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Financial Report

City of Hammond
Primary Government
Louisiana

June 30, 1998

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City of Hammond Louisiana

Year ended June 30, 1998

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

We have audited the accompanying primary government financial statements of the City of Hammond, Louisiana, as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These financial statement are the responsibility of the management of City of Hammond, Louisiana. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

A Primary Government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the City of Hammond, Louisiana, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and pension trust fund for the year then ended, in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the City of Hammond, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Hammond, Louisiana, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and pension trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 1998 on our consideration of the City of Hammond, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of the City of Hammond, Louisiana, taken as a whole. The accompanying schedules as listed in the table of contents including the combining and individual fund and account group financial statements, and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 1, 1998.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

**COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

City of Hammond

June 30, 1998

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash	\$ 24,506	\$ 19,274	\$ 4,142	\$ 14,241	\$ 78,652	\$ 6,855
Investments, at cost	1,299,513	2,124,220	2,348,129	646,899	1,165,595	1,203,374
Receivables (net, if applicable of allowances for doubtful accounts):						
Franchise taxes	98,917	-	-	-	-	-
Customers	-	-	-	-	680,905	-
Notes	-	226,917	-	-	-	-
Special assessments:						
Current receivable	-	-	-	-	10,455	-
Delinquent receivable	-	-	-	-	5,422	-
Other	180,100	-	-	-	5,127	141,587
Due from other funds	507,440	1,361	-	992,000	-	-
Due from other governments	258,036	1,896,005	-	5,660	-	-
Inventory, at cost	111,194	-	-	-	-	-
Restricted assets:						
Cash	-	-	-	-	13,405	-
Investments, at cost	-	-	-	-	1,019,230	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	14,657,617	-
Other assets	-	-	-	-	33,800	-
Amount available for retirement of long-term debt	-	-	-	-	-	-
Amount to be provide for general long-term obligations	-	-	-	-	-	-
Total assets	\$2,479,706	\$4,267,777	\$2,352,271	\$1,658,800	\$17,670,208	\$1,351,816
LIABILITIES						
Accounts payable	\$ 231,509	\$ 83,252	\$ 300	\$ 104,142	\$ 84,194	\$ 2,397
Retainages payable	-	-	-	62,798	10,902	-
Payroll taxes payable	24,824	5	-	-	379	-
Claims payable	-	-	-	-	-	414,404
Due to other funds	-	1,273,089	5,940	-	216,097	-
Payable from restricted assets - customer deposits	-	-	-	-	356,835	-
Notes payable-current portion	-	-	-	-	220,000	-
Notes payable-long term portion	-	-	-	-	2,315,000	-
General obligation bonds payable	-	-	-	-	-	-
Certificates of indebtedness	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-
Salaries payable	125,874	592	-	-	14,162	-
Accumulated leave payable	-	-	-	-	67,501	-
Deferred revenue	-	7,639	-	-	-	-
Due to other governments	-	-	-	108,922	407,228	-
Total liabilities	382,207	1,364,577	6,240	275,862	3,692,298	416,801
FUND EQUITY						
Contributed capital	-	-	-	-	10,782,000	-
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings:						
Reserved	-	-	-	-	675,809	935,015
Unreserved - undesignated	-	-	-	-	2,520,101	-
Fund balances:						
Reserved for inventory	111,194	-	-	-	-	-
Reserved for encumbrances	32,440	-	-	-	-	-
Reserved for debt service	-	-	2,225,165	-	-	-
Unreserved:						
Designated	-	2,062,130	-	-	-	-
Undesignated	1,953,865	841,070	120,866	1,382,938	-	-
Total retained earnings / fund balance	2,097,499	2,903,200	2,346,031	1,382,938	3,195,910	935,015
Total fund equity	2,097,499	2,903,200	2,346,031	1,382,938	13,977,910	935,015
Total liabilities and fund equity	\$2,479,706	\$4,267,777	\$2,352,271	\$1,658,800	\$17,670,208	\$1,351,816

See notes to financial statements.

Exhibit A

Fiduciary Fund Type Trusts	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$ 849	\$ -	\$ -	\$ 148,519
23,340	-	-	8,811,070
-	-	-	98,917
-	-	-	680,905
-	-	-	226,917
-	-	-	10,455
-	-	-	5,422
-	-	-	326,814
-	-	-	1,500,801
18,443	-	-	2,178,144
-	-	-	111,194
-	-	-	13,405
-	-	-	1,019,230
-	11,622,177	-	26,279,794
-	-	-	33,800
-	-	2,225,165	2,225,165
-	-	6,781,645	6,781,645
\$ 42,632	\$ 11,622,177	\$ 9,006,810	\$ 50,452,197
\$ -	\$ -	\$ -	\$ 505,794
-	-	-	73,700
-	-	-	25,208
-	-	-	414,404
5,675	-	-	1,500,801
-	-	-	356,835
-	-	-	220,000
-	-	-	2,315,000
-	-	7,878,000	7,878,000
-	-	390,000	390,000
-	-	91,488	91,488
-	-	-	140,628
-	-	647,322	714,823
-	-	-	7,639
-	-	-	516,150
5,675	-	9,006,810	15,150,470
-	-	-	10,782,000
-	11,622,177	-	11,622,177
-	-	-	1,610,824
499	-	-	2,520,600
-	-	-	111,194
-	-	-	32,440
-	-	-	2,225,165
36,458	-	-	2,098,588
-	-	-	4,298,739
36,957	-	-	12,897,550
36,957	11,622,177	-	35,301,727
\$ 42,632	\$ 11,622,177	\$ 9,006,810	\$ 50,452,197

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**

City of Hammond

For the year ended June 30, 1998

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trusts	
Revenues						
Taxes	\$ 2,358,830	\$ 9,511,450	\$ -	\$ -	\$ -	\$ 11,870,280
Licenses and permits	1,642,767	-	-	-	-	1,642,767
Court witness fees	-	64,215	-	-	-	64,215
Fines and forfeitures	406,497	-	-	-	-	406,497
Sanitation service fees	437,306	-	-	-	-	437,306
Intergovernmental	486,318	772,217	-	541,424	33,405	1,833,364
Parks and recreation	87,404	-	-	-	-	87,404
Airport	32,910	-	-	-	-	32,910
Interest	34,897	151,988	123,770	46,958	1,237	358,850
Miscellaneous	445,242	15,037	-	-	6,356	466,635
Total revenues	5,932,171	10,514,907	123,770	588,382	40,998	17,200,228
Expenditures						
General government	2,351,232	756,477	-	50,633	-	3,158,342
Public safety:						
Police	3,614,590	500,930	-	-	44,934	4,160,454
Fire	2,554,506	43,274	-	-	-	2,597,780
Other	131,716	-	-	-	-	131,716
Highways and streets	990,015	108,738	-	-	-	1,098,753
Cemeteries and municipal grounds	479,335	-	-	-	-	479,335
Geographic information service	133,395	-	-	-	-	133,395
Sanitation	450,857	-	-	-	-	450,857
Parks and recreation	307,800	374,693	-	-	-	682,493
Airport	149,198	-	-	-	-	149,198
Capital projects	-	-	-	2,908,753	-	2,908,753
Debt Service:						
Principal retirement	33,039	-	1,006,000	-	-	1,039,039
Interest and charges	6,156	-	411,315	-	-	417,471
Bond issuance costs	-	-	54,991	-	-	54,991
Paying agent fees	-	-	3,660	-	-	3,660
Total expenditures	11,201,839	1,784,112	1,475,966	2,959,386	44,934	17,466,237
Excess (Deficiency) of Revenues Over Expenditures	(5,269,668)	8,730,795	(1,352,196)	(2,371,004)	(3,936)	(266,009)
Other Financing Sources (Uses)						
Proceeds from bond issuance	-	-	3,316,556	-	-	3,316,556
Payments to escrow account	-	-	(3,347,227)	-	-	(3,347,227)
Sales of fixed assets	14,983	-	-	-	-	14,983
Operating transfers in	6,683,239	359,380	1,290,620	2,357,410	15,324	10,705,973
Operating transfers out	(587,868)	(9,721,141)	-	(27,772)	-	(10,336,781)
Total other financing sources (uses)	6,110,354	(9,361,761)	1,259,949	2,329,638	15,324	353,504
Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses	840,686	(630,966)	(92,247)	(41,366)	11,388	87,495
Fund Balances						
Beginning of year	1,256,813	3,534,166	2,438,278	1,424,304	25,070	8,678,631
End of year	\$ 2,097,499	\$ 2,903,200	\$ 2,346,031	\$ 1,382,938	\$ 36,458	\$ 8,766,126

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES**

City of Hammond

For the year ended June 30, 1998

	General Fund			Special Revenue Fund Types		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues						
Taxes	\$ 2,326,000	\$ 2,358,830	\$ 32,830	\$ 9,317,920	\$ 9,511,450	\$ 193,530
Licenses and permits	1,600,000	1,642,767	42,767	-	-	-
Court witness fees	-	-	-	42,000	64,215	22,215
Fines and forfeitures	332,000	406,497	74,497	-	-	-
Sanitation service fees	460,000	437,306	(22,694)	-	-	-
Intergovernmental	473,360	486,318	12,958	740,419	772,217	31,798
Parks and recreation	123,220	87,404	(35,816)	-	-	-
Airport	44,750	32,910	(11,840)	-	-	-
Interest	14,000	34,897	20,897	91,200	151,988	60,788
Miscellaneous	357,300	445,242	87,942	7,300	15,037	7,737
Total revenues	5,730,630	5,932,171	201,541	10,198,839	10,514,907	316,068
Expenditures						
General government	2,491,697	2,351,232	140,465	1,069,840	756,477	313,363
Public safety	6,537,738	6,300,812	236,926	980,217	544,204	436,013
Geographic information service	136,900	133,395	3,505	-	-	-
Highways and streets	1,049,574	990,015	59,559	102,000	108,738	(6,738)
Cemeteries and municipal grounds	499,664	479,335	20,329	-	-	-
Sanitation	480,000	450,857	29,143	-	-	-
Parks and recreation	353,684	307,800	45,884	674,263	374,693	299,570
Airport	166,224	149,198	17,026	-	-	-
Debt service	39,200	39,195	5	-	-	-
Total expenditures	11,754,681	11,201,839	552,842	2,826,320	1,784,112	1,042,208
Excess (Deficiency) of Revenues Over Expenditures	(6,024,051)	(5,269,668)	754,383	7,372,519	8,730,795	1,358,276
Other Financing Sources (Uses)						
Sales of fixed assets	14,000	14,983	983	-	-	-
Operating transfers in	6,675,425	6,683,239	7,814	357,541	359,380	1,839
Operating transfers out	(587,390)	(587,868)	(478)	(9,672,425)	(9,721,141)	(48,716)
Total other financing sources (uses)	6,102,035	6,110,354	8,319	(9,314,884)	(9,361,761)	(46,877)
Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses	77,984	840,686	762,702	(1,942,365)	(630,966)	1,311,399
Fund Balances						
Beginning of year	1,256,813	1,256,813	-	3,534,166	3,534,166	-
End of year	\$ 1,334,797	\$ 2,097,499	\$ 762,702	\$ 1,591,801	\$ 2,903,200	\$ 1,311,399

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY
FUND TYPES AND SIMILAR TRUST FUND**

City of Hammond

For the year ended June 30, 1998

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type - Pension Trust	
Operating Revenues				
Sewer charge	\$ 1,646,476	\$ -	\$ -	\$ 1,646,476
Water sales	968,192	-	-	968,192
Tap-In and reconnect fees	75,203	-	-	75,203
Insurance charges	-	890,899	-	890,899
Miscellaneous	715	-	-	715
Total operating revenues	2,690,586	890,899	-	3,581,485
Operating Expenses				
Insurance	-	758,398	-	758,398
Personnel services	734,660	-	-	734,660
Contractual services, supplies, materials and other	1,013,761	-	-	1,013,761
Depreciation and amortization	799,381	-	-	799,381
Total operating expenses	2,547,802	758,398	-	3,306,200
Operating Income	142,784	132,501	-	275,285
Non-Operating Revenues (Expenses)				
Interest income	101,696	56,613	2,591	160,900
Interest expenses	(156,183)	-	-	(156,183)
Total non-operating revenues (expenses)	(54,487)	56,613	2,591	4,717
Income Before Operating Transfers	88,297	189,114	2,591	280,002
Operating Transfers Out	(54,166)	(236,425)	(78,601)	(369,192)
Net income (loss)	34,131	(47,311)	(76,010)	(89,190)
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	362,216	-	-	362,216
Increase (decrease) in retained earnings / fund balances	396,347	(47,311)	(76,010)	273,026
Retained Earnings				
Beginning of year	2,799,563	982,326	76,509	3,858,398
End of year	\$ 3,195,910	\$ 935,015	\$ 499	\$ 4,131,424

See notes to financial statements.

**COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND**

City Of Hammond

For the year ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type -	Total
	Enterprise	Internal Service	Pension Trust	(Memorandum Only)
Cash Flows From Operating Activities				
Operating income	\$ 142,784	\$ 132,501	\$ -	\$ 275,285
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	794,772	-	-	794,772
Amortization	4,609	-	-	4,609
Change in current assets - (increase) decrease:				
Accounts receivable	(889)	78,367	-	77,478
Change in current liabilities - increase (decrease):				
Accounts payable	24,260	191	-	24,451
Other payables	(3,787)	-	-	(3,787)
Due to other governments	(52,078)	-	-	(52,078)
Due to other funds	216,097	-	-	216,097
Customer deposits	22,775	-	-	22,775
Claims payable	-	15,220	-	15,220
Total adjustments	1,005,759	93,778	-	1,099,537
Net cash provided by operating activities	1,148,543	226,279	-	1,374,822
Cash Flows Used For Noncapital Financing Activities				
Operating transfers out	(54,166)	(236,425)	(78,601)	(369,192)
Cash Flows From Capital and Related Financing Activities				
Principal repayments	(210,000)	-	-	(210,000)
Capital contributions	46,700	-	-	46,700
Interest expense	(156,183)	-	-	(156,183)
Payment for capital assets	(584,730)	-	-	(584,730)
Net cash used for capital and related financing activities	(904,213)	-	-	(904,213)
Cash Flows From Investing Activities				
Interest income	101,696	56,613	2,591	160,900
Purchase of investments	(271,784)	(200,751)	-	(472,535)
Sale of investments	-	-	75,647	75,647
Net cash provided by (used for) investing activities	(170,088)	(144,138)	78,238	(235,988)
Net Increase (Decrease) In Cash	20,076	(154,284)	(363)	(134,571)
Cash				
Beginning of year	71,981	161,139	862	233,982
End of year	\$ 92,057	\$ 6,855	\$ 499	\$ 99,411
Supplemental Cash Flow Information				
Noncash Capital Financial Activity - Enterprise Fund				
Donated lines	\$ 90,887			

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**City of Hammond**

June 30, 1998

Introduction

On April 15, 1977, the United States District Court for the Eastern District of Louisiana ordered, and decreed that the City of Hammond (the City) shall institute the proposed Home Rule Charter dated April 11, 1977. The City operates under a Mayor-Council form of government.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Reporting Entity**

As the municipal governing authority, for reporting purposes, the City of Hammond is considered a separate entity. The financial reporting entity consists of (a) the Primary Government (City of Hammond), (b) organizations for which the Primary Government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Primary Government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Hammond for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Based on the previous criteria, the City of Hammond has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Year End</u>	<u>Criteria Used</u>
City Court	June 30, 1998	2
City Marshal	June 30, 1998	2
Section 8 Housing	December 31, 1997	2
Mortgage Authority	June 30, 1998	2

The City of Hammond has chosen to issue financial statements of the Primary Government only: therefore none of the previously listed component units are included in the accompanying financial statements.

These primary government financial statements include all funds, account groups, and organizations for which the City of Hammond maintains the accounting records. The organizations for which the City of Hammond maintains the accounting records are considered part of the Primary Government.

GASB Statement No. 14 provided for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the Primary Government's financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the Primary Government.

b. Fund Accounting

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

Note 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Fund Accounting (Continued)

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the municipality'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 obligations. Governmental funds include:

1. **General Fund** - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special Revenue Funds** - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. **Debt Service Funds** - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. **Capital Projects Funds** - account for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for the activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. **Enterprise Funds** - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

2. **Internal Service Fund** - accounts for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. Fiduciary funds include:

1. **Expendable Trust Funds** - accounted for in essentially the same manner as governmental funds. The resources, including both principal and earnings, may be expended.
2. **Nonexpendable Trust Funds** - accounted for in essentially the same manner as proprietary funds. The principal may not be expended.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only *current assets and current liabilities are generally included on the balance sheet*. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and expendable trust funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available to finance expenditures of the current fiscal year. Sales taxes are recognized as revenue in the month in which such taxes are paid by taxpayers. Ad Valorem taxes are recognized as revenue in the year budgeted, that is, in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Licenses and permits and court fines are recognized when received because they are not objectively measurable.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting (Continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule are (1) principal and interest on general long-term debt is recognized when due and (2) accumulated sick pay, and other employee benefits which are not accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

The Proprietary Funds and Nonexpendable Trust Fund are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Funds and Nonexpendable Trust Fund use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

d. Budgets

The Primary Government municipality follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Only the City Council is authorized to transfer budgeted amounts between departments within any fund or revise the total expenditures of any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds except those Special Revenue Funds established to account for a particular grant. Such grant funds are budgeted over the life of the grant and not necessarily on an annual basis.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Budgets (Continued)

6. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Those budgets which the City adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units.

Budgetary data for the Capital Project Funds has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

e. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances because they do not constitute expenditures nor liabilities.

f. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality 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. The City had no cash equivalents at June 30, 1998.

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Short-Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables or payables.

h. Inventories

All inventoriable items, such as gasoline, signs and water and sewer supplies are accounted for by the Central Purchasing Department. Inventory is valued at cost (first-in, first-out). The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

i. Bad Debts

Uncollectible amounts due for Ad Valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account, at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

j. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

k. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fixed Assets (Continued)

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives, stated in years:

	<u>Water and Sewer</u>
Buildings	25 years
Lines and mains	20 - 50 years
Equipment	4 - 10 years

l. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

m. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. Depreciation charged to contributed capital for the year ended June 30, 1998 was \$362,216.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Compensated Absences

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges, not requiring current resources, is recorded in the general long-term obligations account group. Leave privileges associated with employees of the proprietary funds are recorded as a fund liability and operating expense.

o. Use of Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that are used.

p. Total Columns on Combined Statements - Overview

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - AD VALOREM TAXES

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City during the year and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when received. The City bills and collects its own property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish.

The City is permitted by state law to levy taxes up to seven mills of assessed valuation for general operating purposes. In addition, voters renewed a ten-year millage in 1996 of two mills to be used for public improvements upkeep. The total is for general government services. No assessment was required for payment of long-term debt. On November 6, 1990, the voters of the City passed a ten (10) Mills property tax for a period of ten (10 years), beginning with the year 1991, for the purpose of maintaining and acquiring police and fire protection services, facilities and equipment and paying Police and Fire Department salary adjustments. For the year ended June 30, 1998, taxes of 19.18 mills were levied on property with assessed valuations totaling \$96,178,906. Total taxes levied was \$1,844,713.

Note 3 - CASH

At June 30, 1998, the City of Hammond has cash (book balances) totaling \$148,519, as follows:

Cash on hand	\$ 1,240
Demand deposits	15,456
Interest-bearing demand deposits	<u>131,823</u>
Total	<u>\$148,519</u>

These deposits are stated at cost, which approximates market value. 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, 1998, the City of Hammond has \$298,213 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$198,213 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

Note 4 - INVESTMENTS

Investments held at June 30, 1998, of \$9,830,300, are in the Louisiana Asset Management Pool, Inc. (LAMP), a local government pool (see Note 1). In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 1998, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of

Note 4 - INVESTMENTS (Continued)

LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturities in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 5 - ESTIMATED UNCOLLECTIBLE RECEIVABLES

Receivable and the applicable allowance at June 30, 1998 are as follows:

<u>Fund Type / Services</u>	<u>Amount</u>	<u>Allowance for Uncollectible</u>	<u>Receivables</u>
Governmental fund types:			
General fund:			
Franchise taxes	\$ 98,917	\$ -	\$ 98,917
Other	180,100	-	180,100
Special revenue funds:			
Notes	259,043	32,126	226,917
Proprietary fund types:			
Enterprise funds			
Customers	705,315	24,410	680,905
Special assessments	15,877	-	15,877
Other	5,127	-	5,127
Internal service fund:			
Insurance reimbursement	141,587	-	141,587

Note 6 - INTERFUND RECEIVABLES, PAYABLES, TRANSFERS IN, TRANSFERS OUT

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 507,440	\$ -
Special revenue funds	1,361	1,273,089
Debt service funds	-	5,940
Capital projects funds	992,000	-
Proprietary funds	-	216,097
Fiduciary funds	<u>-</u>	<u>5,675</u>
Totals	<u>\$1,500,801</u>	<u>\$1,500,801</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 6,683,239	\$ 587,868
Special revenue funds	359,380	9,721,141
Debt service funds	1,290,620	-
Capital projects funds	2,357,410	27,772
Proprietary funds	-	290,591
Fiduciary funds	<u>15,324</u>	<u>78,601</u>
Totals	<u>\$10,705,973</u>	<u>\$10,705,973</u>

Note 7 - DUE FROM OTHER GOVERNMENTS

State of Louisiana:		
Video poker	\$	61,915
Beer and tobacco taxes		35,055
Workmens' compensation		57
Law enforcement grant		37,567
Aviation grant		300,804
U.S. Department of Justice		7,100
Tangipahoa Parish Rural Fire Dist. #2:		
Fire insurance rebate		33,078
Fire prevention and protection allocation		77,500
Tangipahoa Parish School Board		1,575,320
City Court		46,268
Marshall		3,062
Other governments		<u>418</u>
Total due from other governments		<u>\$2,178,144</u>

Note 8 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1998</u>
Land	\$ 1,458,150	\$ -	\$ -	\$ 1,458,150
Buildings	4,914,340	337,166	-	5,251,506
Vehicles	3,045,590	477,916	216,451	3,307,055
Equipment	<u>1,467,032</u>	<u>195,709</u>	<u>57,275</u>	<u>1,605,466</u>
Totals	<u>\$10,885,112</u>	<u>\$1,010,791</u>	<u>\$273,726</u>	<u>\$11,622,177</u>

Note 8 - CHANGES IN GENERAL FIXED ASSETS (Continued)

A summary of proprietary fund type property, plant and equipment as of June 30, 1998 follows:

	<u>Water and Sewer</u>
Land	\$ 23,750
Water:	
Buildings	40,813
Equipment	173,122
Vehicles	371,146
Line and mains	5,261,414
Sewer:	
Buildings	60,230
Equipment	183,962
Vehicles	175,092
Line and mains	14,452,818
Construction in progress	<u>348,327</u>
Total	21,090,674
Less: accumulated depreciation	<u>(6,433,057)</u>
Net	<u>\$14,657,617</u>

Construction in progress is composed of expenditures at June 30, 1998 in the amount of \$348,327 for sewer improvement.

Note 9 - RESTRICTED ASSETS PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1998:

Meter deposit accounts	\$ 509,364
Bond sinking fund	94,271
Bond reserve fund	129,000
Bond contingency fund	<u>300,000</u>
Total	<u>\$1,032,635</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS

Following is a summary of bond transactions of the City for the year ended June 30, 1998:

	<u>General Obligation</u>
Bonds payable at July 1, 1997	\$ 8,514,000
Bonds issued	3,360,000
Bonds retired	<u>(3,996,000)</u>
Bonds payable at June 30, 1998	<u>\$ 7,878,000</u>

Following is a summary of the certificates of indebtedness transactions of the City for the year ended June 30, 1998:

	<u>Certificates of Indebtedness</u>
Certificates of indebtedness payable at July 1, 1997	\$ 560,000
Certificates issued	-
Certificates retired	<u>(170,000)</u>
Certificates of indebtedness payable at June 30, 1998	<u>\$ 390,000</u>

Following is a summary of utility revenue bond transactions of the City for the year ended June 30, 1998:

	<u>Utility Revenue Bonds</u>
Utility revenue bonds payable at July 1, 1997	\$2,745,000
Revenue bonds issued	-
Revenue bonds retired	<u>(210,000)</u>
Utility revenue bonds payable at June 30, 1998	<u>\$2,535,000</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

In February 1997, the City acquired certain equipment for the public works department which was financed through an installment purchase agreement. The agreement requires 48 monthly payments of principal and interest of \$3,266 through January 1, 2001 bearing interest at 5.5%. The debt is currently being serviced through the Special Revenue - Sales Tax Fund. The following is a summary of loan transactions of the City for the year ended June 30, 1998:

Loan payable at July 1, 1997	\$124,527
Proceeds from loan	-
Principal payments	<u>(33,039)</u>
Loan payable at June 30, 1998	<u>\$ 91,488</u>

General Obligation Bonds

\$377,000 1974 Public Improvement Sales Tax #4 serial bonds due in annual installments of principal and semiannual installments of interest through March 1, 1999 at 5.00%.	\$ 30,000
\$314,000 1976 Public Improvement Sales Tax #5 serial bonds due in annual installments of principal and semiannual installments of interest through March 1, 2001 at 6.00%.	3,000
\$6,805,000 1991 Public Improvement Refund Bonds, Series 2D, due in annual installments of principal and semiannual installments of interest through December 1, 2004; interest on \$620,000 at 5.55%, \$665,000 at 5.65%, on \$710,000 at 5.80%, \$755,000 at 5.90%, on \$805,000 at 6.00%, \$450,000 at 6.05%, and on \$480,000 at 6.10%.	4,485,000
\$3,360,000 1997 Public Improvement Refund Bonds, Series 2E, due in annual installments of principal and semiannual installments of interest through December 1, 2007; interest on \$295,000 at 3.75%, on \$315,000 at 3.95% on \$330,000 at 4.00%, on \$345,000 at 4.10%, on \$360,000 at 4.20%, on \$380,000 at 4.15%, on \$400,000 at 4.25%, on \$420,000 at 4.30%, on \$440,000 at 4.35%, on \$75,000 at 4.40%	<u>3,360,000</u>
Total General Obligation Bonds Payable	<u>\$7,878,000</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

A combined schedule of the outstanding sales tax #4 and #5 Series bonds and the interest and principal requirements by dates is as follows:

<u>Due Date</u>	<u>Sales Tax #4</u>		<u>Sales Tax #5</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
September 1, 1998	\$ -	\$ 750	\$ -	\$ 90	\$ 840
March 1, 1999	30,000	750	1,000	90	31,840
September 1, 1999	-	-	-	60	60
March 1, 2000	-	-	1,000	60	1,060
September 1, 2000	-	-	-	30	30
March 1, 2001	-	-	1,000	30	1,030
Totals	<u>\$30,000</u>	<u>\$1,500</u>	<u>\$3,000</u>	<u>\$360</u>	<u>\$34,860</u>

A combined schedule of the outstanding Public Improvements Series 2D and 2E bonds and the interest and principal requirements by dates is as follows:

<u>Due Date</u>	<u>Series 2D</u>		<u>Series 2E</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
December 1, 1998	\$ 620,000	\$131,256	\$ 295,000	\$ 69,620	\$1,115,876
June 1, 1999	-	114,051	-	64,089	178,140
December 1, 1999	665,000	114,051	315,000	64,089	1,158,140
June 1, 2000	-	95,265	-	57,868	153,133
December 1, 2000	710,000	95,265	330,000	57,868	1,193,133
June 1, 2001	-	74,675	-	51,268	125,943
December 1, 2001	755,000	74,675	345,000	51,268	1,225,943
June 1, 2002	-	52,403	-	44,195	96,598
December 1, 2002	805,000	52,403	360,000	44,195	1,261,598
June 1, 2003	-	28,253	-	36,635	64,888
December 1, 2003	450,000	28,253	380,000	36,635	894,888
June 1, 2004	-	14,640	-	28,750	43,390
December 1, 2004	480,000	14,640	400,000	28,750	923,390
June 1, 2005	-	-	-	20,250	20,250
December 1, 2005	-	-	420,000	20,250	440,250
June 1, 2006	-	-	-	11,220	11,220
December 1, 2006	-	-	440,000	11,220	451,220
June 1, 2007	-	-	-	1,650	1,650
December 1, 2007	-	-	75,000	1,650	76,650
Totals	<u>\$4,485,000</u>	<u>\$889,830</u>	<u>\$3,360,000</u>	<u>\$701,470</u>	<u>\$9,436,300</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

<u>Recap of General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Sales Tax #4 and #5 Serial Bonds	\$ 33,000	\$ 1,860	\$ 34,860
Series 2D and 2E Serial Bonds	<u>7,845,000</u>	<u>1,591,300</u>	<u>9,436,300</u>
 Totals	 <u>\$7,878,000</u>	 <u>\$1,593,160</u>	 <u>\$9,471,160</u>

The Sales Tax Series #4 and #5 and Series 2D and 2E Bond Indentures provides that all revenues of the Sales Tax Fund are pledged for the purposes and in the following order of priority:

- a. Reasonable and necessary expenses of collecting the tax;
- b. Payments into the Sales Tax Bond Sinking Fund for each issue of the amount required to pay maturing bonds and coupons, such payments to be made in equal monthly installments;
- c. Payments into the Sales Tax Bond Reserve Fund for each issue for a specified amount per month until the fund reaches an amount equal to the highest future annual principal and interest requirements for any succeeding calendar year;
- d. All revenues not required for the above payments shall be regarded as surplus and may be used by the City for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring future bonds.

The balances required in the Sinking Funds and Reserve Funds from a strict interpretation of the Bond Resolutions, as compared to the actual balances, are reflected in the following schedules (These balances are reported in the cash and investment balances in the current asset section of the related balance sheets of the Debt Service Funds):

<u>Sinking Funds</u>	<u>Sales Tax Series #4 and #5 Bonds</u>	<u>Sales Tax Series #2D and #2E Bonds</u>	<u>Total</u>
Required balances	\$10,893	\$576,229	\$587,122
Actual balances	<u>33,580</u>	<u>660,717</u>	<u>694,297</u>
 Excess	 <u>\$22,687</u>	 <u>\$ 84,488</u>	 <u>\$107,175</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

<u>Reserve Funds</u>	Sales Tax Series #4 and #5 <u>Bonds</u>	Sales Tax Series #2D and #2E <u>Bonds</u>	<u>Total</u>
Required balances	\$32,680	\$1,358,195	\$1,390,875
Actual balances	<u>32,680</u>	<u>1,358,195</u>	<u>1,390,875</u>
Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all other material limitations and restrictions.

Water Revenue Bonds

\$1,300,000, 1990 Water Revenue Bonds due in annual installments of principal and semiannual installments of interest through July 1, 2010:

interest on \$55,000 at 7.10%, interest on \$120,000 at 7.20%, interest on \$65,000 at 7.25%, interest on \$70,000 at 7.30%, interest on \$75,000 at 7.35%, interest on \$80,000 at 7.40%, interest on \$90,000 at 7.45%, interest on \$425,000 at 7.50%	<u>\$980,000</u>
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The balances required in the Contingency Fund, Sinking Fund, and Reserve Fund from a strict interpretation of the Bond Resolution, as compared to actual balances, are reflected in the following schedule:

	Contingency <u>Fund</u>	Sinking <u>Fund</u>	Reserve <u>Fund</u>
Required balances	\$100,000	\$ -	\$129,000
Actual balances	<u>100,000</u>	<u>13,102</u>	<u>129,000</u>
Excess	<u>\$ -</u>	<u>\$13,102</u>	<u>\$ -</u>

Water and Sewer Revenue Bonds

\$2,150,000, 1993 Water & Sewer Revenue Bonds due in annual installments of principal and semiannual installments of interest through December 1, 2005:

interest on \$165,000 at 4.50%, interest on \$170,000 at 4.70%. interest on \$180,000 at 4.75%, interest on \$190,000 at 4.90%, interest on \$195,000 at 5.00%, interest on \$205,000 at 5.05%, interest on \$220,000 at 5.20%, interest on \$230,000 at 5.25%	<u>\$1,555,000</u>
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Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

The balances required in the Contingency Fund and Sinking Fund, from a strict interpretation of the Bond Resolution, as compared to actual balances, are reflected in the following schedule:

	<u>Contingency Fund</u>	<u>Sinking Fund</u>
Required balances	\$157,415	\$92,860
Actual balances	<u>200,000</u>	<u>92,860</u>
Excess	<u>\$ 42,585</u>	<u>\$ -</u>

A schedule of the outstanding 1990 Water Revenue Bonds and interest and principal requirement by date is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
January 1, 1999	\$ -	\$ 36,175	\$ 36,175
July 1, 1999	55,000	36,175	91,175
January 1, 2000	-	34,223	34,223
July 1, 2000	60,000	34,223	94,223
January 1, 2001	-	32,077	32,077
July 1, 2001	60,000	32,077	92,077
January 1, 2002	-	29,918	29,918
July 1, 2002	65,000	29,918	94,918
January 1, 2003	-	27,561	27,561
July 1, 2003	70,000	27,561	97,561
January 1, 2004	-	25,006	25,006
July 1, 2004	75,000	25,006	100,006
January 1, 2005	-	22,250	22,250
July 1, 2005	80,000	22,250	102,250
January 1, 2006	-	19,290	19,290
July 1, 2006	90,000	19,290	109,290
January 1, 2007	-	15,938	15,938
July 1, 2007	95,000	15,938	110,938
January 1, 2008	-	12,375	12,375
July 1, 2008	100,000	12,375	112,375
January 1, 2009	-	8,625	8,625
July 1, 2009	110,000	8,625	118,625
January 1, 2010	-	4,500	4,500
July 1, 2010	<u>120,000</u>	<u>4,500</u>	<u>124,500</u>
Totals	<u>\$980,000</u>	<u>\$535,876</u>	<u>\$1,515,876</u>

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

The Water Revenue Bonds will be secured by and payable solely from the income and revenues to be derived by the City from the operations of the public waterworks plant and distribution system of the City, after provisions have been made for the payment therefrom of the reasonable and necessary expenses of operating and maintaining the system.

A schedule of the outstanding 1993 Water & Sewer Revenue Bonds and interest and principal requirements by date is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
December 1, 1998	\$ 165,000	\$ 38,446	\$ 203,446
June 1, 1999	-	34,734	34,734
December 1, 1999	170,000	34,734	204,734
June 1, 2000	-	30,739	30,739
December 1, 2000	180,000	30,739	210,739
June 1, 2001	-	26,464	26,464
December 1, 2001	190,000	26,464	216,464
June 1, 2002	-	21,809	21,809
December 1, 2002	195,000	21,809	216,809
June 1, 2003	-	16,934	16,934
December 1, 2003	205,000	16,934	221,934
June 1, 2004	-	11,757	11,757
December 1, 2004	220,000	11,757	231,757
June 1, 2005	-	6,038	6,038
December 1, 2005	<u>230,000</u>	<u>6,038</u>	<u>236,038</u>
Totals	<u>\$1,555,000</u>	<u>\$335,396</u>	<u>\$1,890,396</u>

The Water and Sewer Revenue Bonds will be secured by and payable solely from income and revenues to be derived by the City from the operations of the public waterworks and sewer plants distribution system of the City, after provisions have been made for the payment therefrom of the reasonable and necessary expenses of operating and maintaining the system.

Certificates of Indebtedness

\$1,100,000, 1990 Certificates of Indebtedness serial bonds due in annual installments of principal and semiannual installments of interest through July 1, 2000; on \$180,000 at 7.25%, and on \$210,000 at 7.30%

\$390,000

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

A schedule of the outstanding 1990 Certificates and the interest and principal requirements by date is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
January 1, 1999	\$ -	\$14,190	\$ 14,190
July 1, 1999	180,000	14,190	194,190
January 1, 2000	-	7,665	7,665
July 1, 2000	<u>210,000</u>	<u>7,665</u>	<u>217,665</u>
Totals	<u>\$390,000</u>	<u>\$43,710</u>	<u>\$433,710</u>

The Certificates of Indebtedness will be secured by and payable from a pledge and dedication of the excess of annual revenues of the City above statutory, necessary and usual charges in each of the fiscal years ending June 30, 1998 to June 30, 2000, inclusive.

The balances required in the Sinking Fund and Reserve Fund from a strict interpretation of the Bond Resolution, as compared to actual balances, are reflected in the following schedule:

	<u>Sinking Fund</u>	<u>Reserve Fund</u>
Required balances	\$ -	\$110,000
Actual balances	<u>29,030</u>	<u>110,000</u>
Excess	<u>\$29,030</u>	<u>\$ -</u>

Note 10 - CHANGES IN LOG-TERM OBLIGATIONS (Continued)

Following is a combined schedule of annual requirements to retire all long-term debt as of June 30, 1998:

Year Ending June 30,	General Long-Term Debt Obligations									
	General Obligations Bonds		Certificates Of Indebtedness		Loans Payable		Proprietary Funds Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1999	\$ 946,000	\$ 380,696	\$ -	\$ 14,190	\$ 34,954	\$ 4,222	\$ 165,000	\$ 109,355	\$ 274,355	
2000	981,000	331,393	180,000	21,855	36,989	2,246	225,000	135,871	360,871	
2001	1,041,000	279,136	210,000	7,665	19,545	315	240,000	123,503	363,503	
2002	1,100,000	222,541	-	-	-	-	250,000	110,268	360,268	
2003	1,165,000	161,486	-	-	-	-	260,000	96,222	356,222	
2004	830,000	108,278	-	-	-	-	275,000	81,258	356,258	
2005	880,000	63,640	-	-	-	-	295,000	65,051	360,051	
2006	420,000	31,470	-	-	-	-	310,000	47,578	357,578	
2007	440,000	12,870	-	-	-	-	90,000	35,228	125,228	
2008	75,000	1,650	-	-	-	-	95,000	28,313	123,313	
2009	-	-	-	-	-	-	100,000	21,000	121,000	
2010	-	-	-	-	-	-	110,000	13,125	123,125	
2011	-	-	-	-	-	-	120,000	4,500	124,500	
Totals	\$ 7,878,000	\$ 1,593,160	\$ 390,000	\$ 43,710	\$ 91,488	\$ 6,783	\$ 2,535,000	\$ 871,272	\$ 3,406,272	

Note 10 - CHANGES IN LONG -TERM OBLIGATIONS (Continued)

The City received Utility Relocation Assistance Funding from the State of Louisiana Department of Transportation and Development in order to relocate certain utility lines throughout the City. This funding is not considered a loan or a grant and no interest is charged; however, it must be repaid to the State. The total amount originally due to the State was \$490,276 of which ten percent of the remaining balance is due annually. A payment of \$49,028 was made by the City during the year ended June 30, 1998. The balance due at June 30, 1998 is \$401,248. Future repayments to the State are scheduled as follows:

Year Ending <u>June 30,</u>	
1999	\$ 49,028
2000	49,028
2001	49,028
2002	49,028
2003 and beyond	<u>205,136</u>
Total	<u>\$401,248</u>

Note 11 - DUE TO OTHER GOVERNMENTS

A summary of due to other governments at June 30, 1998 follows:

Due to State of Louisiana - Airport drainage and runway improvements	\$108,922
Due to State of Louisiana - Morrison Road relocation project	401,248
Due to State of Louisiana - Sales taxes	4,982
Due to Sewer District Number 1	<u>998</u>
Total	<u>\$516,150</u>

Note 12 - METER DEPOSITS

Meter deposits are paid by customers upon application for utility services and are refundable to them upon termination of service. Receipts from meter deposits are deposited in a meter deposit account and refunds of deposits on termination of service are made from the same account.

The City has a certificate, in addition to the meter deposit account, which is designated specifically for meter deposits. At June 30, 1998, meter deposits amounted to \$356,835 and the balance of cash and investments in the meter deposit account totaled \$509,364.

Note 13 - PENSION PLAN

The City of Hammond contributes to the Municipal Employees Retirement System of Louisiana, the Firefighters' Retirement System of Louisiana and the Municipal Police Employees Retirement System of Louisiana. The City's payroll for employees covered by the retirement systems for the year ended June 30, 1998 was \$5,736,613.

a. Municipal Employees' Retirement System

Plan Description - The City contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (MERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1866, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 79370 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 9.25% of their annual-covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1998, 1997 and 1996 were \$143,431, \$139,764 and \$128,205, respectively, equal to the required contributions for each year.

Note 13 - PENSION PLAN (Continued)

b. Firefighters' Retirement System

Plan Description - The City contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the City is required to contribute at an actuarially determined rate. The current rate is 9% of annual-covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1998, 1997 and 1996 were \$123,241, \$123,298 and \$119,340, respectively, equal to the required contributions for each year.

c. Municipal Police Employees' Retirement System

Plan Description - The City contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (MPERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2233, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70809.

Note 13 - PENSION PLAN (Continued)

c. Municipal Police Employees' Retirement System (Continued)

Funding Policy - Plan members are required to contribute 9.0% of their annual-covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 7.5% of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1998, 1997 and 1996 were \$166,206, \$156,818 and \$139,426, respectively, equal to the required contributions for each year.

Note 14 - COMPENSATED ABSENCES

At June 30, 1998, employees of the City have accumulated and vested \$714,823 of employee leave benefits, which was computed in accordance with GASB 16. Of this amount, \$647,322 is recorded in the General Long-Term Debt Account Group, and \$67,501 is recorded in the Enterprise Fund.

Note 15 - DEFEASED DEBT

On November 1, 1997, the City issued \$3.36 million of public improvement refunding bonds, Series 2-E, with interest rates of 3.75% to 4.40% to advance the refund of \$3.16 million of public improvement bonds, Series 2-C, with interest rates of 6.9% to 7.25%. The public improvement refunding bonds were issued at a discount and, after paying issuance costs of \$54,991, the net proceeds were \$3,261,565. The net proceeds from the issuance of the public improvement refunding bonds along with \$85,662 from the sales tax debt service fund were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the public improvement bonds were called on December 1, 1997. The advance refunding met the requirements of an in-substance debt defeasance and the public improvement bonds were removed from the City's General Long-Term Debt Account Group.

As a result of the advance refunding, the City reduced its total debt service requirements by \$442,777, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$302,089.

Note 16 - PRIOR-YEAR DEFEASANCE OF DEBT

On August 1, 1987, the City issued \$4.35 million in General Obligation Bonds with interest rates of 6.3% to 10.0% to advance the refund of \$3.3 million of outstanding 1986 Certificates of Indebtedness of the Enterprise Fund with interest rates of 7.0% to 7.75%.

On December 1, 1991, the City issued \$6,805,000, in General Obligation Bonds with interest rates of 4.4% to 6.2% to advance the refund of \$2,360,000 of Public Improvement Bonds with interest rates of 10.4% to 10.75% and \$3,595,000 of Public Improvement Bonds with interest rates of 8.4% to 9.3%.

The City placed sufficient proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements.

Note 17 - COMPENSATION PAID THE MAYOR AND CITY COUNCIL

The compensation paid the Mayor and City Council for the year ended June 30, 1998, is as follows:

Louis Tallo, Mayor	\$ 4,397
Willie Johnson, Mayor (Interim)	10,769
Russell "Tippy" DePaula, Mayor (Deceased)	21,538
LaVanner Brown	7,200
Jerry Correjolle	7,200
John D. Guerin	7,200
Lionel Wells	7,200
David Vial	<u>7,200</u>
Total	<u>\$72,704</u>

Terms of office expire December 31, 1998.

Note 18 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The Special Assessment Certificates Fund had a deficit of \$3,643 at June 30, 1998.

Note 18 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS (Continued)

The City intends to eliminate the deficit fund balance in the next fiscal year by transferring funds from the General Fund.

Note 19 - REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

The following individual funds had actual revenues less than budgeted revenues or actual expenditures over budgeted expenditures by 5% or more for the year ended June 30, 1998:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variances</u>
Special revenue funds:			
Revenues:			
Columbia Theatre			
Renovation Fund	\$550,000	\$439,293	\$(110,707)
Emergency Shelter Grant Fund	25,643	20,121	5,522
Law Enforcement Block			
Grant Fund	34,471	23,310	(11,161)

State law requires that budgets be amended when actual revenue are less than budgeted revenues or actual expenditures exceed budget by 5% or more

**Exhibit F
(Continued)**

Note 20 - DESIGNATED AND RESERVED FUND BALANCES

Fund Balances designated and reserved at June 30, 1998, other than reserves for inventory of \$111,194 and encumbrances of \$32,440 in the General Fund are as follows:

	<u>Designated</u>			<u>Reserved</u>
	<u>Special Revenue Funds</u>	<u>Fiduciary Funds</u>	<u>Total Designated</u>	<u>Debt Service Funds</u>
Law Enforcement	\$ 192	\$ -	\$ 192	\$ -
Confiscated Cash	3,679	-	3,679	-
Fire Dept. Hazardous Materials	11,674	-	11,674	-
Court Witness Fees	129,864	-	129,864	-
Police Education and Training	26,520	-	26,520	-
Downtown Development District	244,352	-	244,352	-
Fire Millage	519,326	-	519,326	-
Police Millage	155,772	-	155,772	-
FmHA Industrial Development	392,957	-	392,957	-
Industrial Development	574,294	-	574,294	-
Law Enforcement Block Grant	3,500	-	3,500	-
Project M.O.T.I.O.N.	-	13,117	13,117	-
Library Trust	-	23,341	23,341	-
Sales Tax Bond	-	-	-	2,085,930
Certificates of Indebtedness	-	-	-	139,235
	<u>\$2,062,130</u>	<u>\$36,458</u>	<u>\$2,098,588</u>	<u>\$2,225,165</u>
Fund balances designated and reserved	<u>\$2,062,130</u>	<u>\$36,458</u>	<u>\$2,098,588</u>	<u>\$2,225,165</u>

Exhibit F
(Continued)

Note 21 - CHANGES IN CONTRIBUTED CAPITAL

Changes in the City's enterprise fund contributed capital accounts for the year ended June 30, 1998 are as follows:

	City	Sales Tax Bonds	Citizens	State	Federal Government	Other	Total
Contributed capital at July 1, 1997	\$ 2,802,920	\$ 2,233,023	\$ 1,775,921	\$ 69,302	\$ 1,607,742	\$ 2,517,721	\$ 11,006,629
Contributions of fixed assets	-	90,887	46,700	-	-	-	137,587
Depreciation on fixed assets	(1,932)	(196,799)	(84,466)	(6,405)	(31,556)	(41,058)	(362,216)
Contributed capital at June 30, 1998	<u>\$ 2,800,988</u>	<u>\$ 2,127,111</u>	<u>\$ 1,738,155</u>	<u>\$ 62,897</u>	<u>\$ 1,576,186</u>	<u>\$ 2,476,663</u>	<u>\$ 10,782,000</u>

Note 22 - RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risk of loss, the City has established an Insurance Fund (an internal service fund). Under this program, the Insurance Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim and \$25,000 for each general liability claim. The City also purchases commercial insurance for claims in excess of coverage provided by the fund.

The General Fund, Enterprise Fund, and Downtown Development District Fund of the City participate in the program and make payments to the fund based on management's estimates of the amounts needed to pay prior and current year claims. These interfund "premiums" related to workers' compensation, general liability and property insurance coverages are reported as quasi-external transactions. At June 30, 1998, the outstanding claims liability was \$414,040. No estimated liability for incurred but not reported claims has been made. The liability is based on the requirements of GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable and the amount of the loss can be reasonably estimated. Settlements did not exceed insurance coverage for each of the past three fiscal years.

Changes in the general liability and workers' compensation claims liability amount for the years ended June 30, 1998, 1997 and 1996 were:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
1998	\$279,184	\$419,856	\$(285,000)	\$414,040
1997	57,024	397,268	(175,108)	279,184
1996	88,735	51,427	(83,138)	57,024

Note 23 - SUPPLEMENTAL PAY

In addition to the compensation paid to the City of Hammond's employees, employees who are firemen, may be eligible to receive supplemental pay. Each type of employee is governed by their particular revised statute. The amount of the compensation is determined by State Law and is revised periodically.

Note 23 - SUPPLEMENTAL PAY (Continued)

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the City fire department who is hired after March 31, 1986 and who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the City obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the fire department are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for fire fighters must be taken into account in calculating fire fighters longevity pay, holiday pay, and overtime pay.

As per Louisiana Revised Statute 33:2219.2, any employee who devotes his or her full working time to law enforcement and who is hired after March 31, 1986 and who has completed a council certified training program as provided in Louisiana Revised statute 40:2405 and is paid a salary of not less than three hundred fifty dollars per month shall be paid by the state extra compensation. A police officer entitled to additional pay out of state funds includes any person employed on a full-time basis who works as a duly commissioned law enforcement officer for the performance of primary duties which encompass the enforcement of state laws, supervisory police work, provides necessary services to the officers, desk sergeant or identification technician or a full-time radio dispatcher. Any person who received additional pay out of state funds shall continue to receive said additional state pay during any period of disability resulting from any injury sustained in the line of duty. The additional pay out of state funds shall continue to be paid to such person until such time that said person is determined to be permanently disabled and not longer able to return to work.

As of June 30, 1998, the City has recognized \$413,360 in revenues (Intergovernmental) and expenditures (public safety) that the State of Louisiana has paid directly to the City's employees.

Note 24 - RESIDUAL EQUITY TRANSFER

Effective July 1, 1997 the Fund Balance of the Fire/Police Millage was split into two funds to properly reflect the dedication of funds as provided for in the governing ordinance. A residual equity transfer of \$178,439 was made to the Police Millage Fund representing the balance of the dedicated millage to the Police Department.

Note 25 - LITIGATION AND CLAIMS

At June 30, 1998, the City is a defendant in several lawsuits seeking damages. In the opinion of the City, liabilities arising from these claims and legal actions, if any, will not be significant.

**FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

BALANCE SHEET**GENERAL FUND****City of Hammond**

June 30, 1998

ASSETS

Cash	\$ 24,506
Investments, at cost	1,299,513
Franchise taxes receivable	98,917
Other receivable	180,100
Due from other funds	507,440
Due from other governments	258,036
Inventory, at cost	111,194
Total assets	\$ 2,479,706

LIABILITIES

Accounts payable	\$ 231,509
Payroll taxes payable	24,824
Salaries payable	125,874
Total liabilities	382,207

FUND BALANCE

Reserved for inventory	111,194
Reserved for encumbrances	32,440
Unreserved - undesignated	1,953,865
Total fund balance	2,097,499
Total liabilities and fund balance	\$ 2,479,706

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

GENERAL FUND

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,326,000	\$ 2,358,830	\$ 32,830
Licenses and permits	1,600,000	1,642,767	42,767
Fines and forfeitures	332,000	406,497	74,497
Sanitation service fees	460,000	437,306	(22,694)
Parks and recreation	123,220	87,404	(35,816)
Airport	44,750	32,910	(11,840)
Intergovernmental	473,360	486,318	12,958
Interest	14,000	34,897	20,897
Miscellaneous	357,300	445,242	87,942
Total revenues	5,730,630	5,932,171	201,541
Expenditures			
General Government	2,491,697	2,351,232	140,465
Public safety	6,537,738	6,300,812	236,926
Geographic information service	136,900	133,395	3,505
Highways and streets	1,049,574	990,015	59,559
Cemeteries and municipal grounds	499,664	479,335	20,329
Sanitation	480,000	450,857	29,143
Parks and recreation	353,684	307,800	45,884
Debt service	39,200	39,195	5
Airport	166,224	149,198	17,026
Total expenditures	11,754,681	11,201,839	552,842
Excess (Deficiency) of Revenues Over Expenditures	(6,024,051)	(5,269,668)	754,383
Other Financing Sources (Uses)			
Sale of fixed assets	14,000	14,983	983
Operating transfers in	6,675,425	6,683,239	7,814
Operating transfers out	(587,390)	(587,868)	(478)
Total other financing sources (uses)	6,102,035	6,110,354	8,319
Excess of Revenues and Other Sources Over Expenditures and Other Uses	77,984	840,686	762,702
Fund Balance			
Beginning of year	1,256,813	1,256,813	-
End of year	\$ 1,334,797	\$ 2,097,499	\$ 762,702

**STATEMENT OF REVENUES COMPARED TO
BUDGET (GAAP BASIS)**

GENERAL FUND

City of Hammond

For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes			
Ad Valorem	\$ 1,759,000	\$ 1,791,943	\$ 32,943
Alcoholic beverages	40,000	41,670	1,670
Tobacco	88,000	88,218	218
Franchise	439,000	436,999	(2,001)
Total taxes	<u>2,326,000</u>	<u>2,358,830</u>	32,830
Licenses and Permits			
Occupational	900,000	960,107	60,107
Video poker	600,000	584,514	(15,486)
Other	100,000	98,146	(1,854)
Total licenses and permits	<u>1,600,000</u>	<u>1,642,767</u>	42,767
Fines and Forfeitures			
City Court	332,000	406,497	74,497
Sanitation Service Fees	460,000	437,306	(22,694)
Parks and Recreation			
Rentals	5,000	3,866	(1,134)
Concessions	10,000	10,196	196
Registration fees	108,220	73,342	(34,878)
Total parks and recreation	<u>123,220</u>	<u>87,404</u>	(35,816)

**Schedule A-3
(Continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous			
LA Department of Highways	16,000	8,074	(7,926)
Rural fire district	115,000	192,500	77,500
Interest income	14,000	34,897	20,897
Rental income	600	1,100	500
Fire Insurance Commission	30,000	33,078	3,078
Police reports	7,000	7,697	697
Notice fees on taxes	18,000	19,285	1,285
Legal document fees	8,000	8,851	851
Sale of cemetery plots	30,000	37,450	7,450
Cemetery fees	8,000	9,420	1,420
Intergovernmental	473,360	486,318	12,958
False alarms	20,000	21,685	1,685
Airport	44,750	32,910	(11,840)
Donations	25,000	25,050	50
Miscellaneous	79,700	81,052	1,352
Total miscellaneous	<u>889,410</u>	<u>999,367</u>	<u>109,957</u>
Total revenues	<u>\$ 5,730,630</u>	<u>\$ 5,932,171</u>	<u>\$ 201,541</u>

**STATEMENT OF EXPENDITURES COMPARED TO
BUDGET (GAAP BASIS)**

GENERAL FUND

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Council	\$ 138,025	\$ 132,455	\$ 5,570
Mayor's Office	234,106	213,071	21,035
Accounting	351,697	328,546	23,151
Purchasing	213,471	186,128	27,343
Central Garage	119,552	105,619	13,933
Personnel	148,750	133,466	15,284
Legal Services	225,000	201,723	23,277
Data processing	115,371	99,334	16,037
Insurance	82,800	82,800	-
Other	862,925	868,090	(5,165)
Total general government	2,491,697	2,351,232	140,465
Public Safety			
Police department:			
Administration	728,208	691,843	36,365
Investigation	300,226	268,932	31,294
Patrol	1,572,869	1,584,974	(12,105)
Juvenile	131,217	131,671	(454)
Correction	316,881	274,021	42,860
Communications	310,301	284,447	25,854
Crime control	305,626	276,356	29,270
Traffic control	107,298	102,346	4,952
Total police department	3,772,626	3,614,590	158,036
Fire department:			
Administration	373,041	369,686	3,355
Fire fighting	1,877,703	1,818,842	58,861
Prevention	141,952	140,422	1,530
Building inspection	234,106	225,556	8,550
Total fire department	2,626,802	2,554,506	72,296
Other	138,310	131,716	6,594
Total public safety	6,537,738	6,300,812	236,926

**Schedule A-4
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
Highway and Streets	1,049,574	990,015	59,559
Cemeteries and Municipal Grounds	499,664	479,335	20,329
Geographic Information Service	136,900	133,395	3,505
Sanitation	480,000	450,857	29,143
Parks and Recreation			
Administration	174,798	171,043	3,755
Programs	178,886	136,757	42,129
Total parks and recreation	353,684	307,800	45,884
Debt Service	39,200	39,195	5
Airport	166,224	149,198	17,026
Total expenditures	<u>\$ 11,754,681</u>	<u>\$ 11,201,839</u>	<u>\$ 552,842</u>

SPECIAL REVENUE FUNDS

Sales Tax Fund - To account for sales and use tax collected and its subsequent disbursement in according with sales tax deduction.

Law Enforcement Grants - To account for the receipt and disbursement of grants passed through from the Louisiana Commission on Law Enforcement.

Confiscated Cash Fund - To account for the collection of the City's share of district court awards and the subsequent disbursement thereof.

Fire Department Hazardous Materials - To account for receipts and disbursements of funds used for hazardous materials.

Emergency Shelter Grant - To account for the receipt and disbursement of funds received from a federal grant. Such funds are used for the operation of an emergency shelter.

Grant Fund - To account for the receipt and disbursements of funds received from a federal grant. Such funds are for assistance in reforestation of trees within the City.

Court Witness Fees Fund - To account for the receipt and disbursement of funds received from the City court for payment of witness fees.

Police Education and Training - To account for the receipt of court costs relating to drug testing of persons convicted of driving while intoxicated and the disbursement of these funds for police education and training.

SPECIAL REVENUE FUNDS (Continued)

Downtown Development District Fund - To account for interfund transfers which pay for the rehabilitation of the downtown district.

Fire Millage Fund - To account for the receipt of property taxes in accordance with property dedication and the disbursement of these funds for fire equipment.

Police Millage Fund - To account for the receipt of property taxes in accordance with property dedication and the disbursement of these funds for police equipment.

Cafeteria Plan Fund - To account for receipts of employee withholdings for medical and dependent care expenses.

FmHA Industrial Development - To account for receipt and disbursement of funds received from FmHA for qualified business loans.

Industrial Development - To account for monies set aside for the promotion of new business within the City's limits.

Local Law Enforcement Block Grant - To account for the receipt and disbursement of funds related to a federal grant for law enforcement purposes.

Columbia Theater Renovation - To account for the receipt and disbursement of funds received from the State for the purpose of renovating the Columbia Theater.

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

City of Hammond

June 30, 1998

	Sales Tax	Law Enforcement Grants	Confiscated Cash
ASSETS			
Cash	\$ -	\$ -	\$ 65
Investments, at cost	97,188	-	25,658
Note receivable - (net of allowance for doubtful accounts of \$32,126)	-	-	-
Due From Other Funds	-	1,361	-
Due from other governments	1,575,320	19,127	-
Total assets	<u>\$ 1,672,508</u>	<u>\$ 20,488</u>	<u>\$ 25,723</u>
LIABILITIES			
Accounts payable	\$ 18,454	\$ 1,106	\$ 22,044
Payroll taxes payable	-	-	-
Due to other funds	993,362	19,190	-
Salaries payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>1,011,816</u>	<u>20,296</u>	<u>22,044</u>
FUND BALANCE			
Designated	-	192	3,679
Undesignated	660,692	-	-
Total fund balance	<u>660,692</u>	<u>192</u>	<u>3,679</u>
Total liabilities and fund balance	<u>\$ 1,672,508</u>	<u>\$ 20,488</u>	<u>\$ 25,723</u>

Schedule B-1

Fire Dept. Hazardous Materials	Emergency Shelter Grant	Court Witness Fees	Police Education and Training	Downtown Development District	Fire Millage	Police Millage	Cafeteria Plan	FmHA Industrial Development	Industrial Development	Local Law Enforcement Block Grant	Columbia Theater Renovation	Total
\$ 129 12,133	\$ 964 -	\$ 1,345 122,180	\$ 46 27,270	\$ 60 245,018	\$ 7,263 690,502	\$ 354 157,143	\$ 2,912 -	\$ 5,113 160,927	\$ 493 573,801	\$ 529 12,400	\$ - -	\$ 19,274 2,124,220
-	-	-	-	-	-	-	-	226,917	-	-	-	226,917
-	-	-	-	-	-	-	-	-	-	-	-	1,361
-	-	6,414	-	-	-	-	-	-	-	-	295,144	1,896,005
<u>\$ 12,262</u>	<u>\$ 964</u>	<u>\$ 129,939</u>	<u>\$ 27,316</u>	<u>\$ 245,078</u>	<u>\$ 697,765</u>	<u>\$ 157,497</u>	<u>\$ 2,912</u>	<u>\$ 392,957</u>	<u>\$ 574,294</u>	<u>\$ 12,929</u>	<u>\$ 295,144</u>	<u>\$ 4,267,777</u>
\$ -	\$ 959	\$ 75	\$ 796	\$ 69	\$ -	\$ 1,725	\$ 2,779	\$ -	\$ -	\$ 638	\$ 34,607	\$ 83,252
-	-	-	-	5	-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	-	-	-	-	260,537	1,273,089
-	-	-	-	592	-	-	-	-	-	-	-	592
-	-	-	-	-	-	-	-	-	-	7,639	-	7,639
-	959	75	796	666	-	1,725	2,779	-	-	8,277	295,144	1,364,577
11,674	-	129,864	26,520	244,352	519,326	155,772	-	392,957	574,294	3,500	-	2,062,130
588	5	-	-	60	178,439	-	133	-	-	1,152	-	841,070
12,262	5	129,864	26,520	244,412	697,765	155,772	133	392,957	574,294	4,652	-	2,903,200
<u>\$ 12,262</u>	<u>\$ 964</u>	<u>\$ 129,939</u>	<u>\$ 27,316</u>	<u>\$ 245,078</u>	<u>\$ 697,765</u>	<u>\$ 157,497</u>	<u>\$ 2,912</u>	<u>\$ 392,957</u>	<u>\$ 574,294</u>	<u>\$ 12,929</u>	<u>\$ 295,144</u>	<u>\$ 4,267,777</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

SPECIAL REVENUE FUNDS

City of Hammond

For the year ended June 30, 1998

	Sales Tax	Law Enforcement Grants	Confiscated Cash
Revenues			
Taxes	\$ 9,415,513	\$ -	\$ -
Court witness fees	-	-	-
Intergovernmental	-	23,302	-
Interest	35,143	8	1,379
Miscellaneous	-	-	-
Total revenues	9,450,656	23,310	1,379
Expenditures			
General government	293,517	-	-
Public safety:			
Police	-	30,311	-
Fire	-	-	-
Highways and streets	108,738	-	-
Parks and recreation	270,104	-	-
Total expenditures	672,359	30,311	-
Excess (Deficiency) of Revenues Over Expenditures	8,778,297	(7,001)	1,379
Other Financing Sources (Uses)			
Operating transfer in	-	7,373	-
Operating transfer out	(9,608,927)	-	-
Total other financing sources (uses)	(9,608,927)	7,373	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(830,630)	372	1,379
Fund Balances (Deficit)			
Beginning of year	1,491,322	(180)	2,300
Residual equity transfers	-	-	-
End of year	\$ 660,692	\$ 192	\$ 3,679

Fire Dept. Hazardous Materials	Emergency Shelter Grant	Grant Fund	Court Witness Fees	Police Education and Training	Downtown Development District	Fire Millage	Police Millage	Cafeteria Plan	FmHA Industrial Development	Industrial Development	Local Law Enforcement Block Grant	Columbia Theater Renovation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,937	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,511,450
-	-	-	64,215	-	-	-	-	-	-	-	-	-	64,215
-	20,117	-	-	-	17,500	-	-	-	80,000	-	189,905	441,393	772,217
638	4	-	11,139	1,477	10,849	32,408	10,171	83	15,031	30,109	3,549	-	151,988
-	-	-	-	5,234	8,809	-	-	-	800	194	-	-	15,037
638	20,121	-	75,354	6,711	133,095	32,408	10,171	83	95,831	30,303	193,454	441,393	10,514,907
-	20,117	-	-	-	-	-	-	-	745	705	-	441,393	756,477
9	-	-	48,384	9,932	-	-	199,678	-	-	-	212,625	-	500,930
-	-	-	-	-	-	43,265	-	-	-	-	-	-	43,274
-	-	-	-	-	-	-	-	-	-	-	-	-	108,738
-	-	-	-	-	104,589	-	-	-	-	-	-	-	374,693
9	20,117	-	48,384	9,932	104,589	43,265	199,678	-	745	705	212,625	441,393	1,784,112
629	4	-	26,970	(3,221)	28,506	(10,857)	(189,507)	83	95,086	29,598	(19,171)	-	8,750,795
-	-	-	-	-	3,850	166,840	166,840	-	-	-	14,477	-	359,380
-	-	-	(102,214)	-	(10,000)	-	-	-	-	-	-	-	(9,721,141)
-	-	-	(102,214)	-	(6,150)	166,840	166,840	-	-	-	14,477	-	(9,361,761)
629	4	-	(75,244)	(3,221)	22,356	155,983	(22,667)	83	95,086	29,598	(4,694)	-	(630,966)
11,633	1	1	205,108	29,741	222,058	720,221	-	50	297,871	544,696	9,344	-	3,534,166
-	-	-	-	-	-	(178,439)	178,439	-	-	-	-	-	-
\$ 12,262	\$ 5	\$ 1	\$ 129,864	\$ 26,520	\$ 244,414	\$ 697,765	\$ 155,772	\$ 133	\$ 392,957	\$ 574,294	\$ 4,650	\$ -	\$ 2,903,200

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
SALES TAX FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales and use tax	\$ 9,225,000	\$ 9,415,513	\$ 190,513
Interest	28,000	35,143	7,143
Total revenues	9,253,000	9,450,656	197,656
Expenditures			
General government	345,792	293,517	52,275
Highways and streets	102,000	108,738	(6,738)
Parks and recreation	355,020	270,104	84,916
Total expenditures	802,812	672,359	130,453
Excess of Revenues Over Expenditures	8,450,188	8,778,297	328,109
Other Financing Uses			
Operating transfer out	(9,560,425)	(9,608,927)	48,502
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	(1,110,237)	(830,630)	279,607
Fund Balance			
Beginning of year	1,491,322	1,491,322	-
End of year	\$ 381,085	\$ 660,692	\$ 279,607

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICIT)
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
LAW ENFORCEMENT GRANTS FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 34,471	\$ 23,302	\$ (11,169)
Interest	-	8	8
Total revenues	34,471	23,310	(11,161)
Expenditures			
Public safety			
Police	42,821	30,311	12,510
Deficiency of Revenues Over Expenditures	(8,350)	(7,001)	1,349
Other Financing Sources			
Operating transfer in	6,011	7,373	1,362
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(2,339)	372	2,711
Fund Balance (Deficit)			
Beginning of year	(180)	(180)	-
End of year	\$ (2,519)	\$ 192	\$ 2,711

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
CONFISCATED CASH FUND**

City of Hammond

For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue			
Interest	\$ 1,600	\$ 1,379	\$ (221)
Fund Balance			
Beginning of year	<u>2,300</u>	<u>2,300</u>	-
End of year	<u>\$ 3,900</u>	<u>\$ 3,679</u>	\$ (221)

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
FIRE DEPARTMENT HAZARDOUS MATERIALS FUND**

City of Hammond

For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ 400	\$ 638	\$ 238
Expenditures			
Public safety			
Fire	5,000	9	4,991
Excess (Deficiency) of Revenues Over Expenditures	(4,600)	629	5,229
Fund Balance			
Beginning of year	11,633	11,633	-
End of year	\$ 7,033	\$ 12,262	\$ 5,229

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
EMERGENCY SHELTER GRANT FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Intergovernmental	\$ 25,643	\$ 20,117	\$ (5,526)
Interest	-	4	4
Total revenues	25,643	20,121	(5,522)
Expenditures			
General government	47,782	20,117	27,665
Excess (Deficiency) of Revenues Over Expenditures	(22,139)	4	22,143
Fund Balance			
Beginning of year	1	1	-
End of year	\$ (22,138)	\$ 5	\$ 22,143

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
COURT WITNESS FEES FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Court witness fees	\$ 42,000	\$ 64,215	\$ 22,215
Interest	5,000	11,139	6,139
Total revenues	47,000	75,354	28,354
Expenditures			
Public safety			
Police	50,000	48,384	1,616
Excess (Deficiency) of Revenues Over Expenditures	(3,000)	26,970	29,970
Other Financing Uses			
Operating transfer out	(102,000)	(102,214)	(214)
Excess (Deficiency) of Revenues and Over Expenditures and Other Uses	(105,000)	(75,244)	29,756
Fund Balance			
Beginning of year	205,108	205,108	-
End of year	\$ 100,108	\$ 129,864	\$ 29,756

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
POLICE EDUCATION AND TRAINING FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 1,200	\$ 1,477	\$ 277
Miscellaneous	3,000	5,234	2,234
Total revenues	4,200	6,711	2,511
Expenditures			
Public safety			
Police	10,000	9,932	68
Deficiency of Revenues Over Expenditures	(5,800)	(3,221)	2,579
Fund Balance			
Beginning of year	29,741	29,741	-
End of year	\$ 23,941	\$ 26,520	\$ 2,579

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
DOWNTOWN DEVELOPMENT DISTRICT FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 92,000	\$ 95,937	\$ 3,937
Intergovernmental	5,000	17,500	12,500
Interest	7,000	10,849	3,849
Miscellaneous	4,300	8,809	4,509
Total revenues	108,300	133,095	24,795
Expenditures			
Parks and recreation	319,243	104,589	214,654
Excess (Deficiency) of Revenues Over Expenditures	(210,943)	28,506	239,449
Other Financing Sources (Uses)			
Operating transfer in	3,850	3,850	-
Operating transfers out	(10,000)	(10,000)	-
Total other financing sources (uses)	(6,150)	(6,150)	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	(217,093)	22,356	239,449
Fund Balance			
Beginning of year	222,058	222,058	-
End of year	\$ 4,965	\$ 244,414	\$ 239,449

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
FIRE MILLAGE FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Interest	\$ 21,000	\$ 32,408	\$ 11,408
Expenditures			
General government			
Public safety:			
Police	11,416	-	11,416
Fire	506,480	43,265	463,215
Total expenditures	517,896	43,265	474,631
Deficiency of Revenues Over Expenditures	(496,896)	(10,857)	486,039
Other Financing Sources			
Operating transfer in	166,840	166,840	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(330,056)	155,983	486,039
Fund Balance			
Beginning of year	720,221	720,221	-
Residual equity transfer	-	(178,439)	(178,439)
End of year	\$ 390,165	\$ 697,765	\$ 307,600

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
POLICE MILLAGE FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Interest	\$ -	\$ 10,171	\$ 10,171
Expenditures			
Public safety			
Police	240,500	199,678	40,822
Deficiency of Revenues Over Expenditures	(240,500)	(189,507)	50,993
Other Financing Sources			
Operating transfer in	166,840	166,840	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(73,660)	(22,667)	50,993
Fund Balance			
Beginning of year	-	-	-
Residual equity transfers	-	178,439	178,439
End of year	\$ (73,660)	\$ 155,772	\$ 229,432

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
CAFETERIA PLAN FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Interest	\$ -	\$ 83	\$ 83
Fund Balance			
Beginning of year	50	50	-
End of year	\$ 50	\$ 133	\$ 83

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
FmHA INDUSTRIAL DEVELOPMENT GRANT FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 80000	\$ 80,000
Interest	-	15031	15,031
Miscellaneous	-	800	800
Total revenues	-	95,831	95,831
Expenditures			
General government	-	745	(745)
Excess of Revenues Over Expenditures	-	95,086	95,086
Fund Balance			
Beginning of year	297,871	297,871	-
End of year	\$ 297,871	\$ 392,957	\$ 95,086

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
INDUSTRIAL DEVELOPMENT FUND**

City of Hammond

For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue			
Interest	\$ 27,000	\$ 30,109	\$ 3,109
Miscellaneous	-	194	194
Total revenues	27,000	30,303	3,303
Expenditures			
General Government	21,250	705	20,545
Excess of Revenues Over Expenditures	5,750	29,598	23,848
Fund Balance			
Beginning of year	544,696	544,696	-
End of year	\$ 550,446	\$ 574,294	\$ 23,848

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND**

City of Hammond

For the year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Intergovernmental	\$ 125,305	\$ 189,905	\$ 64,600
Interest	-	3,549	3,549
Total revenues	125,305	193,454	68,149
Expenditures			
Public safety			
Police	219,016	212,625	6,391
Deficiency of Revenues Over Expenditures	(93,711)	(19,171)	74,540
Other Financing Sources			
Operating transfer in	14,000	14,477	477
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(79,711)	(4,694)	75,017
Fund Balance (Deficit)			
Beginning of year	9,344	9,344	-
End of year	\$ (70,367)	\$ 4,650	\$ 75,017

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

**SPECIAL REVENUE FUND
COLUMBIA THEATER RENOVATION FUND**

City of Hammond

For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue			
Intergovernmental	\$ 550,000	\$ 441,393	\$ (108,607)
Expenditures			
General government	<u>550,000</u>	<u>441,393</u>	108,607
Fund Balance			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEBT SERVICE FUNDS

General Obligation Bond Fund - To accumulate monies for payment of 1973, \$20,000, 5.10% general obligation bonds. These bonds matured during fiscal year 1998.

Sales Tax Bond Fund - To accumulate monies for payment of \$7,898,000 of public improvement bonds. These bonds are composed of various issues, maturity dates, and interest rates and are financed by a dedication of proceeds of a 2% sales and use tax.

Special Assessment Certificates Fund - To accumulate monies for payment of \$410,813 of certificates. These certificates matured during fiscal year 1996.

Certificates of Indebtedness Fund - To accumulate monies for the payment of the 1990, \$390,000 of certificates. These certificates are serial bonds due in annual installments of principal, plus semiannual payments of interest, until maturity in the year 2000.

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

City of Hammond

June 30, 1998

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
ASSETS					
Cash	\$ 582	\$ 758	\$ 2,297	\$ 505	\$ 4,142
Investments, at cost	123,927	2,085,172	-	139,030	2,348,129
Total assets	\$ 124,509	\$ 2,085,930	\$ 2,297	\$ 139,535	\$ 2,352,271
LIABILITIES					
Vouchers payable	-	-	-	300	300
Due to other funds	-	-	5,940	-	5,940
Total liabilities	\$ -	\$ -	\$ 5,940	\$ 300	\$ 6,240
FUND BALANCE (DEFICIT)					
Reserved for debt service	-	2,085,930	-	139,235	2,225,165
Unreserved:					
Undesignated	124,509	-	(3,643)	-	120,866
Total fund balance	124,509	2,085,930	(3,643)	139,235	2,346,031
Total liabilities and fund balance	\$ 124,509	\$ 2,085,930	\$ 2,297	\$ 139,535	\$ 2,352,271

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)**

DEBT SERVICE FUNDS

City of Hammond

June 30, 1998

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
Revenues					
Interest	\$ 7,199	\$ 106,529	\$ 31	\$ 10,011	\$ 123,770
Expenditures					
Bond payments:					
Principal retirement	20,000	816,000	-	170,000	1,006,000
Interest	1,020	369,675	-	40,620	411,315
Bond issuance costs	-	54,991	-	-	54,991
Paying agent fees	180	2,880	-	600	3,660
Total expenditures	21,200	1,243,546	-	211,220	1,475,966
Excess (Deficiency) of Revenues Over Expenditures	(14,001)	(1,137,017)	31	(201,209)	(1,352,196)
Other Financing Sources					
Proceeds from bond issuance	-	3,316,556	-	-	3,316,556
Payments to escrow account	-	(3,347,227)	-	-	(3,347,227)
Operating transfer in	-	1,080,000	-	210,620	1,290,620
Total other financing sources	-	1,049,329	-	210,620	1,259,949
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(14,001)	(87,688)	31	9,411	(92,247)
Fund Balances (Deficit)					
Beginning of year	138,510	2,173,618	(3,674)	129,824	2,438,278
End of year	\$ 124,509	\$ 2,085,930	\$ (3,643)	\$ 139,235	\$ 2,346,031

CAPITAL PROJECTS FUNDS

Capital Improvements - To account for capital improvements from proceeds derived from surplus sales tax, revenue bond proceeds and grants.

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

City of Hammond

June 30, 1998

	Aviation Grant	Airport	Capital Projects	LCDBG 1995 Sewer Improvement	Total
ASSETS					
Cash	\$ 1,343	\$ -	\$ 12,897	\$ 1	\$ 14,241
Investments, at cost	-	116,191	530,708	-	646,899
Due from other funds	-	-	992,000	-	992,000
Due from other governments	5,660	-	-	-	5,660
Total assets	<u>\$ 7,003</u>	<u>\$ 116,191</u>	<u>\$ 1,535,605</u>	<u>\$ 1</u>	<u>\$ 1,658,800</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 104,142	\$ -	\$ 104,142
Due to other governments	-	108,922	-	-	108,922
Retainages payable	-	-	62,798	-	62,798
Total liabilities	-	108,922	166,940	-	275,862
FUND BALANCE					
Unreserved - undesignated	7,003	7,269	1,368,665	1	1,382,938
Total liabilities and fund balance	<u>\$ 7,003</u>	<u>\$ 116,191</u>	<u>\$ 1,535,605</u>	<u>\$ 1</u>	<u>\$ 1,658,800</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

CAPITAL PROJECTS FUNDS

City of Hammond

For the year ended June 30, 1998

	Aviation Grant	Airport	Capital Projects	LCDBG 1995 Sewer Improvement	Total
Revenues					
Intergovernmental	\$ 541,424	\$ -	\$ -	\$ -	\$ 541,424
Interest	-	7,269	39,689	-	46,958
Total revenues	541,424	7,269	39,689	-	588,382
Expenditures					
Construction	559,369	-	2,194,087	-	2,753,456
Engineering	12,921	-	142,376	-	155,297
Miscellaneous	989	-	49,644	-	50,633
Total expenditures	573,279	-	2,386,107	-	2,959,386
Excess (Deficiency) of Revenues Over Expenditures	(31,855)	7,269	(2,346,418)	-	(2,371,004)
Other Financing Sources (Uses)					
Operating transfer in	48,141	4,772	2,304,497	-	2,357,410
Operating transfer out	(4,772)	-	(23,000)	-	(27,772)
Total other financing sources (uses)	43,369	4,772	2,281,497	-	2,329,638
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	11,514	12,041	(64,921)	-	(41,366)
Fund Balances (Deficits)					
Beginning of year	(4,511)	(4,772)	1,433,586	1	1,424,304
End of year	\$ 7,003	\$ 7,269	\$ 1,368,665	\$ 1	\$ 1,382,938

ENTERPRISE FUND

Water and Sewer Fund - To account for the provisions of water and sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

BALANCE SHEET
ENTERPRISE FUND
WATER AND SEWER FUND

City of Hammond

June 30, 1998

CURRENT ASSETS

Cash	\$ 78,652
Investments, at cost	1,165,595
Receivables:	
Customers (net of allowances for doubtful accounts of \$24,410)	680,905
Special assessments:	
Current receivable	10,455
Delinquent receivable	5,422
Other receivables	5,127
 Total current assets	 1,946,156

RESTRICTED ASSETS

Customers' deposits:	
Cash	13,405
Investments, at cost	495,959
Bond sinking fund	94,271
Bond reserve fund	129,000
Bond contingency fund	300,000
 Total restricted assets	 1,032,635

PROPERTY, PLANT AND EQUIPMENT (net of accumulated depreciation) 14,657,617

OTHER ASSETS

Bond discount (net)	33,800
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Total assets **\$ 17,670,208**

LIABILITY AND FUND EQUITY**CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS**

Accounts payable	\$ 84,194
Retainages payable	10,902
Payroll taxes payable	379
Due to other funds	216,097
Notes payable - current portion	220,000
Salaries payable	14,162
Accumulated leave payable	67,501
Due to other governments	49,028
 Total current liabilities payable from current assets	 662,263

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Customers' deposits	356,835
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LONG-TERM LIABILITIES

Notes payable - long-term portion	2,315,000
Due to other governments	358,200

Total liabilities	3,692,298
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FUND EQUITY

Contributed capital - contributions to aid in construction	10,782,000
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Retained earnings:	
Reserved	675,809
Unreserved - undesignated	2,520,101

Total retained earnings	3,195,910
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Total fund equity	13,977,910
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Total liabilities and fund equity	\$ 17,670,208
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**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS**

ENTERPRISE FUND

WATER AND SEWER FUND

City of Hammond

For the year ended June 30, 1998

Operating Revenues	
Sewer charges	\$ 1,646,476
Water sales	968,192
Tap-in and reconnect fees	75,203
Miscellaneous	715
Total operating revenues	2,690,586
Operating Expenses	
Personnel services	734,660
Contractual services, supplies, materials, and other	1,013,761
Depreciation and amortization	799,381
Total operating expenses	2,547,802
Operating Income	142,784
Non-Operating Revenues (Expenses)	
Interest income	101,696
Interest expense	(156,183)
Total non-operating revenues (expenses)	(54,487)
Income before operating transfers	88,297
Operating Transfers Out	(54,166)
Net Income	34,131
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	362,216
Increase in retained earnings	396,347
Retained Earnings	
Beginning of year	2,799,563
End of year	\$ 3,195,910

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

WATER AND SEWER FUND

City of Hammond

For the year ended June 30, 1998

Cash Flows From Operating Activities

Operating income	\$ 142,784
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	794,772
Amortization	4,609
Change in current assets - (increase):	
Accounts receivable	(889)
Change in current liabilities - increase (decrease):	
Accounts payables	24,260
Other payables	(3,787)
Due to other governments	(52,078)
Due to other funds	216,097
Customer deposits	22,775
Total adjustments	1,005,759
Net cash provided by operating activities	1,148,543

Cash Flows From Noncapital Financing Activities

Operating transfers to other funds	(54,166)
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Cash Flows From Capital and Related Financing Activities

Principal repayments	(210,000)
Capital contributions	46,700
Interest expense	(156,183)
Payment for capital assets	(584,730)
Net cash used for capital and related financing activities	(904,213)

Cash Flows From Investing Activities

Interest income	101,696
Purchases of investments	(271,784)
Net cash provided by investing activities	(170,088)

Net Increase In Cash

20,076

Cash

Beginning of year	71,981
End of year	\$ 92,057

Supplemental Cash Flow Information:**Noncash Capital Financing Activity - Enterprise Fund:**

Donated lines	\$ 90,887
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**DETAILED SCHEDULE OF OPERATING EXPENSES
BY DEPARTMENT**

ENTERPRISES FUND

WATER AND SEWER FUND

City of Hammond

For the year ended June 30, 1998

	General and Administrative	Water Department	Sewer Department	Plant Operations	Total
Salaries and wages	\$ 59,644	\$ 276,533	\$ 147,402	\$ 97,170	\$ 580,749
Social security	4,559	20,888	11,128	7,402	43,977
Municipal employee retirement	3,425	15,015	8,137	5,102	31,679
Health and life insurance	4,816	18,708	13,612	7,853	44,989
Worker's compensation insurance	405	16,646	7,953	8,262	33,266
Contract labor	39,433	-	10,275	-	49,708
Property insurance	-	5,350	450	-	5,800
Auto liability insurance	-	8,000	10,500	-	18,500
General liability	-	17,500	9,600	-	27,100
Utilities	-	81,449	53,382	158,126	292,957
Postage and box rent	15,465	-	-	-	15,465
Telephone - long distance	201	-	-	-	201
Maintenance:					
Buildings	-	-	-	2,488	2,488
Autos and trucks	-	14,866	13,367	25,862	54,095
Machinery and equipment	-	9,800	-	68,233	78,033
Lines and pumps	-	103,801	81,369	-	185,170
Fire hydrants	-	6,384	-	-	6,384
Ultraviolet lamp	-	-	-	15,472	15,472
Chlorination	-	2,829	-	-	2,829
Infiltration	-	-	11,852	-	11,852
Sludge removal	-	-	-	32,977	32,977
Laboratory test charge	-	-	-	17,129	17,129
Supplies:					
Office	1,922	-	-	-	1,922
Uniforms	522	6,176	1,670	1,428	9,796
Vehicles	-	12,273	8,703	3,208	24,184
Laboratory	-	-	-	13,273	13,273
Sewerage treatment	-	-	-	19,691	19,691
Chlorine	-	25,750	-	-	25,750
Safety equipment	-	4,523	646	723	5,892
Balance carried forward	130,392	646,491	390,046	484,399	1,651,328

**Schedule E-4
(Continued)**

	<u>General and Administrative</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Plant Operations</u>	<u>Total</u>
Balance brought forward	130,392	646,491	390,046	484,399	1,651,328
Small tools and equipment	-	6,827	2,614	1,277	10,718
Fixed asset purchases	5,000	1,978	1,611	1,590	10,179
Computer mapping system	19,909	-	-	-	19,909
Travel and education	-	979	1,406	572	2,957
State fees and permits	-	-	-	9,435	9,435
Parking improvements	-	-	21,317	-	21,317
Cash short / over	57	-	-	-	57
Amortization expense	-	4,609	-	-	4,609
Depreciation expense	-	605,123	189,649	-	794,772
Beeper fees	-	744	242	84	1,070
Paying agent fees	1,729	-	-	-	1,729
Meters	-	7,466	-	-	7,466
Miscellaneous expenses	7,753	-	-	4,503	12,256
Totals	<u>\$ 164,840</u>	<u>\$1,274,217</u>	<u>\$ 606,885</u>	<u>\$ 501,860</u>	<u>\$2,547,802</u>

INTERNAL SERVICE FUND

To account for the financing of a self-insured plan for general liability, workers compensation and employee health insurance, insurance provided by one department to another department of the City on a premium basis.

BALANCE SHEET
INTERNAL SERVICE FUND

City of Hammond

June 30, 1998

ASSETS

Cash	\$ 6,855
Investments	1,203,374
Accounts receivable	141,587
 Total assets	 \$ 1,351,816

LIABILITIES

Accounts payable	\$ 2,397
Workers' compensation claims payable	100,404
General liability claims payable	314,000
 Total liabilities	 416,801

FUND EQUITY

Retained earnings - reserved	935,015
 Total liabilities and fund equity	 \$ 1,351,816

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

INTERNAL SERVICE FUND

City of Hammond

For the year ended June 30, 1998

Operating Revenues	
Insurance charges	\$ 890,899
Operating Expenses	
Workers' compensation insurance and administration	47,169
Workers' compensation claims expense	120,323
General liability insurance and administration	291,373
General liability claims expense	299,533
Total operating expenses	758,398
Operating Income	132,501
Non-Operating Revenues	
Interest income	56,613
Income before operating transfers	189,114
Operating Transfers Out	(236,425)
Net Loss	(47,311)
Retained Earnings	
Beginning of year	982,326
End of year	\$ 935,015

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

City of Hammond

For the year ended June 30, 1998

Cash Flows From Operating Activities	
Operating income	\$ 132,501
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Changes in current asset - decrease:	
Accounts receivable	78,367
Change in current liabilities - increase (decrease):	
Accounts payable	191
Workers' compensation claims payable	4,966
Health insurance claims payable	(120,000)
General liability	130,254
Total adjustments	93,778
Net cash provided by operating activities	226,279
Cash Flows From Noncapital Financing Activities	
Operating transfers to other funds	(236,425)
Cash Flows From Investing Activities	
Interest income	56,613
Purchase of investments	(200,751)
Net cash used by investing activities	(144,138)
Net Decrease In Cash	(154,284)
Cash	
Beginning of year	161,139
End of year	\$ 6,855

FIDUCIARY TYPE FUNDS

PENSION TRUST FUND

Firemen's Pension Fund - Effective July 1, 1997 the Fireman's Pension Fund discontinued paying the pension benefits for three vested retired employees. These pension benefits are currently being paid by the General Fund. At June 30, 1998, there are no non-vested participants in the pension plan which would be entitled to future benefits. The remaining monies in the fund will be transferred to the General Fund during fiscal year June 30, 1999.

EXPENDABLE TRUST FUND

Project M.O.T.I.O.N. Fund - To account for a trust fund established to receive and disburse funds as part of a law enforcement grant to various Tangipahoa Parish law enforcement agencies.

LIBRARY TRUST FUND

Library Trust Fund - To account for a trust fund established for the purpose of establishing a new library or upgrading the existing library.

COMBINING BALANCE SHEET

FIDUCIARY FUNDS

City of Hammond

June 30, 1998

	Pension	Expendable Trust		Total
	Trust	Project	Library	
	Fireman's	M.O.T.I.O.N.	Trust	
	Pension			
ASSETS				
Cash	\$ 499	\$ 349	\$ 1	\$ 849
Investments, at cost	-	-	23,340	23,340
Due from other governments	-	18,443	-	18,443
Total assets	\$ 499	\$ 18,792	\$ 23,341	\$ 42,632
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	5,675	-	5,675
Total liabilities	-	5,675	-	5,675
FUND EQUITY				
Retained earnings - unreserved	499	-	-	499
Fund balances				
Designated:				
Law enforcement	-	13,117	-	13,117
Library	-	-	23,341	23,341
Total fund balance	-	13,117	23,341	36,458
Total fund equity	499	13,117	23,341	36,957
Total liabilities and fund balance	\$ 499	\$ 18,792	\$ 23,341	\$ 42,632

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE****PENSION TRUST FUND
FIREMEN'S PENSION FUND**

City of Hammond

For the year ended June 30, 1998

Non-Operating Revenues	
Interest earned on investments	\$ 2,591
Operating Transfers Out	(78,601)
Net Loss	(76,010)
Retained Earnings	
Beginning of year, as restated	76,509
End of year	\$ 499

STATEMENT OF CASH FLOWS**PENSION TRUST FUND
FIREMEN'S PENSION FUND****City of Hammond**

For the year ended June 30, 1998

Cash Flows From Noncapital Financing Activities	
Operating transfers out	\$ (78,601)
Cash Flows From Investing Activities	
Interest income	2,591
Sale of investments	75,647
Net cash provided by investing activities	78,238
Net Decrease In Cash	(363)
Cash	
Beginning of year	862
End of year	\$ 499

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

EXPENDABLE TRUST FUNDS

City of Hammond

For the year ended June 30, 1998

	Project M.O.T.I.O.N.	Library Trust	Total
Revenues			
Federal grant	\$ 33,405	\$ -	\$ 33,405
Miscellaneous	6,356	-	6,356
Interest	13	1,224	1,237
Total revenues	39,774	1,224	40,998
Expenditures			
Police equipment	44,934	-	44,934
Excess (Deficiency) of Revenues Over Expenditures	(5,160)	1,224	(3,936)
Other Financing Sources			
Operating transfer in	15,324	-	15,324
Excess of Revenues and Other Sources Over Expenditures	10,164	1,224	11,388
Fund Balance			
Beginning of year	2,953	22,117	25,070
End of year	\$ 13,117	\$ 23,341	\$ 36,458

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

STATEMENT OF GENERAL FIXED ASSETS - BY SOURCES

City of Hammond

June 30, 1998

General Fixed Assets, at Cost	
Land	\$ 1,458,150
Building	5,251,506
Vehicles	3,307,055
Equipment	1,605,466
Total general fixed assets	\$ 11,622,177
Investments in General Fixed Assets From	
General fund	\$ 9,628,863
Sales tax	1,916,338
Enterprise	54,164
Downtown development	22,812
Total investment in general fixed assets	\$ 11,622,177

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt and capital lease expected to be financed from government-type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds. To also account for the accumulated unpaid vacation to be financed from the General Fund.

STATEMENT OF GENERAL LONG-TERM DEBT**City of Hammond**

For the year ended June 30, 1998

Amount Available and To Be Provided For the Retirement of General Long-Term Debt

Amount available in:

Sales tax bond fund	\$ 2,085,630
Certificates of indebtedness fund	139,535

Amount to be provided in future years from:

1% sales and use tax	5,792,370
General fund	91,488
Certificates of indebtedness fund	250,465
Amount to be provided - accumulated unpaid leave	647,322

Total amount available and to be provided	\$ 9,006,810
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General Long-Term Debt Payable

Accumulated unpaid leave	\$ 647,322
Sales Tax #4 and #5	33,000
Sales Tax #2D and #2E	7,845,000
Certificates of indebtedness	390,000
Capital lease	91,488

Total general long-term debt payable	\$ 9,006,810
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**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS AND OMB A-133**



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
THE PRIMARY GOVERNMENT GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

We have audited the primary government financial statements of the City of Hammond, Louisiana (the City), as of and for the year ended June 30, 1998, and have issued our report thereon dated September 1, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance, with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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

in amounts that would be material in relation to the primary government 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and various federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 1, 1998.



Bourgeois Bennett

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

Compliance

We have audited the compliance of the City of Hammond, Louisiana (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and various federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 1, 1998.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -
PRIMARY GOVERNMENT**

City of Hammond

For the year ended June 30, 1998

Federal Grantor / Pass Through Grantor / Program Title		Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development/ Louisiana Department of Social Services Emergency Shelter Grant Program		14.231	\$ 17,963
U.S. Department of Justice	<u>Project #</u>		
Local Law Enforcement Block Grant	96-LB-VX-3378	16.579	64,750
Local Law Enforcement Block Grant	97-LB-VX-2671	16.579	112,775
Total			177,525
U.S. Department of Justice/ Louisiana Commission on Law Enforcement	<u>Project #</u>		
In-Home Detention Program	97-J.5-J.3-0213	16.540	6,263
Multi-Jurisdictional Task Force	97-B.5-B.02-0G19	16.579	18,444
Multi-Jurisdictional Task Force	96-B.5-B.02-0F11	16.579	14,800
Electronic Equipment	P98-5-026	16.579	1,476
Street Gang Reduction	97-B5-B.07-0059	16.579	15,401
Total U.S. Department of Justice			56,384
U.S. Department of Transportation Airport Improvements Program	953-01-0010	20.106	361,388
Total Federal Expenditures			\$ 613,260

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS - PRIMARY GOVERNMENT**

City of Hammond

For the year ended June 30, 1998

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hammond (The Primary Government) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - FINDINGS OF NONCOMPLIANCE

There were no findings or questioned costs required to be reported for the year ended June 30, 1998.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Hammond

For the year ended June 30, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 yes no

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program (or Cluster)</u>
20.106	Airport Improvements Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X yes ___ no

Section II Financial Statement Findings

There were no findings required to be reported during the audit of the primary government financial statements.

Section III Federal Award Findings and Questioned Cost

There were no findings or questioned cost required to be reported during the audit of the year ended June 30, 1998.

REPORTS BY MANAGEMENT

**SCHEDULE OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS**

City of Hammond

For the year ended June 30, 1998

Section I - Internal Control and Compliance Material to the Primary Government's General Purpose Financial Statements

There were no findings reported as a result of the audit of the primary government financial statements for the year ended June 30, 1997.

Section II - Internal Control and Compliance Material To Federal Awards

There were no findings or questioned cost reported as a result of the audit of the primary government financial statements for the year ended June 30, 1997.

Section III - Management Letter

- 97-1 The Council clerk now maintains a listing of all Council meetings and ordinances which are required to be published in the official journal. The Clerk also retains a copy of the publication to support information on the list.
- 97-2 Contracts for routine services are now being recorded on a date index file to ensure that the contracts are placed out on bid prior to expiration.
- 97-3 All emergency purchases were properly advertised for the year ended June 30, 1998.
- 97-4 The water and sewer customer accounts receivable trial balance is being reviewed periodically and accounts older than six months are being written off.
- 97-5 The City prepaid an analysis of the premiums charged for workers compensation and general liability coverages. Management feels the premiums are reasonable.
- 97-6 The City has established a separate fund for workers compensation and general liability insurance coverages.
- 97-7 Governmental Accounting Standards Board Statement No. 31 has been reviewed and applied for the year ended June 30, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

City of Hammond

For the year ended June 30, 1998

Section I - Internal Control and Compliance Material to the Primary Government's General Purpose Financial Statements

There were no findings reported as a result of the audit of the primary government financial statements for the year ended June 30, 1998.

Section II - Internal Control and Compliance Material To Federal Awards

There were no findings or questioned costs reported as a result of the audit of the primary government financial statements for the year ended June 30, 1998.

Section III - Management Letter

- 98-1** The accounting department will reconcile to the appropriate general ledger control accounts on a monthly basis.
- 98-2** The Cafeteria Fund will be reconciled and excess funds will be transferred to the General Fund. This procedure will be done at the end of every cafeteria plan year.



Bourgeois Bennett

September 1, 1998

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

In planning and performing our audit of the financial statements of the City of Hammond for the year ended June 30, 1998, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

CURRENT YEAR RECOMMENDATIONS

While state and local governments must face the problems of shrinking revenues and the escalating costs, services must still be provided. The challenge of local government is to maintain the high level of service residents have received in the past, while working with a smaller revenue base. Proper planning, management controls, and operational effectiveness can promote efficiency in government.

To assist you in your efforts to promote efficiency and effectiveness in government and bring to your attention items noted during our audit of the primary government financial statements for the year ended June 30, 1998, we offer the following suggestions and comments.

FIXED ASSETS

98-1 Comment - The general fixed asset group listing of assets and the water and sewer fund listing of assets are not being reconciled to the general ledger control accounts.

Recommendation - We suggest that these fixed asset listings be reconciled to the appropriate general ledger control account on a quarterly basis.

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana
September 1, 1998
Page 2

98-2 Comment - A reconciliation of participants' accounts to the general ledger control account is not being performed for the Cafeteria Plan of the City. It appears that there are forfeited balances which should be transferred to the General Fund.

Recommendation - A reconciliation be performed between the participants' accounts and the general ledger control account for the Cafeteria Plan and any forfeitures identified be transferred to the General Fund.

PRIOR YEAR COMMENTS - RESOLVED

PUBLICATION OF MINUTES

Comment - When verifying that all City Council minutes had been published in the official journal it was discovered that the minutes for eight meetings had not been published. This was not a problem in the current year.

PURCHASING

Comment - During the year there was a contract for landscaping services which was automatically renewed rather than being placed out on bid. This was not a problem in the current year.

Comment - During the year there was an emergency purchase of a water system pump. The declaration of the emergency purchase was not publicized within the ten day time period as required by Louisiana Revised Statute. This was not a problem in the current year.

WATER AND SEWER RECEIVABLES

Comment - While reviewing the utility billing accounts receivable trail balance, we noted several closed accounts with outstanding balances owed to the City in excess of six months old. This was not a problem in the current year.

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana
September 1, 1998
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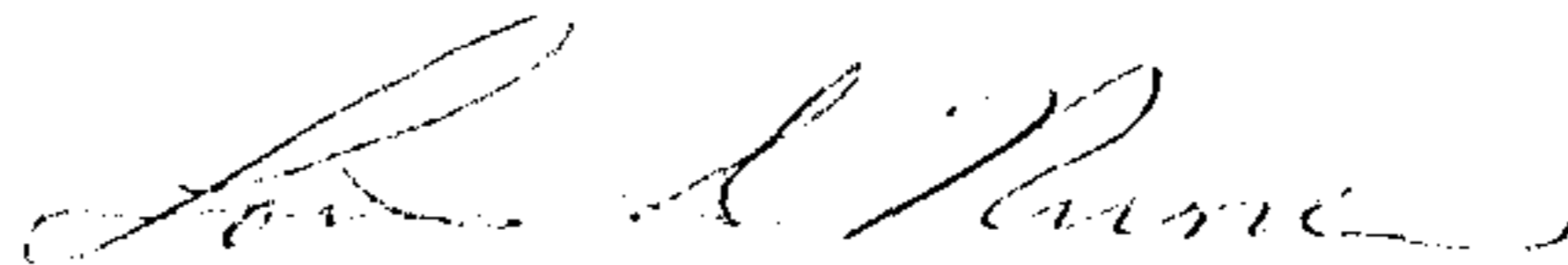
INSURANCE

Comment - Currently, the City maintains an internal service fund to account for workers compensation and property and general liability self-insurance coverages. The premiums charged to various participating funds for workers compensation and property and general liability self-insurance coverages are based on premiums previously charged to the City by third party insurers. This was not a problem in the current year.

Comment - Currently the City maintains one internal service fund to account for various self-insured coverages. This was not a problem in the current year.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Very truly yours,



For the Firm.

LSN/df