

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

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

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

Release Date 11/30/05

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

Annual Financial Statements
With Supplemental Information Schedules

As of and For the Year Ended June 30, 2005

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durmin, CPA
Dennis E. James, CPA

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

October 12, 2005

Independent Auditor's Report

The Honorable V. Gordon Anderson, Jr.
Marshal, City Court of Hammond
Hammond, Louisiana

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, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Marshal's Office – City Court of Hammond's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Marshal's Office – City Court of Hammond's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2005, on our consideration of the Marshal's Office – City Court of Hammond's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison schedule identified as Schedule 1 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Durnin & James, CPAs
(A Professional Corporation)

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, 2005

Introduction

As management of the Marshal's Office – City Court of Hammond (the "Marshal's Office"), we offer readers of the Marshal's Office financial statements this narrative overview and analysis of the financial activities of the Marshal's Office for the fiscal year ended June 30, 2005. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Marshal's Office's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Marshal's Office finances. It is also intended to provide readers with an analysis of the Marshal's Office's short-term and long-term activities of the Marshal's Office based on information presented in the financial report and fiscal policies that have been adopted by the Marshal's Office. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Marshal's Office's financial activity, identify changes in the Marshal's Office's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

- At June 30, 2005, the Marshal's Office's net assets are \$169,381 (net assets). Of this amount, \$164,656 (unrestricted net assets) may be used to meet the Marshal's Office's ongoing obligations. This amount decreased by \$8,593, or 4.96% from the prior year.
- For the year ended June 30, 2005, total revenues for the Marshal's Office decreased by \$8,821, or 1.88% from the prior year.
- For the year ended June 30, 2005, total expenses for the Marshal's Office increased by \$19,516, or 4.32% from the prior year.

Overview of the Financial Statements

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the

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financial statements a broad overview of the Marshal's Office financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the Marshal's Office's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Marshal's Office is improving or weakening.
- B. The *statement of activities* presents information showing how the Marshal's Office's net assets change during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Government-Wide Financial Analysis

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

	Governmental Activities			
	2005	2004	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 207,421	\$ 215,817	\$ (8,396)	(3.89)
Capital Assets	4,725	8,374	(3,649)	(43.58)
Total Assets	<u>\$ 212,146</u>	<u>\$ 224,191</u>	<u>\$ (12,045)</u>	(5.37)
Liabilities				
Current Liabilities	\$ 42,765	\$ 42,568	\$ 197	0.46
Long-Term Liabilities	-	-	-	-
Total Liabilities	<u>\$ 42,765</u>	<u>\$ 42,568</u>	<u>\$ 197</u>	0.46
Net Assets:				
Invested in Capital Assets	\$ 4,725	\$ 8,374	\$ (3,649)	(43.58)
Unrestricted	164,656	173,249	(8,593)	(4.96)
Total Net Assets	<u>\$ 169,381</u>	<u>\$ 181,623</u>	<u>\$ (12,242)</u>	(6.74)

The Marshal's Office's assets exceeded its liabilities at the close of the most recent fiscal year by \$169,381 (net assets). Of this amount, \$164,656 are unrestricted net assets.

A portion of the Marshal's Office net assets (2.79 percent) reflects its investment in capital assets (e.g., equipment, vehicles, furniture, etc.), less any related debt used to acquire those assets that is still

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outstanding. The Marshal's Office uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets (\$164,656) may be used to meet the Marshal's Office's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Marshal's Office is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

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

	Governmental Activities			
	2005	2004	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 96,629	\$ 94,983	\$ 1,646	1.73
General Revenues:				
Contribution - City of Hammond	331,000	338,750	(7,750)	(2.29)
Other	31,758	34,475	(2,717)	(7.88)
Total Revenues	\$ 459,387	\$ 468,208	\$ (8,821)	(1.88)
Expenses:				
Salaries and Related Benefits	\$ 351,471	\$ 340,792	\$ 10,679	3.13
Operating and Other Charges	116,509	105,887	10,622	10.03
Depreciation	3,649	5,434	(1,785)	(32.85)
Total Expenses	471,629	452,113	19,516	4.32
Change in Net Assets	\$ (12,242)	\$ 16,095	\$ (28,337)	(176.06)
Net Assets, Beginning of Year	181,623	165,528	16,095	9.72
Net Assets, End of Year	\$ 169,381	\$ 181,623	\$ (12,242)	(6.74)

For the year ended June 30, 2005, revenues from court costs increased by \$1,646 or 1.73% from the prior year. This is attributable to a increase in collection of criminal fees from the Hammond City Court.

Contributions from the City of Hammond for the current year decreased by \$7,750 or 2.29% from the prior year amount. This is due to a decrease in the budgeted funds received from the City of Hammond.

Salaries and related benefits during the current year increased by \$10,679, or 3.13% over the amount from last year. This increase is due to an overall increase in related employee benefits.

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Operating and other charges during the current year increased by \$10,622 or 10.03% from the prior year amount. This increase was due to an increase in insurance premiums from the prior year.

Governmental Activities

The Governmental Activities of the Marshal's Office include General Government. Court costs and contributions from the City of Hammond fund these governmental activities.

2. Fund Financial Statements

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

- A. Governmental funds are used to account for most of the Marshal's Office basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Marshal's Office'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 Office'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's Office maintains only one governmental fund, the General Fund. Information is presented on the General Fund on Exhibit A of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Marshal's Office's General Fund reported an ending fund balances of \$153,087.

The Marshal's Office has followed the recommendation from its auditors to retain a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

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

3. **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 can be found on pages indicated in the table of contents.

4. **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 of this report.

A. **Budgetary Comparison Schedule** – The Marshal's Office adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on Schedule 1.

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

1. **Revenues:**

- a. Revenues from criminal court costs decreased by \$8,371 over the amounts originally budgeted. This is due to a decrease in the number of traffic tickets issued during the current fiscal year.
- b. Revenues from the City of Hammond remained the same from the amounts originally budgeted.
- c. Interest revenue increased by \$258 over the amounts originally budgeted. This is due primarily because of a slight increase in interest rates over the last fiscal year.

2. **Expenditures**

- a. Other expenditures increased by \$838 due primarily to an increase in Equipment purchases that was not funded in the final budget.

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Capital Asset and Debt Administration

1. Capital Assets

The Marshal's Office investment in capital assets for its governmental activities as of June 30, 2005 amounts to \$4,725 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture & fixtures. The total decrease in the Marshal's Office investment in capital assets for the current fiscal year was \$3,649 due primarily to the depreciation for the current fiscal year (\$3,649).

There were no major capital assets purchased during the current fiscal year.

Additional information on the Marshal's Office capital assets can be found in Note 5 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Marshal's Office budget for the 2006 fiscal year:

For fiscal year ending June 30, 2006, there is a budgeted revenue increase in court costs or contributions from the City Court of Hammond over the June 30, 2005 fiscal year. This is an increase of court cost from \$15.00 to \$30.00 which was effective August 15, 2005. The contributions from the City of Hammond increased only by \$9,000.00 for the 2006 fiscal year.

During the current fiscal year, the unreserved fund balance in the General Fund increased to \$153,087. There is no surplus or deficit budgeted for the fiscal year ended June 30, 2006.

Requests for Information

This financial report is designed to provide a general overview of the Marshal's Office finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marlene Hinshaw, Deputy Marshal / Marshal's Office, 303 East Thomas Street, Hammond, Louisiana, 70401.

Financial Statements

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

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

June 30, 2005

	General	Adjustments	Statement of Net Assets	
	Fund	(Note 1)	2005	2004
Assets				
Cash and Cash Equivalents	\$ 159,104	\$ -	\$ 159,104	\$ 190,280
Due from Other Governments	36,748	-	36,748	13,325
Prepaid Insurance	-	11,569	11,569	12,212
Capital Assets, Net of Accumulated Depreciation (Note 5)	-	4,725	4,725	8,374
Total Assets	\$ 195,852	\$ 16,294	\$ 212,146	\$ 224,191
Liabilities				
Accounts Payable	\$ 6,260	\$ -	\$ 6,260	\$ 4,403
Salaries and Benefits Payable	34,295	-	34,295	35,955
Due To Civil Agency Fund	2,210	-	2,210	2,210
Total Liabilities	\$ 42,765	\$ -	\$ 42,765	\$ 42,568
Net Assets				
Unreserved, Undesignated	\$ 153,087	\$ 11,569	\$ 164,656	\$ 173,249
Invested in Capital Assets, Net of Related Debt	-	4,725	4,725	8,374
Total Net Assets	\$ 153,087	\$ 16,294	\$ 169,381	\$ 181,623

The accompanying notes are an integral part of this statement.

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

Exhibit B

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

For the Year Ended June 30, 2005

	General	Adjustments	Statement of Activities	
	Fund	(Note 1)	2005	2004
Expenditures / Expenses:				
Personnel Services	\$ (246,540)	\$ -	\$ (246,540)	\$ (249,992)
Employee Benefits	(104,931)	-	(104,931)	(84,734)
Insurance	(45,676)	(643)	(46,319)	(35,065)
Automobile	(29,443)	-	(29,443)	(33,907)
Office Supplies and Telephone	(22,753)	-	(22,753)	(20,802)
Legal & Accounting	(7,986)	-	(7,986)	(7,268)
Other	(10,008)	-	(10,008)	(14,911)
Depreciation	-	(3,649)	(3,649)	(5,434)
Total Expenditures / Expenses	\$ (467,337)	\$ (4,292)	\$ (471,629)	\$ (452,113)
Program Revenues:				
Charges for Services	\$ 96,629	\$ -	\$ 96,629	\$ 94,983
Net Program Expense	\$ (370,708)	\$ (4,292)	\$ (375,000)	\$ (357,130)
General Revenues:				
City of Hammond Appropriations	\$ 331,000	\$ -	\$ 331,000	\$ 338,750
Tangipahoa Parish Council Reimbursements	12,000	-	12,000	12,000
On Behalf Payments From State	18,000	-	18,000	18,000
Interest Earned	1,758	-	1,758	4,475
Total General Revenues	\$ 362,758	\$ -	\$ 362,758	\$ 373,225
Excess (Deficiency) of Revenues over Expenditures	\$ (7,950)	\$ (4,292)	\$ (12,242)	\$ 16,095
Fund Balance / Net Assets -				
Beginning of the Year	\$ 161,037	\$ 20,586	\$ 181,623	\$ 165,528
End of the Year	\$ 153,087	\$ 16,294	\$ 169,381	\$ 181,623

The accompanying notes are an integral part of this statement.

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

Exhibit C

Statement of Fiduciary Net Assets

June 30, 2005

	Civil Agency Fund	Totals	
		2005	2004
Assets			
Cash	\$ 2,105	\$ 2,105	\$ 13,372
Due From General Fund	2,210	2,210	2,210
Total Assets	\$ 4,315	\$ 4,315	\$ 15,582
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 1,730	\$ 1,730	\$ 971
Total Liabilities	\$ 1,730	\$ 1,730	\$ 971
Net Assets			
Held in Trust For Plaintiffs	\$ 2,585	\$ 2,585	\$ 14,611
Total Liabilities and Net Assets	\$ 4,315	\$ 4,315	\$ 15,582

The accompanying notes are an integral part of this statement.

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Exhibit D

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2005

	Civil Agency	Totals	
	Fund	2005	2004
Additions:			
Marshal's Fees	\$ 26,575	\$ 26,575	\$ 21,874
Garnishment Payments	22,725	22,725	31,813
Proceeds from Seizure	137	137	5,203
Total Additions	\$ 49,437	\$ 49,437	\$ 58,890
Deductions:			
Advertisement	\$ 594	\$ 594	\$ 174
Appraisals	55	55	30
Civil Fees	43,972	43,972	42,773
Garnishment Reimbursements	7,526	7,526	6,887
Mortgage Certificate	70	70	235
Reimbursement Check	5,041	5,041	1,085
Service of Papers	667	667	1,777
Storage Fees	1,914	1,914	-
Wrecker Service	996	996	960
Record & File	225	225	86
Other Deductions	403	403	(1,395)
Total Deductions	\$ 61,463	\$ 61,463	\$ 52,612
Change in Net Assets	\$ (12,026)	\$ (12,026)	\$ 6,278
Net Assets - Beginning of the Year	\$ 14,611	\$ 14,611	\$ 8,333
Net Assets - End of the Year	\$ 2,585	\$ 2,585	\$ 14,611

The accompanying notes are an integral part of this statement.

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Notes to the Financial Statements

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Notes to the Financial Statements

June 30, 2005

Introduction

The Marshal's Office – City Court of Hammond (hereinafter referred to as "Marshal's Office") is separate and apart from the City Court of Hammond and was created under the authority of LSA-R.S. 13:1871-2512. The purpose of the Marshal's Office is to execute the orders and mandates of the City Court of Hammond, to include making arrests, preserving the peace, processing judgments and garnishments and similar functions. The Marshal's Office has jurisdiction within the Seventh Ward of Tangipahoa Parish. The Marshal's Office presently employs nine people to include the Marshal, two clerical Deputy Marshals, five road Deputy Marshals, and one security officer. The Marshal's Office presently maintains an office in the Hammond City Hall building. Revenues for the Marshal's Office include court costs assessed on all criminal cases handled by the City Court of Hammond and appropriations from the City of Hammond. Revenues are used in defraying the costs of operating the Marshal's Office. Major expenditures of the Marshal's Office include salaries and related benefits, automobile expenditures, insurance and general office expenditures.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Fund Accounting

The Marshal's Office uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal Office functions and activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

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

Notes to the Financial Statements (Continued)

June 30, 2005

Governmental Fund –

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

Governmental funds of the Marshal's Office include:

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

Fiduciary Fund –

Fiduciary funds reporting focuses on net assets and changes in net assets. The only fiduciary fund of the Marshal's Office is the Civil Agency Fund. The Civil Agency Fund is used to account for assets held by the Marshal's Office as an agent for individuals or private organizations. The Civil Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, this fund has no measurement focus, but uses the modified accrual basis of accounting.

D. Basis of Accounting

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

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

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

Marshal's Office – City Court of Hammond
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Notes to the Financial Statements (Continued)

June 30, 2005

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

E. Governmental-Wide Financial Statements

The column labeled *Statement of Net Assets (Exhibit A)* and the column labeled *Statement of Activities (Exhibit B)* display information about the Marshal's Office as a whole. These statements include all the financial activities of the Marshal's Office. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Reconciliation:

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

Exhibit A		
Recording of Prepaid Insurance	\$	11,569
Recording Net Capital Assets		4,725
Net Effect of Changes	\$	16,294
Exhibit B		
Recording of Prepaid Insurance	\$	(643)
Recording of Depreciation Expense		(3,649)
	\$	(4,292)
Adjustment to Beginning Fund Balance for Prior Year		
Capital Assets	\$	8,374
Prepaid Insurance		12,212
	\$	20,586
Net Effect of Changes	\$	16,294

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

Notes to the Financial Statements (Continued)

June 30, 2005

F. Budgets

The Marshal's Office followed the provisions of LSA-R.S. 39:1301-15 in preparing and adopting a budget for the year ended June 30, 2005. The original budget was advertised and a public hearing was held as required by law.

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, money market accounts, and time deposits. Under state law, the Marshal's Office 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's Office may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Inventories

The Marshal's Office utilizes the "purchase method" of accounting for supplies whereby expendable operating supplies are recognized as expenditures when purchased. The Marshal's Office did not record any inventory at June 30, 2005.

I. Prepaid Items

The Marshal's Office recognized expenditures for insurance and similar services extending over more than one accounting period when paid.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal's Office maintains a threshold level of \$100 or more for capitalizing capital assets.

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

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

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

Notes to the Financial Statements (Continued)

June 30, 2005

K. Compensated Absences

The Marshal's Office has the following policy relating to vacation and sick leave:

All full-time Marshal's Office employees who are paid on a salary basis and work a regular full-time workweek earn sick leave and annual leave. Employees with less than 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 benefits does not vest. Therefore, the Marshal's Office 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 a minimum of one week of vacation during each year. However, an employee may accumulate up to one week of annual leave each year up to a maximum of thirty days. All days accumulated in excess of thirty days are lost. The employee's rights to annual leave vest with a maximum of thirty days unused annual leave payable upon termination.

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the General Fund when leave actually accrues.

L. Estimates

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

2. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

As reflected in Exhibit A, the Marshal's office had cash and cash equivalents (book balances) totaling \$159,104 at June 30, 2005. Total cash and cash equivalents (book balances) from fiduciary responsibilities not reported on the government-wide financial statements was \$2,105. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Marshal's Office. The following is a summary of cash and cash equivalents (bank balances) at June 30, 2005, with the related federal deposit insurance and pledged securities:

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

Notes to the Financial Statements (Continued)

June 30, 2005

Bank Balances:	
Insured (FDIC Insurance)	\$ 178,770
Collateralized:	
Collateral held by the Marshal's Office's agent in the Marshal's Office's name	-
Collateral held by pledging bank's trust department in the Marshal's Office's name	-
Collateral held by pledging bank's trust department not in the Marshal's Office's name	4,038
Uninsured and Uncollateralized	-
Total Deposits:	\$ 182,808

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Marshal's Office's deposits may not be returned to it. The Marshal's Office does not have a deposit policy for custodial risk. As of June 30, 2005, \$4,038 of the Marshal's Office's bank balance of \$182,808 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ -
Collateral held by pledging bank's trust department not in the Marshal's Office's name	4,038
Total	\$ 4,038

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3), under the provision of GASB Statement 40. However, Louisiana Revised Statute 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's Office that the fiscal agent has failed to pay deposited funds upon demand.

3. Interfund Receivables / Payables

The following is a summary of interfund receivables/payables at June 30, 2005:

	Due From	Due To
General Fund:		
Civil Agency Fund	\$ -	\$ 2,210
Civil Agency Fund:		
General Fund	2,210	-
Total All Funds	\$ 2,210	\$ 2,210

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

Notes to the Financial Statements (Continued)

June 30, 2005

4. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2005 consisted of the following:

Contribution Due From:	
City of Hammond	\$ 8,165
Criminal Court Fees Due From:	
Hammond City Court	27,583
Reimbursement of Courtroom Security From:	
Tangipahoa Parish Council	1,000
	<u>\$ 36,748</u>

No allowance for uncollectible accounts is required at June 30, 2005.

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2005, is as follows:

Governmental Activities	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Office Equipment	\$ 78,643	\$ -	\$ -	\$ 78,643
Automobiles	28,097	-	-	28,097
Total	<u>\$ 106,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,740</u>
Accumulated Depreciation:				
Office Equipment	\$ 71,869	\$ 2,849	\$ -	\$ 74,718
Automobiles	26,497	800	-	27,297
Total	<u>\$ 98,366</u>	<u>\$ 3,649</u>	<u>\$ -</u>	<u>\$ 102,015</u>
Capital Assets, Net	<u>\$ 8,374</u>	<u>\$ (3,649)</u>	<u>\$ -</u>	<u>\$ 4,725</u>

6. Employee Pension Plan

The Marshal's Office provides pension benefits for all of its full-time employees through a joint contributory, Municipal Employees' Retirement System (MERS). The Municipal Employees' Retirement System, State of Louisiana, is the administrator of a cost-sharing, multiple-employer plan.

The Municipal Employees' Retirement System, State of Louisiana was established by Act #356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System.

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

Notes to the Financial Statements (Continued)

June 30, 2005

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan", and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The Marshal's Office is a member of Plan A. At June 30, 2001, there were sixty-nine contributing members in Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A can retire providing he meets one of the following criteria:

- A. Any age with thirty (30) or more years of creditable service.
- B. Age 55 with twenty-five (25) years of creditable service.
- C. Age 60 with a minimum of ten (10) years of creditable service.
- D. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
- E. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The plan provisions are adopted by the governing body of the entities, within the options available in the state statutes governing MERS and within the actuarial constraints also in the statutes.

The contribution rate for employees is 9.25% of earnable compensation and is established by state statute.

The employer contribution rate is 15.00% of members' earnings. The System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions. The remaining employer contributions are determined according to actuarial requirements and are set annually.

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

Notes to the Financial Statements (Continued)

June 30, 2005

The Marshal's Office's total payroll in the fiscal year ended June 30, 2005, was \$266,545 and the Marshal's Office's contributions were based on a payroll of \$303,934. Both the Marshal's Office and the covered employees made the required contributions, amounting to \$73,366. There were no related party transactions.

Trend Information – Contributions required by state statute:

<u>Fiscal Year</u> <u>June 30</u>	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contribution</u>
2003	\$ 30,546	100%
2004	\$ 47,529	100%
2005	\$ 73,366	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

All employees of the Marshal's Office are also members of the Social Security System. Employees contribute 7.65% of their covered payroll up to statutory limits. For the year ended June 30, 2005, contributions totaled \$24,860.

7. On Behalf Payments Made by the State of Louisiana

For the year ended June 30, 2005, the State of Louisiana made on behalf payments in the form of supplemental pay to the Marshal and deputies. In accordance with GASB 24, the Marshal's Office has recorded \$18,000 of on behalf payments as revenue and as expenses in the General Fund.

8. Deferred Compensation Plan

The Marshal's Office – City Court of Hammond 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 Marshal's Office 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, 2005, \$12,650 was applicable to employees of the Marshal's Office

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

Notes to the Financial Statements (Continued)

June 30, 2005

9. Accounts, Salaries, and Other Payables

The payables of \$40,555 at June 30, 2005, are as follows:

	<u>General Fund</u>
Accrued Annual Leave	\$ 15,854
Payroll and Related Liabilities	18,441
Accounts Payable	<u>6,260</u>
Total	<u>\$ 40,555</u>

Required Supplemental Information

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

Statement 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Favorable / (Unfavorable) Variance
Revenues				
Criminal Court Fees	\$ 105,000	\$ 97,000	\$ 96,629	\$ (371)
City of Hammond Appropriations	331,000	331,000	331,000	-
Interest Earned	1,500	1,500	1,758	258
On Behalf Payments by State	18,000	18,000	18,000	-
Intergovernmental	27,500	12,000	12,000	-
Total Revenues	\$ 483,000	\$ 459,500	\$ 459,387	\$ (113)
Expenditures				
General Government:				
Salaries & Related Benefits:				
Marshal	\$ 30,000	\$ 30,000	\$ 29,690	\$ 310
Deputies	218,210	185,850	216,850	(31,000)
Payroll Taxes	40,000	40,000	24,916	15,084
Retirement Contributions	40,200	50,605	45,619	4,986
Hospitalization Insurance	47,350	42,600	34,396	8,204
Insurance	41,985	42,855	45,676	(2,821)
Automobile	28,085	26,600	29,443	(2,843)
Office Supplies and Telephone	20,000	21,450	22,753	(1,303)
Legal and Accounting	8,000	8,300	7,986	314
Other Expenditures	9,170	11,240	10,008	1,232
Total Expenditures	\$ 483,000	\$ 459,500	\$ 467,337	\$ (7,837)
Excess of Revenues over Expenditures	\$ -	\$ -	\$ (7,950)	\$ (7,950)
Fund Balance - Beginning of the Year	\$ 161,037	\$ 161,037	\$ 161,037	\$ -
Fund Balance - End of the Year	\$ 161,037	\$ 161,037	\$ 153,087	\$ (7,950)

See auditor's report.

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

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

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
Dennis E. James, CPA

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

October 12, 2005

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 V. Gordon Anderson, Jr.
Marshal, City Court of Hammond
Hammond, Louisiana

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, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements and have issued our report thereon dated October 12, 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Marshal's Office – City Court of Hammond's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marshal's Office – City Court of Hammond's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and recommendations as item 05-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

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

The Honorable V. Gordon Anderson, Jr.
Marshal, City Court of Hammond

and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted one certain matter that we reported to management of the Marshal's Office – City Court of Hammond in a separate letter dated October 12, 2005.

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

Respectfully submitted,

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

Durnin & James, CPAs
(A Professional Corporation)

Schedule of Findings and Recommendations

Marshal's Office – City Court of Hammond

Current Year Audit Findings
For the Year Ended June 30, 2005

Schedule of Findings and Recommendations

Internal Control over Financial Reporting

05-01 – Improve Controls over Cash Disbursements

Condition:

During our audit and testing of cash disbursements, we noted that the Marshals Office's cash disbursement policies require only one signature for checks. Employees currently authorized to sign checks include the Marshal, Clerical Deputy Marshal, and the Deputy Marshal in charge of finance who also maintains all accounting records, receives the bank statement from the bank unopened, and reconciles the bank account. Improvement is needed in this area to make sure that adequate controls are maintained over the cash disbursement function. The cause of this condition appears to be an inadequate design of controls over cash disbursement processing and the small number of employees in the financial department that does not allow for proper segregation of duties. As a result, requiring only one signature on checks and allowing the person responsible for maintaining the accounting records and reconciling the bank statement to sign checks creates an environment in which unintentional or intentional errors could occur and not be detected in a timely manner.

Recommendation:

We recommend that the Marshal's Office revise its current policies for cash disbursements to require two signatures on all checks. If possible, the person maintaining the accounting records and reconciling the bank statement should not be authorized to sign checks. Furthermore, we recommend that the Marshal or the Clerical Deputy Marshal open bank statements, review all cleared items for appropriateness, and document their review of all cleared items by initialing the face of the bank statement.

Management's Response:

In management's corrective action plan dated October 12, 2005, the Marshal stated that he will begin requiring two signatures on all checks. To the extent possible, the employee responsible for maintaining the accounting records will not be authorized to sign checks. Also, the Clerical Deputy Marshal will receive the bank statement unopened from the bank and will review each cleared item to verify the appropriateness of the vendor and the authenticity of the authorized check signers. This review will be documented by initialing the face of the bank statement. As a double check, the employee responsible for maintaining the accounting records and reconciling the bank statement will also verify the appropriateness of the vendor and the authenticity of the authorized check signers.

Compliance and Other Matters

None

Marshal's Office – City Court of Hammond

Current Year Audit Findings
For the Year Ended June 30, 2005

Schedule of Findings and Recommendations

Management Letter

05-02 – Computerized Accounts Payable Processing

Condition:

During our audit and testing of accounts payable, we noted that the accounts payable function included in the Marshal's QuickBooks accounting system is not currently being used. The Deputy Marshal holds all invoices until payment is due and then enters the invoices into the accounting system at the same time that the invoices are paid. We believe the Marshal's office should consider using the accounts payable function to recognize expenditures as incurred. Use of the accounts payable function would provide for better monitoring of the office's budget and enhance future cash flow forecasting.

Recommendation:

We recommend that the Marshal begin using the accounts payable function in QuickBooks.

Management's Response:

In management's corrective action plan dated October 12, 2005, the Marshal stated that he will begin using the accounts payable function included in the accounting software.

Corrective Action Plan for Current Year Audit Findings

Marshal's Office – City Court of Hammond
 Corrective Action Plan for Current Year Audit Findings
 For the Year Ended June 30, 2005

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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Internal Control over Financial Reporting

05-01	Improved Controls over Cash Disbursements.	Require Two Signatures on All Checks and Clerical Deputy Marshal will open and review all bank statements.	Marlene Hinshaw Deputy Marshal	December 31, 2005
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Compliance and Other Matters

None

Management Letter

05-02	Computerized Accounts Payable Processing.	Begin Using Accounts Payable Function of Accounting Software.	Marlene Hinshaw Deputy Marshal	December 31, 2005
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Note: This schedule has been prepared by the management of the Marshal's Office – City Court of Hammond.

Summary Schedule of Prior Audit Findings

Marshal's Office -- City Court of Hammond
 Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2005

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action - Partial Corrective Action Taken</u>
04-1	June 30, 2003	Violation of State Budget Laws	Yes	Budget advertised as required
04-2	June 30, 2004	Violation of Federal Documentation Requirements	Yes	Documentation required for vehicle reimbursements

Compliance

Internal Control

None

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

Management Letter

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durin, CPA
Dennis E. James, CPA

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

October 12, 2005

Management Letter

The Honorable V. Gordon Anderson, Jr.
Marshal, City Court of Hammond
Hammond, Louisiana

We have audited the accompanying financial statements 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, 2005, and have issued our report thereon dated October 12, 2005. 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.

As part of our examination, we have issued our 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, dated October 12, 2005.

During the course of our examination, we became aware of one condition that we have chosen to communicate for the benefit of management. This condition is described in the accompanying schedule of findings and recommendations as item 05-02.

We recommend management address the foregoing issue as an improvement to operations in the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

Respectfully submitted,



Durnin & James, CPAs
(A Professional Corporation)