Subsequent to the Measurement Date	62,135	-
	\$ 231,841	\$ 120,528

\$62,135 reported as deferred outflows of resources related to pensions resulting from the Marshal's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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, 2018	(28,028)
June 30, 2019	36,379
June 30, 2020	34,002
June 30, 2021	7,030
Thereafter	-

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

Actuarial Assumptions – The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Life	3-Years
Investment Rate of Return	7.40%, Net of Investment Expense
Inflation	2.775%
Salary Increases	5.0% (2.775% Inflation, 2.225% Merit)
Annuitant and Beneficiary Mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee Mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 for females.

The actuarial assumptions used in the June 30, 2017, valuation were verified by combining data from the System with three other Louisiana statewide pension plans which have similar compositions in order to produce a credible experience. The data collected for this study covered the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	2.30%
Public Fixed Income	35.00%	1.60%
Alternatives	15.00%	0.70%
Total	100.00%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

Discount Rate – The discount rate used to measure the total pension liability was 7.40% for the year ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined 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 Marshal's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Marshal's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

	1.0% Decrease (6.40%)	Current Discount Rate (7.40%)	1.0% Increase (8.40%)
Marshal's Proportionate Share of the Net Pension Liability	\$ 990,327	\$ 777,133	\$ 595,286

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, 2018, the Marshal owed \$-0- to the System for the Marshal's June 2018 payroll.

**Marshal's Office – City Court of Hammond  
Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

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

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

Supplementary salary payments are made by the State directly to the Marshal and deputies. The Marshal is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State. For the fiscal year ended June 30, 2018, the State paid \$18,000 in supplemental salary payments to the Marshal and deputies.

**8. Deferred Compensation Plan**

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

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

At June 30, 2018, \$4,400 was applicable to employees of the Marshal.

**9. Changes in Long-Term Debt**

The following is a summary of debt transactions for the Marshal for the year ended June 30, 2018:

Type of Debt	Balance at 07/01/17	Issuances	Payments	Balance at 06/30/18	Due Within One Year
Promissory Notes	3,799	-	2,853	946	946
Total	<u>\$ 3,799</u>	<u>\$ -</u>	<u>\$ 2,853</u>	<u>\$ 946</u>	<u>\$ 946</u>

*Promissory Notes:*

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

\$ 946

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2018

The annual requirements to amortize all debt outstanding at June 30, 2018, including interest payments of \$243 are as follows:

Year Ended	Promissory Note	Totals
June 30, 2019	\$ 1,189	\$ 1,189
Less: Interest Portion	(243)	(243)
	\$ 946	\$ 946



**Required Supplemental Information (Part II)**

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended June 30, 2018

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Criminal Court Fees	\$ 180,130	\$ 180,130	\$ 244,052	\$ 63,922
Marshal's Bond Fees	2,200	2,200	2,476	276
City of Hammond Appropriations	320,000	320,000	320,000	-
Intergovernmental	121,550	121,550	107,414	(14,136)
On Behalf Payments by State	18,000	18,000	18,000	-
Miscellaneous Income	700	700	10,225	9,525
Transfer from Civil Account	25,000	25,000	-	(25,000)
<b>Total Revenues</b>	<u>667,580</u>	<u>667,580</u>	<u>702,167</u>	<u>34,587</u>
<b>Expenditures:</b>				
General Government:				
Salaries & Related Benefits:				
Marshal	83,535	83,535	82,027	1,508
Deputies	284,465	284,465	285,354	(889)
Payroll Taxes	32,000	32,000	30,119	1,881
Retirement Contributions	61,100	61,100	62,135	(1,035)
Hospitalization Insurance	43,000	43,000	51,687	(8,687)
Automobile	25,500	25,500	23,577	1,923
Computer Maintenance	5,020	5,020	4,070	950
Insurance	78,865	78,865	73,310	5,555
Office Supplies and Telephone	17,000	17,000	18,622	(1,622)
Legal and Accounting	22,000	22,000	21,291	709
Other Expenditures	8,936	8,936	3,342	5,594
Capital Outlay	600	600	805	(205)
Debt Service	2,853	2,853	2,853	-
<b>Total Expenditures</b>	<u>664,874</u>	<u>664,874</u>	<u>659,192</u>	<u>5,682</u>
 Excess of Revenues over Expenditures	 2,706	 2,706	 42,975	 40,269
 <b>Fund Balance - Beginning of the Year</b>	 <u>457,438</u>	 <u>457,438</u>	 <u>457,438</u>	 <u>-</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 460,144</u>	<u>\$ 460,144</u>	<u>\$ 500,413</u>	<u>\$ 40,269</u>

See independent auditor's report.

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

Schedule 2

Schedule of the Marshal's Proportionate Share of the Net Pension Liability –  
Municipal Employees' Retirement System of Louisiana  
For the Year Ended June 30, 2018

<u>Fiscal Year*</u>	<u>Marshal's Proportion of the Net Pension Liability</u>	<u>Marshal's Proportionate Share of the Net Pension Liability</u>	<u>Marshal's Covered Employee Payroll</u>	<u>Marshal's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	0.185765%	\$ 777,133	\$ 251,053	309.55%	62.49%
2017	0.210398%	\$ 862,361	\$ 337,184	255.75%	62.11%
2016	0.255930%	\$ 914,222	\$ 375,862	243.23%	66.18%
2015	0.277104%	\$ 711,172	\$ 459,316	154.83%	73.99%
2014	0.267932%	\$ 830,431	\$ 442,135	187.82%	67.97%

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

See independent auditor's report.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
 Schedule of Marshal Contributions –  
 Municipal Employees' Retirement System of Louisiana  
 For the Year Ended June 30, 2018

Schedule 3

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Marshal's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 62,135	\$ (62,135)	\$ -	\$ 251,053	24.75%
2017	\$ 76,750	\$ (76,750)	\$ -	\$ 337,184	22.76%
2016	\$ 74,229	\$ (74,229)	\$ -	\$ 375,862	19.75%
2015	\$ 86,270	\$ (86,270)	\$ -	\$ 459,316	18.78%
2014	\$ 86,220	\$ (86,220)	\$ -	\$ 442,135	19.50%

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

See independent auditor's report.

## **Other Supplemental Information**

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

Schedule 4

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2018

Agency Head: Honorable Pat Farris, Hammond City Marshal

<u>Purpose</u>	<u>Amount</u>
Compensation	
Salary	
Paid From City of Hammond Budget Funds	\$ 42,369
Paid From Tangipahoa Parish	14,586
Paid From Civil Fees	25,072
Benefits - Insurance	
Health	7,120
Dental	310
Group Term Life	72
Long Term Disability	268
Benefits - Retirement (24.75%)	
Salary from City of Hmd, State Supplemental Pay, Tangi Par	15,581
Civil Fees	6,205
Total Compensation per RS 13:5807.2	<u>\$ 111,583</u>
Other	
Benefits - Other - Supplemental Pay	6,000
Dues	125
Reimbursements - Gas for Marshal's Owned 2009 F150 Truck	1,580
Total Other	<u>\$ 7,705</u>
	<u>\$ 119,288</u>

See independent auditor's report.

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

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

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



JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS  
www.jlrcpafirm.com

AICPA<sup>®</sup>  
Member of  
American Institute of CPAs  
Society of Louisiana CPAs

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, as of for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Marshal's Office, City Court of Hammond's basic financial statements, and have issued our report thereon dated November 13, 2017

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Marshal's Office, City Court of Hammond's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing*



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

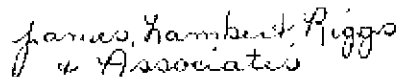
*Standards* and which is described in the accompanying schedule of current year audit findings and responses as item 2018-001.

### **Marshal's Office, City Court of Hammond's Response to Findings**

The Marshal's Office, City Court of Hammond's response to the finding identified in our audit is described in the accompanying schedule of current year audit findings and responses. The Marshal's Office, City Court of Hammond's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



James Lambert Riggs & Associates, Inc.

Hammond, Louisiana  
November 7, 2018

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
 Schedule of Current Year Audit Findings and Responses  
 For the Year Ended June 30, 2018

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office, City Court of Hammond, a component unit of the City of Hammond, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements, and have issued our report thereon dated November 7, 2018. Our audit of the basic financial statements resulted in an unmodified opinion.

**Section I Summary of Auditor's Reports**

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

**Internal Control:**

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

**Compliance:**

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

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

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

**2018-001 —Louisiana Fiscal Agency and Cash Management Law**

*Condition:* During our audit and testing procedures over cash, we noted that \$4,013.91 of deposits with one of the Marshal's fiscal agent banks was uninsured and uncollateralized.

*Criteria:* Louisiana Revised Statute 39:1225 states that the "... amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States."

*Cause:* The cause of this condition appears to be an oversight on the part of management.

*Effect:* The effect of this condition is the potential failure to comply with the provisions of the Louisiana Fiscal Agent and Cash Management Law.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Schedule of Current Year Audit Findings and Responses  
For the Year Ended June 30, 2018

*Recommendation:* We recommend that the Marshal immediately require his fiscal agent bank to pledge additional securities to secure his deposits. We also recommend that the Marshal review pledged securities on at least a monthly basis to ensure that their funds are adequately protected.

*Management's*

*Response:*

The Fiscal Deputy will contact Florida Parishes Bank in reference to any uninsured and uncollateralized funds to make sure a procedure is put into place to protect these funds should this situation ever arise again in the future.

**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018

<u>Ref.#</u>	<u>Fiscal Year Findings Occurred</u>	<u>Description of Findings</u>	<u>Finding Resolved</u>	<u>Corrective Action Taken</u>
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Internal Control over Financial Reporting

None

Compliance and Other Matters

None

*Note: This schedule has been prepared by the management of the Marshal's Office, City Court of Hammond.*



**PAT FARRIS**  
**MARSHAL**  
CITY COURT OF HAMMOND  
SEVENTH WARD, TANGIPAHOA PARISH



303 East Thomas Street  
Hammond, Louisiana 70401

Phone: (985) 542-3445  
Fax: (985) 542-3578

November 19, 2018

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

Ref: Managements Response to Audit

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

The Fiscal Deputy will contact Florida Parishes Bank in reference to any uninsured and uncollateralized funds to make sure a procedure is put into place to protect these funds should this situation ever arise again in the future.

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

We look forward to a continued relationship with your office.

With kindest regards,

Pat Farris  
Marshal  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court

Kerry Balado  
Fiscal Deputy  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court

Marlene Hinshaw  
Chief Deputy  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court

**MARSHAL'S OFFICE CITY COURT OF HAMMOND**

**STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT**

**FOR THE YEAR ENDED JUNE 30, 2018**

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  
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Member of  
American Institute of CPAs  
Society of Louisiana CPAs

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

To Honorable Pat Farris, Marshal  
Marshal's Office, City Court of Hammond  
Hammond, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Marshal's Office, City Court of Hammond 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, 2017 through June 30, 2018. The Marshal's Office 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 7, 2018

**Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

**Results:** The Marshal's Office had 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:** The Marshal's Office had written policies and procedures for purchasing. The only exception to their written policy and procedures for purchasing was how vendors are added to the vendor list.

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

**Results:** The Marshal's Office had written policies and procedures for disbursements.

- d) **Receipts / Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

**Results:** The Marshal's Office had written policies and procedures for receipts / collections.

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

**Results:** The Marshal's Office had 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:** The Marshal's Office had written policies and procedures for contracting.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

**Results:** The Marshal's Office had written policies and procedures for credit 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:** The Marshal's Office had written policies and procedures for travel and expense reimbursement.



- 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.

**Results:** The Marshal's Office had written policies and procedures for ethics.

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

**Results:** The Marshal's Office had written policies and procedures for debt service.

### Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

**Results:** All observed bank reconciliations included evidence that they were prepared with 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

**Results:** For all bank statements selected, evidence did not exist that the bank reconciliations were reviewed by a member of management that does not handle cash, post ledgers, or issue checks.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** We observed that management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

### Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers / registers.

**Results:** Employees that are responsible for cash collections do share cash drawers / registers.

- b) Each employee responsible for collecting cash is not responsible for preparing / making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

**Results:** The Fiscal Deputy and the Chief Deputy both collect cash and are responsible for preparing / making bank deposits. However, if one of the aforementioned prepares / makes the deposit, the other employee is responsible for reconciling the collection documentation.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee / official is responsible for reconciling ledger postings to each other and to the deposit.

**Results:** The Fiscal Deputy and the Chief Deputy both collect cash and are responsible for posting collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Results:** The Fiscal Deputy and the Chief Deputy are responsible for reconciling cash collections to the general ledger and both collect cash. However if one of the aforementioned reconciles the collections, then the other employee with verify the reconciliation.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Results:** All employees who have access to cash are covered by a bond or insurance policy for theft.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

**Results:** For all observed, receipts were sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**Results:** We traced pre-numbered receipts, system reports, and other related collection documentation to the deposit slip for all observed without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**Results:** We traced the deposit slip total to the actual deposit per the bank statement for all observed without exception.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**Results:** For the deposits selected for the three bank accounts, we observed that the of the two deposits, one was made within one business day of receipts at the collection location. One deposit, however, was found to be deposited in more than one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** We traced the actual deposit per the bank statement to the general ledger for all observed without exception.

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

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

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

- 8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

**Results:** We observed that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order / making the purchase.

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

**Results:** We observed that at least two employees are involved in processing and approving payments to vendors.

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

**Results:** We observed the employee responsible for processing payments is not prohibited from adding / modifying vendor files, and another employee is not responsible for periodically reviewing changes to vendor files.

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

**Results:** We observed that either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments without exceptions.

9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

**Results:** We observed that the disbursement matched the related original invoice / billing statement without exception.

- b) Observe that the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** We observed that the disbursement documentation included evidence of segregation of duties without exception.

### Contracts

10. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

**Results:** No contracts were required to be bid in accordance with the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body / board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

**Results:** We observed that the contract was approved by the Marshal without exception.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

**Results:** No contracts were amended during the fiscal period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** We observed that the randomly selected invoices and related payments agreed to the terms and conditions of the contracts without exception.

### Payroll and Personnel

- 11. Obtain a listing of employees / elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees / officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries / pay rates in the personnel files.

**Results:** Management provided us with the required listings as well as representation that the listing is complete. The selected employees authorized salaries / pay rates agreed to their respective personnel files.

- 12. Randomly select one pay period during the fiscal period. For the 5 employees / officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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:** We observed that all selected employees / officials documented their daily attendance and leave without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees / officials.

**Results:** We observed that attendance and leave of the selected employees / officials was being approved by supervisory personnel.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** We observed that leave accrued or taken during the pay period is reflected in the entity's cumulative leave records without exception.

- 13. Obtain a listing of those employees / officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees / officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours and pay rates used in management's termination payment calculations, agree the hours to the employee / officials' cumulative leave records, and agree the pay rates to the employee / officials' authorized pay rates in the employee / officials' personnel files.

**Results:** Management provided us with the required listing as well as representation the list is complete. We agreed the hours and pay rates used in management's termination payment calculations, agreed the hours to the employees' cumulative leave records, and agreed the pay rates to the employees' authorized pay rates in the employees' personnel files without exception.

14. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance payments, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** We obtained from management their representation that employer and employee portions of payroll taxes, retirement contributions, health insurance payments, and worker' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Other

15. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriations(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** Per conversation with the Fiscal Deputy, the Marshal's office had no misappropriations of public funds or assets during the period July 1, 2017 through June 30, 2018.

16. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.



**PAT FARRIS**  
**MARSHAL**  
CITY COURT OF HAMMOND  
SEVENTH WARD, TANGIPAHOA PARISH



303 East Thomas Street  
Hammond, Louisiana 70401

Phone: (985) 542-3445  
Fax: (985) 542-3578

November 19, 2018

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

Ref: Managements Response to SAUP's

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

As of November 17, 2018 an amendment was made to the Marshal's Office purchasing policy. Any new vendor that is added to the vendor list must be approved by the Marshal and added by the Fiscal Deputy, a verbal agreement to the Fiscal Deputy is acceptable. An active vendor list will be printed yearly and verified by the Marshal, the Fiscal Deputy and the Chief Deputy.

The third step in the bank reconciliation process has now been assigned to the Marshal the Marshal does not handle cash, issue checks or post ledgers. Therefore the existing three step process will now be handled by three different individuals of management.

Due to the small nature of the office it is impossible for these duties to be dispersed among other employees who have no knowledge or training of cash collection, preparing bank deposits or dealing with the general ledger.

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

We look forward to a continued relationship with your office.

With kindest regards,



Pat Farris  
Marshal  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court



Kerry Balado  
Fiscal Deputy  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court



Marlene Hinshaw  
Chief Deputy  
7<sup>th</sup> Ward Marshal's Office  
Hammond City Court