

**HAMMOND AREA ECONOMIC AND INDUSTRIAL  
DEVELOPMENT DISTRICT  
HAMMOND, LOUISIANA**

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ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021



**Hebert Johnson  
& Associates, Inc.**  
Certified Public Accountants

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*A Professional Accounting Corporation*

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**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**

Table of Contents  
As of and for the Year Ended June 30, 2021

**Table of Contents**

	<u>Statement</u>	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report	-	-	1
Basic Financial Statements:			
Government-Wide Financial Statements:			
Statement of Net Position	A	-	4
Statement of Activities	B	-	5
Fund Financial Statements:			
Governmental Fund Balance Sheet	C	-	7
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	D	-	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	E	-	9
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Government-Wide Statement of Activities	F	-	10
Notes to the Financial Statements	-	-	11
Other Independent Auditor's Report			
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	-	-	17
Schedule of Current Year Audit Findings, Recommendations and Responses	-	-	19

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CHRISTOPHER S. JOHNSON, CPA, MBA

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A PROFESSIONAL ACCOUNTING CORPORATION

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## Independent Auditor's Report

To the Members of the Board of Commissioners  
Hammond Area Economic and Industrial Development District  
Hammond, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Hammond Area Economic and Industrial Development District, Hammond, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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.

### Accountant'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 *Governmental 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 involves 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, and the general fund of Hammond Area Economic and Industrial Development District as of June 30, 2021, 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

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022, on our consideration of the Hammond Area Economic and Industrial Development District'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 Hammond Area Economic and Industrial Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hammond Area Economic and Industrial Development District's internal control over financial reporting and compliance.

Respectfully Submitted,

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Albany, Louisiana  
March 17, 2022

# **Basic Financial Statements**

## **Government – Wide Financial Statements**

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement of Net Position  
June 30, 2021**

**Statement A**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,054,976
Total Current Assets	<u>2,054,976</u>
<b>Total Assets</b>	<u>2,054,976</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Unrestricted	2,054,976
Total Net Position	<u>\$ 2,054,976</u>

The accompanying notes are an integral part of these financial statements.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement B**

**Statement of Activities  
For the Year Ended June 30, 2021**

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	General Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 14,640	\$ -	\$ -	\$ -	\$ (14,640)
Total Governmental Activities	\$ 14,640	\$ -	\$ -	\$ -	\$ (14,640)

**General Revenues:**

Interest Income	5,694
Sale of Fixed Asset	1,418,726
<b>Total General Revenues</b>	<b>1,424,420</b>

**Change in Net Position** 1,409,780

Net Position - Beginning of the Year	645,196
<b>Net Position - End of the Year</b>	<b>\$ 2,054,976</b>

The accompanying notes are an integral part of these financial statements.

# Basic Financial Statements

## Fund Financial Statements

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement C**

**Governmental Fund – Balance Sheet  
June 30, 2021**

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 2,054,976
<b>Total Assets</b>	<u><u>\$ 2,054,976</u></u>
<b>Liabilities, Deferred Inflows, and Fund Balance</b>	
Liabilities:	
Accounts Payable	\$ -
<b>Total Liabilities</b>	<u>-</u>
Fund Balance:	
Unassigned	2,054,976
<b>Total Fund Balance</b>	<u><u>2,054,976</u></u>
<b>Total Liabilities/Deferred Inflows and Fund Balance</b>	<u><u>\$ 2,054,976</u></u>

The accompanying notes are an integral part of these financial statements.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement D**

**Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Position  
For the Year Ended June 30, 2021**

<b>Total Fund Balance, Governmental Funds (Statement C)</b>	<b>\$ 2,054,976</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:

Capital Assets, Net	-
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<b>Net Position of Governmental Activities (Statement A)</b>	<b>\$ <u>2,054,976</u></b>
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The accompanying notes are an integral part of these financial statements.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement E**

**Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2021**

	<u>General Fund</u>
<b>Revenues</b>	
Interest Income	\$ 5,694
<b>Total Revenues</b>	<u>5,694</u>
 <b>Expenditures</b>	
General Expenditures	
Cooperative Marketing	11,250
Insurance	1,662
Professional Fees	1,460
Website Maintenance	268
<b>Total Expenditures</b>	<u>14,640</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(8,946)</u>
 <b>Other Financing Sources</b>	
Sale of Fixed Asset	<u>1,963,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,963,000</u>
<b>Net Change in Fund Balance</b>	<u>1,954,054</u>
<b>Fund Balance - Beginning of the Year</b>	100,922
<b>Fund Balance - End of the Year</b>	<u>\$ 2,054,976</u>

The accompanying notes are an integral part of these financial statements.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Statement 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, 2021**

<b>Net Change in Fund Balance, Governmental Fund (Statement E)</b>	\$	1,954,054
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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 as depreciation expense. These differences consist of :

Capital Outlay	-
Depreciation Expense	-

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in the fund balance by the cost of the capital assets sold.

Less cost basis of capital assets sold during the year		(544,274)
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<b>Change in Net Position of Governmental Activities (Statement B)</b>	\$	<u>1,409,780</u>
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The accompanying notes are an integral part of these financial statements.

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2021**

**Introduction**

The Hammond Area Economic and Industrial Development District (hereafter referred to as "HAEIDD") was created by Louisiana Revised Statute 33:130.611 to 130.619. HAEIDD is a political subdivision of the State of Louisiana and is governed by a Board of Commissioners consisting of a minimum of seven and a maximum of nine members. These members are appointed by the Mayor of the City of Hammond, Louisiana and approved by a majority vote of the Hammond City Council. Members shall serve three-year terms. The Board of Commissioners receives no compensation.

HAEIDD was created for the primary objective and purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy through renewed commerce and industry, and for the utilization and development of natural and human resources of the area by providing job opportunities.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying basic financial statements of the Hammond Area Economic and Industrial Development District 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. These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. Management has elected to omit management's discussion and analysis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District does not have any business-type activities and reports only governmental activities. The District has no component units.

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2021**

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) grant contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined Deferred Outflows of Resources as a consumption of net assets by the government that is applicable to a future reporting period, and Deferred Inflows of Resources as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. The definition and reporting of net position is further described in Footnote G — Net Position and Fund Balance. The District did not record any deferred outflows of resources or deferred inflows of resources at June 30, 2021.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements. The General Fund is the District's primary operating fund and is considered the only major fund. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2021, it is the only fund of the District.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2021**

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

**D. Budgets and Budgetary Accounting**

The District did not adopt a budget for June 30, 2021, in accordance with the Louisiana Local Government Budget Act.

**E. Cash, Cash Equivalents, and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates.

In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955. Certificates of deposit are classified as investments if their original maturities exceed 90 days. Investments are reported at fair market.

**F. Capital Assets**

The District did not record any capital assets at June 30, 2021

**G. Net Position and Fund Balance**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required classification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** – The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2021**

attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisitions, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

- **Restricted Component of Net Position** – The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** – The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for the specific purposes determined by a formal vote of the Board, which is the highest level of decision-making authority for the District.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** – These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2021**

**H. 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.

**I. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain 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 certain differences between the governmental fund statement of revenues, expenses, and changes in fund balance and the government-wide statement of activities presented in Statement F of the basic financial statements.

**2. Cash and Cash Equivalents**

At June 30, 2021, the District has deposits (book balances) as follows:

Demand Deposits	\$ 1,999,251
Money Market Account	55,725
Total	<u>\$ 2,054,976</u>

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 fiscal agent. These 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. At June 30, 2021, the District had \$2,055,461 in collected bank balances. Of this amount, \$305,725 was insured by federal deposit insurance and \$1,749,511 was secured by pledged securities. The District does not have a policy for custodial credit risk.

**3. Capital Assets**

On April 12, 2021, the District sold a lot in Hammond, Louisiana for \$1,963,000. The original cost of the property was \$544,273. At June 30, 2021, the District does not own any capital assets.

**Hammond Area Economic and Industrial Development District**  
**Hammond, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2021**

**4. Compensation Paid to Board Members**

Members of the Hammond Area Economic & Industrial Development District Board of Commissioners were as follows:

Hart Bordelon, President  
David Faucheux, Vice-President  
Randy Vicknair, Treasurer  
Aristides Baraya  
Janet Davis  
Alexis Ducorbier

\* None of the above individuals are designated as the agency head. The Board of Commissioners serve with no compensation.

**5. Litigation**

There was no litigation pending against the Hammond Area Economic and Industrial Development District at June 30, 2021.

**6. Subsequent Events**

Subsequent events have been evaluated by management through March 17, 2022, the date financial statements were available for issuance. No events require disclosure in the financial statements for the year ending June 30, 2021.

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants



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A PROFESSIONAL ACCOUNTING CORPORATION

**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**

To the Board of Commissioners  
Hammond Area Economic and Industrial Development District  
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 and the general fund of the Hammond Area Economic and Industrial Development District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Hammond Area Economic and Industrial Development District's basic financial statements and have issued our report thereon dated March 17, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hammond Area Economic and Industrial Development District's internal control over financial reporting (internal control) as a basis for designing 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 Hammond Area Economic and Industrial Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hammond Area Economic and Industrial Development District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of Schedule of Current Year Audit Findings, Recommendations and Responses as item 2021-01 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hammond Area Economic and Industrial Development District'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 financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses as item 2021-02.

## **Hammond Area Economic and Industrial Development District's Response to Findings**

Hammond Area Economic and Industrial Development District's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses. Hammond Area Economic and Industrial Development District'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.

Sincerely,

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Albany, Louisiana  
March 17, 2022

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended June 30, 2021**

We have audited the basic financial statements of the Hammond Area Economic and Industrial Development District as of and for the year ended June 30, 2021, and have issued our report thereon dated March 17, 2022. 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. Our audit of the financial statements as of June 30, 2021, resulted in an unmodified opinion.

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

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

Internal Control

Material Weakness, Yes                      Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, Yes

b. Federal Awards

Not Applicable

Was a management letter issued? No

**Section II – Financial Statement Findings**

**Internal Control**

**2021-01            Segregation of Duties**

**Criteria:**

Internal control is a process affected by the District's management and is designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended June 30, 2021**

**Condition:**

Accounting and financial functions are not adequately segregated.

**Cause:**

The District does not have any employees and is run by a board of commissioners. The District may not be of sufficient size to allow for proper and appropriate segregation of duties to maintain an effective system of internal controls.

**Effect:**

Without segregation of incompatible duties, the District is exposed to many risks including but not limited to the risk of improper or unauthorized transactions, misappropriation of asset, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

**Recommendation:**

We recommend the District to perform the following:

- Check signers should initial invoices as proof of their review.
- Provide the Board of Commissioners a copy of the bank statement with cancelled checks
- Provide the Board of Commissioners with a monthly budget to actual financial statements

**Management Response:**

The District agrees with the recommendations listed above. Board President, Hart Bordelon is the responsible party (985) 340-9028.

**Compliance**

**2021-02      Violation of Louisiana Local Government Budget Act**

**Criteria:**

R.S. 39:1306 states "The proposed budget for political subdivisions with a governing authority including municipalities, parishes, school boards, and special districts shall be completed and submitted to the governing authority of that political subdivision and made available for public inspection as provided for in R.S. 39:1308 no later than fifteen days prior to the beginning of each fiscal year.

**Condition:**

The District did not adopt a budget for its General Fund for June 30, 2021.

**Hammond Area Economic and Industrial Development District  
Hammond, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended June 30, 2021**

**Cause:**

This was an oversight by the District.

**Effect:**

The District is in violation of the Louisiana Local Government Budget Act.

**Recommendation:**

We recommend the District start the budget process in May of each year to ensure the budget is ready to be adopted before the start of the new fiscal year.

**Management Response:**

The District agrees with the recommendation listed above. Board President, Hart Bordelon is the responsible party (985) 340-9028.