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*Financial Report*

*City of Hammond  
Primary Government  
Louisiana*

*June 30, 1997*

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Release Date **NOV 19 1997**

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Year ended June 30, 1997

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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Russell "Tippy" DePaula, 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, 1997, 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, 1997, 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, 1997, 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.

As discussed in Note 1p, the City of Hammond, Louisiana changed its method of accounting for on-behalf payments of salaries and fringes (GASB 24), in order to adopt the provisions of the new standard.

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 1997 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.,  
August 27, 1997.



**PRIMARY GOVERNMENT FINANCIAL STATEMENTS**

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

City of Hammond

June 30, 1997

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS</b>						
Cash	\$ 12,451	\$ 51,159	\$ 2,628	\$ 4,762	\$ 67,747	\$ 161,139
Investments, at cost	1,024,355	1,921,430	2,441,590	1,632,056	885,804	1,002,623
Receivables (net, if applicable of allowances for doubtful accounts):						
Franchise taxes	94,871	-	-	-	-	-
Customers	-	-	-	-	676,370	-
Notes	-	228,796	-	-	-	-
Special assessments:						
Current receivable	-	-	-	-	14,101	-
Delinquent receivable	-	-	-	-	5,422	-
Other	100	-	-	-	5,127	219,954
Due from other funds	17,544	-	-	34,381	-	-
Due from other governments	347,461	1,495,423	-	58,936	-	-
Inventory, at cost	127,269	-	-	-	-	-
Restricted assets:						
Cash	-	-	-	-	4,234	-
Investments, at cost	-	-	-	-	1,027,237	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	14,864,104	-
Other assets	-	-	-	-	38,409	-
Amount available for retirement of long-term debt	-	-	-	-	-	-
Amount to be provide for general long-term obligations	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,624,051</b>	<b>\$ 3,696,808</b>	<b>\$ 2,444,218</b>	<b>\$ 1,730,135</b>	<b>\$ 17,588,555</b>	<b>\$ 1,383,716</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 214,283	\$ 85,064	\$ -	\$ 46,685	\$ 60,009	\$ 2,206
Retainages payable	-	-	-	50,063	98,233	-
Payroll taxes payable	38,177	141	-	-	5,161	-
Claims payable	-	-	-	-	-	399,184
Due to other funds	-	4,958	5,940	38,565	-	-
Payable from restricted assets - customer deposits	-	-	-	-	333,986	-
Notes payable-current portion	-	-	-	-	160,000	-
Notes payable-long term portion	-	-	-	-	2,585,000	-
General obligation bonds payable	-	-	-	-	-	-
Certificates of indebtedness	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-
Salaries payable	112,405	240	-	-	12,252	-
Accumulated leave payable	-	-	-	-	68,416	-
Deferred revenue	-	72,239	-	-	-	-
Due to other governments	2,373	-	-	170,518	459,306	-
<b>Total liabilities</b>	<b>367,238</b>	<b>162,642</b>	<b>5,940</b>	<b>305,831</b>	<b>3,782,363</b>	<b>401,390</b>
<b>FUND EQUITY</b>						
Contributed capital	-	-	-	-	11,006,629	-
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings:						
Reserved	-	-	-	-	743,804	982,326
Unreserved - undesignated	-	-	-	-	2,055,759	-
Fund balances:						
Reserved for inventory	127,269	-	-	-	-	-
Reserved for encumbrances	120,698	18,588	-	18,945	-	-
Reserved for debt service	-	-	2,323,442	-	-	-
Unreserved:						
Designated	-	2,014,860	-	-	-	-
Undesignated	1,008,846	1,500,718	114,836	1,405,359	-	-
<b>Total retained earnings / fund balance</b>	<b>1,256,813</b>	<b>3,534,166</b>	<b>2,438,278</b>	<b>1,424,304</b>	<b>2,799,563</b>	<b>982,326</b>
<b>Total fund equity</b>	<b>1,256,813</b>	<b>3,534,166</b>	<b>2,438,278</b>	<b>1,424,304</b>	<b>13,806,192</b>	<b>982,326</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,624,051</b>	<b>\$ 3,696,808</b>	<b>\$ 2,444,218</b>	<b>\$ 1,730,135</b>	<b>\$ 17,588,555</b>	<b>\$ 1,383,716</b>

See notes to financial statements.

Exhibit A

Fiduciary Fund Type Trusts	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$ 1,837	\$ -	\$ -	\$ 301,723
97,763	-	-	9,005,621
-	-	-	94,871
-	-	-	676,370
-	-	-	228,796
-	-	-	14,101
-	-	-	5,422
-	-	-	225,181
-	-	-	51,925
4,905	-	-	1,906,725
-	-	-	127,269
-	-	-	4,234
-	-	-	1,027,237
-	10,885,112	-	25,749,216
-	-	-	38,409
-	-	2,323,442	2,323,442
-	-	7,628,190	7,628,190
<u>\$ 104,505</u>	<u>\$ 10,885,112</u>	<u>\$ 9,951,632</u>	<u>\$ 49,408,732</u>
\$ 464	\$ -	\$ -	\$ 408,711
-	-	-	148,296
-	-	-	43,479
-	-	-	399,184
2,462	-	-	51,925
-	-	-	333,986
-	-	-	160,000
-	-	-	2,585,000
-	-	8,514,000	8,514,000
-	-	560,000	560,000
-	-	124,527	124,527
-	-	-	124,897
-	-	753,105	821,521
-	-	-	72,239
-	-	-	632,197
<u>2,926</u>	<u>-</u>	<u>9,951,632</u>	<u>14,979,962</u>
-	-	-	11,006,629
-	10,885,112	-	10,885,112
76,509	-	-	1,802,639
-	-	-	2,055,759
-	-	-	127,269
-	-	-	158,231
-	-	-	2,323,442
25,070	-	-	2,039,930
-	-	-	4,029,759
<u>101,579</u>	<u>-</u>	<u>-</u>	<u>12,537,029</u>
<u>101,579</u>	<u>10,885,112</u>	<u>-</u>	<u>34,428,770</u>
<u>\$ 104,505</u>	<u>\$ 10,885,112</u>	<u>\$ 9,951,632</u>	<u>\$ 49,408,732</u>

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

**City of Hammond**

For the year ended June 30, 1997

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trusts	
<b>Revenues</b>						
Taxes	\$ 2,219,194	\$ 8,725,954	\$ -	\$ -	\$ -	\$ 10,945,148
Licenses and permits	1,587,311	-	-	-	-	1,587,311
Court witness fees	-	49,408	-	-	-	49,408
Fines and forfeitures	357,584	-	-	-	-	357,584
Sanitation service fees	435,190	-	-	-	-	435,190
Intergovernmental	442,757	161,850	-	777,672	42,688	1,424,967
Parks and recreation	99,552	-	-	-	-	99,552
Airport	50,879	-	-	-	-	50,879
Interest	47,249	131,600	116,016	58,013	1,437	354,315
Miscellaneous	275,078	10,873	-	-	-	285,951
<b>Total revenues</b>	<b>5,514,794</b>	<b>9,079,685</b>	<b>116,016</b>	<b>835,685</b>	<b>44,125</b>	<b>15,590,305</b>
<b>Expenditures</b>						
General government	2,136,759	474,187	-	-	-	2,610,946
Intergovernmental	-	-	-	108,922	-	108,922
Public safety:						
Police	3,375,564	146,616	-	-	56,421	3,578,601
Fire	2,397,957	26,122	-	-	-	2,424,079
Other	282	-	-	-	-	282
Highways and streets	915,415	236,274	-	-	-	1,151,689
Cemeteries and municipal grounds	472,813	-	-	-	-	472,813
Sanitation	461,773	-	-	-	-	461,773
Parks and recreation	288,744	321,830	-	-	-	610,574
Airport	176,393	-	-	-	-	176,393
Capital projects	-	-	-	1,809,441	-	1,809,441
Debt Service:						
Principal retirement	-	15,918	956,000	-	-	971,918
Interest and charges	-	3,679	614,633	-	-	618,312
Paying agent fees	-	-	3,162	-	-	3,162
<b>Total expenditures</b>	<b>10,225,700</b>	<b>1,224,626</b>	<b>1,573,795</b>	<b>1,918,363</b>	<b>56,421</b>	<b>14,998,905</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(4,710,906)</b>	<b>7,855,059</b>	<b>(1,457,779)</b>	<b>(1,082,678)</b>	<b>(12,296)</b>	<b>591,400</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from loan	-	140,445	-	-	-	140,445
Sales of fixed assets	37,769	-	-	-	-	37,769
Operating transfers in	5,344,091	426,235	1,564,900	2,043,381	16,965	9,395,572
Operating transfers out	(809,665)	(8,265,582)	-	(82,234)	-	(9,157,481)
<b>Total other financing sources (uses)</b>	<b>4,572,195</b>	<b>(7,698,902)</b>	<b>1,564,900</b>	<b>1,961,147</b>	<b>16,965</b>	<b>416,305</b>
<b>Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(138,711)</b>	<b>156,157</b>	<b>107,121</b>	<b>878,469</b>	<b>4,669</b>	<b>1,007,705</b>
Fund balances, beginning of year	1,395,524	3,378,009	2,331,157	553,685	20,401	7,678,776
Residual equity transfer	-	-	-	(7,850)	-	(7,850)
<b>Fund balances, end of year</b>	<b>\$ 1,256,813</b>	<b>\$ 3,534,166</b>	<b>\$ 2,438,278</b>	<b>\$ 1,424,304</b>	<b>\$ 25,070</b>	<b>\$ 8,678,631</b>

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, 1997

	General Fund			Special Revenue Fund Types		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 2,166,000	\$ 2,219,194	\$ 53,194	\$ 8,613,500	\$ 8,725,954	\$ 112,454
Licenses and permits	1,440,000	1,587,311	147,311	-	-	-
Court witness fees	-	-	-	45,000	49,408	4,408
Fines and forfeitures	308,500	357,584	49,084	-	-	-
Sanitation service fees	425,000	435,190	10,190	-	-	-
Intergovernmental	424,062	442,757	18,695	201,595	161,850	(39,745)
Parks and recreation	108,450	99,552	(8,898)	-	-	-
Airport	52,150	50,879	(1,271)	-	-	-
Interest	40,000	47,249	7,249	77,800	131,600	53,800
Miscellaneous	250,120	275,078	24,958	5,400	10,873	5,473
<b>Total revenues</b>	<b>5,214,282</b>	<b>5,514,794</b>	<b>300,512</b>	<b>8,943,295</b>	<b>9,079,685</b>	<b>136,390</b>
<b>Expenditures</b>						
General government	2,220,258	2,136,759	83,499	545,234	474,187	71,047
Public safety	5,801,200	5,773,803	27,397	475,595	172,738	302,857
Highways and streets	982,512	915,415	67,097	133,000	236,274	(103,274)
Cemeteries and municipal grounds	529,542	472,813	56,729	-	-	-
Sanitation	465,000	461,773	3,227	-	-	-
Parks and recreation	307,573	288,744	18,829	717,407	321,830	395,577
Airport	175,703	176,393	(690)	-	-	-
Debt service	-	-	-	-	19,597	(19,597)
<b>Total expenditures</b>	<b>10,481,788</b>	<b>10,225,700</b>	<b>256,088</b>	<b>1,871,236</b>	<b>1,224,626</b>	<b>646,610</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,267,506)</b>	<b>(4,710,906)</b>	<b>556,600</b>	<b>7,072,059</b>	<b>7,855,059</b>	<b>783,000</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from loan	-	-	-	-	140,445	140,445
Sales of fixed assets	38,000	37,769	(231)	-	-	-
Operating transfers in	5,344,091	5,344,091	-	336,229	426,235	90,006
Operating transfers out	(767,512)	(809,665)	(42,153)	(8,265,582)	(8,265,582)	-
<b>Total other financing sources (uses)</b>	<b>4,614,579</b>	<b>4,572,195</b>	<b>(42,384)</b>	<b>(7,929,353)</b>	<b>(7,698,902)</b>	<b>230,451</b>
<b>Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(652,927)</b>	<b>(138,711)</b>	<b>514,216</b>	<b>(857,294)</b>	<b>156,157</b>	<b>1,013,451</b>
Fund balances, beginning of year	1,395,524	1,395,524	-	3,378,009	3,378,009	-
Fund balances, end of year	\$ 742,597	\$ 1,256,813	\$ 514,216	\$ 2,520,715	\$ 3,534,166	\$ 1,013,451

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, 1997

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type - Pension Trust	
<b>Operating Revenues</b>				
Sewer charge	\$1,659,630	\$ -	\$ -	\$1,659,630
Water sales	1,014,061	-	-	1,014,061
Tap-In and reconnect fees	80,732	-	-	80,732
Insurance charges	-	1,215,682	-	1,215,682
Insurance reimbursement	-	360,685	-	360,685
Miscellaneous	11,726	-	-	11,726
<b>Total operating revenues</b>	<b>2,766,149</b>	<b>1,576,367</b>	<b>-</b>	<b>4,342,516</b>
<b>Operating Expenses</b>				
Insurance	-	1,575,832	-	1,575,832
Pension	-	-	27,532	27,532
Personnel services	714,401	-	-	714,401
Contractual services, supplies, materials and other	898,310	-	-	898,310
Depreciation and amortization	652,144	-	-	652,144
<b>Total operating expenses</b>	<b>2,264,855</b>	<b>1,575,832</b>	<b>27,532</b>	<b>3,868,219</b>
<b>Operating Income (Loss)</b>	<b>501,294</b>	<b>535</b>	<b>(27,532)</b>	<b>474,297</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	111,411	37,884	16,930	166,225
Interest expenses	(165,810)	-	-	(165,810)
<b>Total non-operating revenues (expenses)</b>	<b>(54,399)</b>	<b>37,884</b>	<b>16,930</b>	<b>415</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>446,895</b>	<b>38,419</b>	<b>(10,602)</b>	<b>474,712</b>
<b>Operating Transfers Out</b>	<b>-</b>	<b>-</b>	<b>(238,091)</b>	<b>(238,091)</b>
<b>Net income (loss)</b>	<b>446,895</b>	<b>38,419</b>	<b>(248,693)</b>	<b>236,621</b>
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	362,216	-	-	362,216
<b>Increase (decrease) in retained earnings / fund balances</b>	<b>809,111</b>	<b>38,419</b>	<b>(248,693)</b>	<b>598,837</b>
<b>Retained Earnings</b>				
Beginning of year	1,982,602	943,907	325,202	3,251,711
Residual equity transfer	7,850	-	-	7,850
<b>End of year</b>	<b>\$2,799,563</b>	<b>\$ 982,326</b>	<b>\$ 76,509</b>	<b>\$3,858,398</b>

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, 1997

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type - Pension Trust	
<b>Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ 501,294	\$ 535	\$ (27,532)	\$ 474,297
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	647,535	-	-	647,535
Amortization	4,609	-	-	4,609
Provision for bad debt	3,349	-	-	3,349
Change in current assets - (increase) decrease:				
Accounts receivable	140,018	(219,954)	-	(79,936)
Insurance deposits	-	212,903	-	212,903
Due from other Governments	213,524	-	-	213,524
Change in current liabilities - increase (decrease):				
Accounts payable	(19,169)	(94,213)	-	(113,382)
Other payables	4,588	-	-	4,588
Due to other governments	48,898	-	-	48,898
Customer deposits	(5,236)	-	-	(5,236)
Claims payable	-	273,920	-	273,920
Total adjustments	1,038,116	172,656	-	1,210,772
Net cash provided by (used for) operating activities	1,539,410	173,191	(27,532)	1,685,069
<b>Cash Flows Used For Noncapital Financing Activities</b>				
Operating transfer out	-	-	(238,091)	(238,091)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal repayments	(195,000)	-	-	(195,000)
Capital contributions	901,085	-	-	901,085
Interest expense	(165,810)	-	-	(165,810)
Payment for capital assets	(2,131,271)	-	-	(2,131,271)
Net cash used for capital and related financing activities	(1,590,996)	-	-	(1,590,996)
<b>Cash Flows From Investing Activities</b>				
Interest income	111,411	37,884	16,930	166,225
Purchase of investments	(56,747)	(111,143)	-	(167,890)
Sale of investments	-	-	248,570	248,570
Net cash provided by (used for) investing activities	54,664	(73,259)	265,500	246,905
<b>Net Increase (Decrease) In Cash</b>	3,078	99,932	(123)	102,887
<b>Cash</b>				
Beginning of year	68,903	61,207	985	131,095
End of year	\$ 71,981	\$ 161,139	\$ 862	\$ 233,982

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****City of Hammond**

June 30, 1997

**Introduction**

On April 15, 1977, the United States District Court for the Eastern District of Louisiana ordered, adjusted 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 basis 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, 1997	2
City Marshal	June 30, 1997	2
Section 8 Housing	December 31, 1996	2
Mortgage Authority	June 30, 1997	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, 1997.

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
Improvements	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, 1997 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)**

**m. Fund Equity (Continued)**

**Residual Equity Transfer**

A residual equity transfer represents nonrecurring or nonroutine transfer between funds. Because these transfers are not associated with the operations of the funds, they are recorded as adjustments to fund balance.

**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. New Accounting Standards**

For the year ended June 30, 1997, the City implemented GASB Statement No. 24 entitled "Accounting and Reporting for Certain Grants and Other Financial Assistance." The new standard requires the recording of revenue and expenditures for pass-through grants and on-behalf payments for fringe benefits and salaries. Disclosures as required can be found in Note 22.

**q. 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, 1997, taxes of 19.18 mills were levied on property with assessed valuations totaling \$85,680,004. Total taxes levied was \$1,643,344.

**Note 3 - CASH AND CASH EQUIVALENTS**

At June 30, 1997, the City of Hammond has cash and cash equivalents (book balances) totaling \$301,723, as follows:

Cash on hand	\$ 1,140
Demand deposits	30,487
Interest-bearing demand deposits	<u>270,096</u>
Total	<u>\$301,723</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, 1997, the City of Hammond has \$614,502 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$514,502 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**Note 3 - CASH AND CASH EQUIVALENTS (Continued)**

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, 1997, of \$10,032,858, 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, 1997, 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 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, 1997 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	\$ 94,871	\$ -	\$94,871
Other	100	-	100
Special revenue funds:			
Notes	260,922	32,126	228,796
Proprietary fund types:			
Enterprise funds			
Customers	718,370	42,000	676,370
Special assessments	19,523	-	19,523
Other	5,127	-	5,127
Internal Service fund:			
Insurance reimbursement	219,954	-	219,954

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$17,544	\$ -
Special revenue funds	-	4,958
Debt service funds	-	5,940
Capital projects funds	34,381	38,565
Fiduciary funds	<u>-</u>	<u>2,462</u>
Totals	<u>\$51,925</u>	<u>\$51,925</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$5,344,091	\$ 809,665
Special revenue funds	426,235	8,265,582
Debt service funds	1,564,900	-
Capital projects funds	2,043,381	82,234
Fiduciary funds	<u>16,965</u>	<u>238,091</u>
Totals	<u>\$9,395,572</u>	<u>\$9,395,572</u>

**Note 7 - DUE FROM OTHER GOVERNMENTS**

State of Louisiana:	
Video poker	\$ 107,704
Beer and tobacco taxes	37,664
Workmens' compensation	57
Law enforcement grant	9,651
Aviation grant	5,894
U.S. Department of Justice	24,619
Tangipahoa Parish Rural Fire Dist #2:	
Fire insurance rebate	31,223
Fire prevention and protection allocation	120,000
Tangipahoa Parish School Board	1,486,389
City Court	30,213
FAA	53,042
Other governments	<u>269</u>
Total due from other governments	<u>\$1,906,725</u>

**Note 8 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1997</u>
Land	\$ 1,350,650	\$ 107,500	\$ -	\$ 1,458,150
Buildings	4,612,340	302,000	-	4,914,340
Vehicles	2,763,706	533,973	252,089	3,045,590
Equipment	<u>1,304,514</u>	<u>233,365</u>	<u>70,847</u>	<u>1,467,032</u>
Totals	<u>\$10,031,210</u>	<u>\$1,176,838</u>	<u>\$322,936</u>	<u>\$10,885,112</u>

**Note 8 - CHANGES IN GENERAL FIXED ASSETS (Continued)**

A summary of proprietary fund type property, plant and equipment as of June 30, 1997 follows:

	<u>Water and Sewer</u>
Land	\$ 23,750
Water:	
Buildings	40,813
Equipment	138,903
Vehicles	340,234
Line and mains	5,261,414
Sewer:	
Buildings	60,230
Equipment	175,279
Vehicles	182,092
Line and mains	14,118,929
Construction in progress	<u>177,745</u>
Total	20,519,389
Less: accumulated depreciation	<u>(5,655,285)</u>
Net	<u>\$14,864,104</u>

Construction in progress is composed of expenditures at June 30, 1997 in the amount of \$177,745 for sewer improvement.

**Note 9 - RESTRICTED ASSETS PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at June 30, 1997:

Meter deposit accounts	\$ 457,034
Bond sinking fund	143,457
Bond reserve fund	129,594
Bond contingency fund	<u>301,386</u>
Total	<u>\$1,031,471</u>

**Note 10 - CHANGES IN LONG -TERM OBLIGATIONS**

Following is a summary of bond transactions of the City for the year ended June 30, 1997:

	<u>General Obligation</u>
Bonds payable at July 1, 1996	\$9,325,000
Bonds issued	-
Bonds retired	<u>(811,000)</u>
 Bonds payable at June 30, 1997	 <u>\$8,514,000</u>

Following is a summary of the certificates of indebtedness transactions of the City for the year ended June 30, 1997:

	<u>Certificates of Indebtedness</u>
Certificates of indebtedness payable at July 1, 1996	\$ 705,000
Certificates issued	-
Certificates retired	<u>(145,000)</u>
 Certificates of indebtedness payable at June 30, 1997	 <u>\$ 560,000</u>

Following is a summary of utility revenue bond transactions of the City for the year ended June 30, 1997:

	<u>Utility Revenue Bonds</u>
Utility revenue bonds payable at July 1, 1996	\$2,940,000
Revenue bonds issued	-
Revenue bonds retired	<u>(195,000)</u>
 Utility revenue bonds payable at June 30, 1997	 <u>\$2,745,000</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, 1997:

Loan payable at July 1, 1996	\$ -
Proceeds from loan	140,445
Principal payments	<u>(15,918)</u>
Loan payable at June 30, 1997	<u>\$124,527</u>

**General Obligation Bonds**

\$300,000 1973 Public Improvement serial bonds due in annual installments of principal and semiannual installments of interest through February 1, 1998; interest \$40,000 at 5.10%.	\$ 20,000
\$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; interest on \$55,000 at 5.40%, and on \$30,000 at 5.00%.	60,000
\$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; interest on \$5,000 at 6.00%.	4,000
\$4,350,000 1987 Public Improvements Series 2C serial bonds due in annual installments of principal and semiannual installments of interest through December 1, 2007; interest on \$205,000 at 6.75%, on \$220,000 at 6.90%, \$235,000 at 7.00%, on \$255,000 at 7.10%, \$275,000 at 7.20%, and on \$2,175,000 at 7.25%.	3,365,000
\$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 \$580,000 at 5.40%, 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%.	<u>5,065,000</u>
<b>Total General Obligation Bonds Payable</b>	<u><b>\$8,514,000</b></u>

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

A schedule of the outstanding 1973 series bonds and the interest and principal requirements by dates follows:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 1, 1997	\$ -	\$ 510	\$ 510
February 1, 1998	<u>20,000</u>	<u>510</u>	<u>20,510</u>
Totals	<u>\$20,000</u>	<u>\$1,020</u>	<u>\$21,020</u>

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, 1997	\$ -	\$1,620	\$ -	\$120	\$ 1,740
March 1, 1998	30,000	1,620	1,000	120	32,740
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	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>30</u>	<u>1,030</u>
Totals	<u>\$60,000</u>	<u>\$4,740</u>	<u>\$4,000</u>	<u>\$600</u>	<u>\$69,340</u>



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

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

Due Date	Series 2C		Series 2D		Totals
	Principal	Interest	Principal	Interest	
December 1, 1997	\$ 205,000	\$ 120,530	\$ 580,000	\$ 146,916	\$ 1,052,446
June 1, 1998	-	113,611	-	131,256	244,867
December 1, 1998	220,000	113,611	620,000	131,256	1,084,867
June 1, 1999	-	106,021	-	114,051	220,072
December 1, 1999	235,000	106,021	665,000	114,051	1,120,072
June 1, 2000	-	97,796	-	95,265	193,061
December 1, 2000	255,000	97,796	710,000	95,265	1,158,061
June 1, 2001	-	88,744	-	74,675	163,419
December 1, 2001	275,000	88,744	755,000	74,675	1,193,419
June 1, 2002	-	78,844	-	52,403	131,247
December 1, 2002	295,000	78,844	805,000	52,403	1,231,247
June 1, 2003	-	68,150	-	28,253	96,403
December 1, 2003	320,000	68,150	450,000	28,253	866,403
June 1, 2004	-	56,550	-	14,640	71,190
December 1, 2004	345,000	56,550	480,000	14,640	896,190
June 1, 2005	-	44,044	-	-	44,044
December 1, 2005	375,000	44,044	-	-	419,044
June 1, 2006	-	30,450	-	-	30,450
December 1, 2006	405,000	30,450	-	-	435,450
June 1, 2007	-	15,769	-	-	15,769
December 1, 2007	<u>435,000</u>	<u>15,769</u>	<u>-</u>	<u>-</u>	<u>450,769</u>
<b>Totals</b>	<b><u>\$3,365,000</u></b>	<b><u>\$1,520,488</u></b>	<b><u>\$5,065,000</u></b>	<b><u>\$1,168,002</u></b>	<b><u>\$11,118,490</u></b>

<u>Recap of General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1973 Public Improvement Serial Bonds	\$ 20,000	\$ 1,020	\$ 21,020
Sales Tax #4 and #5 Serial Bonds	64,000	5,340	69,340
Series 2B and 2D Serial Bonds	<u>8,430,000</u>	<u>2,688,490</u>	<u>11,118,490</u>
<b>Totals</b>	<b><u>\$8,514,000</u></b>	<b><u>\$2,694,850</u></b>	<b><u>\$11,208,850</u></b>

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

The Sales Tax Series #4 and #5 and Series 2C & 2D 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>	Sales Tax Series #4 and #5 Bonds	Sales Tax Series #2C & #2D Bonds	<u>Total</u>
Required balances	\$ 9,947	\$502,491	\$512,438
Actual balances	<u>62,141</u>	<u>707,986</u>	<u>770,127</u>
Excess	<u>\$52,194</u>	<u>\$205,495</u>	<u>\$257,689</u>
<u>Reserve Funds</u>	Sales Tax Series #4 and #5 Bonds	Sales Tax Series #2C & #2D Bonds	<u>Total</u>
Required balances	\$29,840	\$1,362,493	\$1,392,333
Actual balances	<u>34,644</u>	<u>1,368,765</u>	<u>1,403,409</u>
Excess	<u>\$ 4,804</u>	<u>\$ 6,272</u>	<u>\$ 11,076</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.

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

**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 \$50,000 at 7.00%, 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% \$1,030,000

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 Fund	Sinking Fund	Reserve Fund
Required balances	\$100,000	\$ -	\$129,000
Actual balances	<u>100,474</u>	<u>27,869</u>	<u>129,594</u>
Excess	<u>\$ 474</u>	<u>\$27,869</u>	<u>\$ 594</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 \$160,000 at 4.30%,  
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% \$1,715,000

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:

	Contingency Fund	Sinking Fund
Required balances	\$158,312	\$100,314
Actual balances	<u>200,911</u>	<u>115,588</u>
Excess	<u>\$ 42,599</u>	<u>\$ 15,274</u>

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

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, 1998	\$ -	\$ 37,925	\$ 37,925
July 1, 1998	50,000	37,925	87,925
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>\$1,030,000</u>	<u>\$611,726</u>	<u>\$1,641,726</u>

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.

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

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, 1997	\$ 160,000	\$ 41,886	\$ 201,886
June 1, 1998	-	38,446	38,446
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>\$1,715,000</u>	<u>\$415,728</u>	<u>\$2,130,728</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; interest on \$170,000 at 7.20%, on \$180,000 at 7.25%, and on \$210,000 at 7.30%

\$560,000

**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, 1998	\$ -	\$20,310	\$ 20,310
July 1, 1998	170,000	20,310	190,310
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>\$560,000</u>	 <u>\$84,330</u>	 <u>\$644,330</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>19,317</u>	<u>110,506</u>
 Excess	 <u>\$19,317</u>	 <u>\$ 506</u>

Exhibit F  
(Continued)

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, 1997:

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
1998	\$ 836,000	\$ 516,813	\$ -	\$ 20,310	\$ 32,930	\$ 6,146	\$ 160,000	\$ 118,257	\$ 1,412,199	\$ 278,257
1999	871,000	466,619	170,000	34,500	34,974	4,222	215,000	147,280	1,581,315	362,280
2000	901,000	413,253	180,000	21,855	36,989	2,246	225,000	135,871	1,555,343	360,871
2001	966,000	356,540	210,000	7,665	19,634	272	240,000	123,503	1,560,111	363,503
2002	1,030,000	294,666	-	-	-	-	250,000	110,268	1,324,666	360,268
2003	1,100,000	227,650	-	-	-	-	260,000	96,222	1,327,650	356,222
2004	770,000	167,593	-	-	-	-	275,000	81,258	937,593	356,258
2005	825,000	115,234	-	-	-	-	295,000	65,051	940,234	360,051
2006	375,000	74,494	-	-	-	-	310,000	47,578	449,494	357,578
2007	405,000	46,219	-	-	-	-	90,000	35,228	451,219	125,228
2008	435,000	15,769	-	-	-	-	95,000	28,313	450,769	123,313
2009	-	-	-	-	-	-	100,000	21,000	-	121,000
2010	-	-	-	-	-	-	110,000	13,125	-	123,125
2011	-	-	-	-	-	-	120,000	4,500	-	124,500
Totals	\$ 8,514,000	\$ 2,694,850	\$ 560,000	\$ 84,330	\$ 124,527	\$ 12,886	\$ 2,745,000	\$ 1,027,454	\$ 11,990,593	\$ 3,772,454

**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 \$40,000 was made by the City during the year ended June 30, 1997. This amount was less than the ten percent payable during the year and the difference will be added to the fiscal year June 30, 1998 payment. The balance due at June 30, 1997 is \$450,276. Future repayments to the State are scheduled as follows:

Year Ending <u>June 30,</u>	
1998	\$ 54,000
1999	40,000
2000	40,000
2001	40,000
2002 and beyond	<u>276,276</u>
Total	<u>\$450,276</u>

**Note 11 - DUE TO OTHER GOVERNMENTS**

A summary of due to other governments at June 30, 1997 follows:

Due to State of Louisiana - Airport drainage and runway improvements	\$170,518
Due to State of Louisiana - Morrison Road relocation project	450,276
Due to State of Louisiana - Sales taxes	5,964
Due to Sewer District Number 1	3,066
Due to Marshall's Office	<u>2,373</u>
Total	<u>\$632,197</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, 1997, meter deposits amounted to \$333,986 and the balance of cash and investments in the meter deposit account totaled \$457,034.

**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, 1997 was \$5,442,247.

**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 6.25% 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, 1997, 1996 and 1995 were \$139,764, \$128,205 and \$110,399, 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, 1997, 1996 and 1995 were \$123,298, \$119,340 and \$92,006, 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, 1997, 1996 and 1995 were \$156,818, \$139,426 and \$127,006, respectively, equal to the required contributions for each year.

**Note 14 - COMPENSATED ABSENCES**

At June 30, 1997, employees of the City have accumulated and vested \$821,521 of employee leave benefits, which was computed in accordance with GASB 16. Of this amount, \$753,105 is recorded in the General Long-Term Debt Account Group, and \$68,416 is recorded in the Enterprise Fund.

**Note 15 - 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 16 - COMPENSATION PAID THE MAYOR AND CITY COUNCIL**

The compensation paid the Mayor and City Council for the year ended June 30, 1997, is as follows:

Russell "Tippy" DePaula, Mayor	\$40,000
LaVanner Brown	7,200
Jerry Correjollles	7,200
John D. Guerin	7,200
Lionel Wells	7,200
David Vial	<u>7,200</u>
Total	<u>\$76,000</u>

Terms of office expire December 31, 1998.

**Note 17 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS**

The following individual funds have deficits at June 30, 1997:

Fund	Deficit
Law Enforcement Grants Fund	\$(180)
Special Assessment Certificates Fund	(3,674)
Aviation Grant Fund	(4,511)
Airport Capital Project Fund	(4,772)

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

**Note 18 - 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, 1997:

Fund	Budget	Actual	Unfavorable Variances
Special revenue funds:			
Revenues:			
Fire Department Hazardous Materials Fund	\$ 800	\$ 581	\$ (219)
Emergency Shelter Grant Fund	30,750	8,611	(22,139)
Police Education and Training Fund	5,900	4,992	(908)
Local Law Enforcement Block Grant Fund	94,296	23,852	(70,444)

**Note 18 - REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (Continued)**

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Expenditures:			
FmHA Industrial Development Grant Fund	-	2,420	(2,420)

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

**Note 19 - DESIGNATED AND RESERVED FUND BALANCES**

Fund Balances designated and reserved at June 30, 1997, other than reserves for inventory of \$127,269 and encumbrances of \$158,231 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	\$ (180)	\$ -	\$ (180)	\$ -
Confiscated Cash	2,300	-	2,300	-
Fire Dept. Hazardous Materials	11,633	-	11,633	-
Court Witness Fees	205,108	-	205,108	-
Police Education and Training	29,741	-	29,741	-
Downtown Development District	221,882	-	221,882	-
Fire / Police Millage	701,809	-	701,809	-
FmHA Industrial Development	297,871	-	297,871	-
Industrial Development	544,696	-	544,696	-
Project M.O.T.I.O.N.	-	2,953	2,953	-
Library Trust	-	22,117	22,117	-
General Obligation Bond	-	-	-	20,000
Sales Tax Bond	-	-	-	2,173,618
Certificates of Indebtedness	-	-	-	129,824
Fund balances designated and reserved	<u>\$2,014,860</u>	<u>\$25,070</u>	<u>\$2,039,930</u>	<u>\$2,323,442</u>

Exhibit F  
(Continued)

Note 20 - CHANGES IN CONTRIBUTED CAPITAL

Changes in the City's enterprise fund contributed capital accounts for the year ended June 30, 1997 are as follows:

	City	Sales Tax Bonds	Citizens	State	Federal Government	Other	Total
Contributed capital at July 1, 1996	\$ 2,804,852	\$ 2,429,822	\$ 1,860,387	\$ 162,387	\$ 931,973	\$ 2,278,339	\$ 10,467,760
Contributions of fixed assets	-	-	-	-	707,325	280,440	987,765
Additional amounts due to State of Louisiana	-	-	-	(86,680)	-	-	(86,680)
Depreciation on fixed assets	(1,932)	(196,799)	(84,466)	(6,405)	(31,556)	(41,058)	(362,216)
Contributed capital at June 30, 1997	<u>\$ 2,802,920</u>	<u>\$ 2,233,023</u>	<u>\$ 1,775,921</u>	<u>\$ 69,302</u>	<u>\$ 1,607,742</u>	<u>\$ 2,517,721</u>	<u>\$ 11,006,629</u>

**Note 21 - RISK MANAGEMENT**

**General Liability and Worker's Compensation Insurance**

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, 1997, the outstanding claims liability was \$279,184. 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, 1997, 1996 and 1995 were:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
1997	\$57,024	\$397,268	\$(175,108)	\$279,184
1996	88,735	51,427	(83,138)	57,024
1995	30,000	79,621	(20,886)	88,735

**Note 21 - RISK MANAGEMENT (Continued)**

**Health Insurance**

Until May 1, 1996, the City provided health and accident insurance to its employees and employees of the Marshal's Office and City Court exclusively through health-maintenance organizations (HMO's). Under this type of program, the City paid initial premiums based on the level of the employee's participation and had no further liabilities of any claims. Effective May 1, 1996, the City self-insures for a portion of its health and accident insurance program. The City accounts for and finances its uninsured risk of loss through the Insurance Fund. The Insurance Fund provides coverage for up to a maximum of \$25,000 for each employee with an aggregate liability of \$292,984. Effective May 1, 1997, the City terminated the self-insurance portion of its health and accident insurance program. The City's health and accident insurance is currently a premium for coverage program. The City has no liability for claims incurred subsequent to May 1, 1997.

The General Fund, Enterprise Fund, and Downtown Development District Fund of the City as well as the Marshall's Office and Hammond City Court 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" are reported as quasi-external transactions. At June 30, 1997, the outstanding claims liability was \$120,000. 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.

Changes in the claims liability amount for the years ended June 30, 1997 and 1996 was:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
1997	\$68,240	\$652,901	\$(601,141)	\$120,000
1996	-	91,200	(22,960)	68,240



**Note 22 - 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.

As per Louisiana Reviewed 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, 1997, the City has recognized \$370,062 in revenues (Intergovernmental) and expenditures (public safety) that the State of Louisiana has paid directly to the City's employees.

**Note 23 - LITIGATION AND CLAIMS**

At June 30, 1997, 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.

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

**ENTERPRISE FUND**

**WATER AND SEWER FUND**

**City of Hammond**

For the year ended June 30, 1997

<b>Operating Revenues</b>	
Sewer charges	\$ 1,659,630
Water sales	1,014,061
Tap-in and reconnect fees	80,732
Miscellaneous	11,726
	.....
Total operating revenues	2,766,149
<b>Operating Expenses</b>	
Personnel services	714,401
Contractual services, supplies, materials, and other	898,310
Depreciation and amortization	652,144
	.....
Total operating expenses	2,264,855
<b>Operating Income</b>	501,294
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	111,411
Interest expense	(165,810)
	.....
Total non-operating revenues (expenses)	(54,399)
<b>Net Income</b>	446,895
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	362,216
	.....
Increase in retained earnings	809,111
<b>Retained Earnings</b>	
Beginning of year	1,982,602
Residual equity transfer	7,850
	.....
End of year	\$ 2,799,563

**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**WATER AND SEWER FUND**

**City of Hammond**

For the year ended June 30, 1997

**Cash Flows From Operating Activities**

Operating income	\$ 501,294
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	647,535
Amortization	4,609
Provision for bad debt	3,349
Change in current assets - (increase) decrease:	
Accounts receivable	140,018
Due from other Governments	213,524
Change in current liabilities - increase (decrease):	
Accounts payables	(19,169)
Other payables	4,588
Due to other governments	48,898
Customer deposits	(5,236)
Total adjustments	1,038,116
Net cash provided by operating activities	1,539,410

**Cash Flows From Capital and Related Financing Activities**

Principal repayments	(195,000)
Capital contributions	901,085
Interest expense	(165,810)
Payment for capital assets	(2,131,271)
Net cash used for capital and related financing activities	(1,590,996)

**Cash Flows From Investing Activities**

Interest income	111,411
Purchases of investments	(56,747)
Net cash provided by investing activities	54,664

**Net Increase In Cash**

3,078

**Cash**

Beginning of year	68,903
End of year	\$ 71,981

**DETAILED SCHEDULE OF OPERATING EXPENSES  
BY DEPARTMENT**

**ENTERPRISES FUND**

**WATER AND SEWER FUND**

**City of Hammond**

For the year ended June 30, 1997

	<u>General and Administrative</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Plant Operations</u>	<u>Total</u>
Salaries and wages	\$ 56,432	\$ 253,464	\$ 129,637	\$ 94,111	\$ 533,644
Social security	4,292	19,463	9,779	7,156	40,690
Municipal employee retirement	3,507	15,126	7,474	5,410	31,517
Health and life insurance	4,384	15,667	10,406	7,300	37,757
Worker's compensation insurance	378	15,526	6,931	7,656	30,491
Contract labor	20,108	5,220	14,974	-	40,302
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	-	81,382	52,423	160,128	293,933
Postage and box rent	11,631	-	-	-	11,631
Telephone - long distance	365	-	-	-	365
Maintenance:					
Buildings	-	-	-	3,235	3,235
Autos and trucks	-	15,233	6,245	11,252	32,730
Machinery and equipment	-	7,297	17,075	82,987	107,359
Lines and pumps	-	103,213	40,300	-	143,513
Fire hydrants	-	2,641	-	-	2,641
Ultraviolet lamp	-	-	-	38,685	38,685
Chlorination	-	5,720	-	-	5,720
Infiltration	-	-	15,602	-	15,602
Sludge removal	-	-	-	32,245	32,245
Laboratory test charge	-	-	-	16,071	16,071
Supplies:					
Office	2,963	-	-	4,996	7,959
Uniforms	792	4,810	1,164	1,861	8,627
Vehicles	-	10,917	8,118	2,773	21,808
Laboratory	-	-	-	11,856	11,856
Sewerage treatment	-	-	-	16,120	16,120
Chlorine	-	18,055	-	-	18,055
Safety equipment	-	2,067	1,346	384	3,797
Balance carried forward	<u>104,852</u>	<u>606,651</u>	<u>342,024</u>	<u>504,226</u>	<u>1,557,753</u>

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	104,852	606,651	342,024	504,226	1,557,753
Small tools and equipment	-	13,538	3,957	2,729	20,224
Computer mapping system	-	-	-	-	-
Electronic water well monitoring	-	-	-	-	-
Travel and education	-	1,238	1,394	610	3,242
State fees and permits	-	-	-	13,339	13,339
Consultant / inspection fees	-	-	-	-	-
Cash short / over	29	-	-	-	29
Amortization expense	-	4,609	-	-	4,609
Depreciation expense	-	484,099	163,436	-	647,535
Bad debt expense	-	1,176	2,173	-	3,349
Beeper fees	-	574	144	91	809
Paying agent fees	-	600	1,028	-	1,628
Meters	-	11,694	-	-	11,694
Miscellaneous expenses	644	-	-	-	644
Totals	<u>\$ 105,525</u>	<u>\$1,124,179</u>	<u>\$ 514,156</u>	<u>\$ 520,995</u>	<u>\$2,264,855</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, 1997

**ASSETS**

Cash	\$ 161,139
Investments	1,002,623
Accounts receivable	219,954
Total assets	<u>\$ 1,383,716</u>

**LIABILITIES**

Accounts payable	\$ 2,206
Workers' compensation claims payable	95,438
Health insurance claims payable	120,000
General liability claims payable	183,746
Total liabilities	401,390

**FUND EQUITY**

Retained earnings - reserved	982,326
Total liabilities and fund equity	<u>\$ 1,383,716</u>

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

**INTERNAL SERVICE FUND**

**City of Hammond**

For the year ended June 30, 1997

<b>Operating Revenues</b>	
Insurance charges	\$ 1,215,682
Insurance reimbursement	360,685
	<hr/>
Total operating revenues	1,576,367
<b>Operating Expenses</b>	
Workers' compensation insurance and administration	97,465
Workers' compensation claims expense	75,429
General liability insurance and administration	254,950
General liability claims expense	321,839
Health insurance and administration	173,248
Health claims expense	652,901
	<hr/>
Total operating expenses	1,575,832
<b>Net Operating Income</b>	535
<b>Non-Operating Revenues</b>	
Interest income	37,884
	<hr/>
<b>Net Income</b>	38,419
<b>Retained Earnings</b>	
Beginning of year	943,907
	<hr/>
End of year	\$ 982,326

**STATEMENT OF CASH FLOWS****INTERNAL SERVICE FUND****City of Hammond**

For the year ended June 30, 1997

**Cash Flows From Operating Activities**

Operating income	\$ 535
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Changes in current asset - (increase) decrease:	
Insurance deposits	212,903
Accounts receivable	(219,954)
Change in current liabilities - increase (decrease):	
Accounts payable	(94,213)
Workers' compensation claims payable	38,414
Health insurance claims payable	51,760
General liability	183,746
Total adjustments	172,656
Net cash provided by operating activities	173,191

**Cash Flows From Investing Activities**

Interest income	37,884
Purchase of investments	(111,143)
Net cash used by investing activities	(73,259)

**Net Cash Increase**

99,932

**Cash**

Beginning of year	61,207
End of year	\$ 161,139

## **FIDUCIARY TYPE FUNDS**

### **PENSION TRUST FUND**

**Firemen's Pension Fund** - To account for a pension fund established for the Hammond Fire Department. Funding is from annual appropriations from the General Fund.

### **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, 1997

	Pension	Expendable Trust		Total
	Trust	Project	Library	
	Fireman's	M.O.T.I.O.N.	Trust	
	Pension			
<b>ASSETS</b>				
Cash	\$ 862	\$ 974	\$ 1	\$ 1,837
Investments, at cost	75,647	-	22,116	97,763
Due from other Governments	-	4,905	-	4,905
Total assets	<u>\$ 76,509</u>	<u>\$ 5,879</u>	<u>\$ 22,117</u>	<u>\$ 104,505</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 464	\$ -	\$ 464
Due to other funds	-	2,462	-	2,462
Total liabilities	<u>-</u>	<u>2,926</u>	<u>-</u>	<u>2,926</u>
<b>FUND EQUITY</b>				
Retained earnings:				
Reserved for employee retirement	76,509	-	-	76,509
Fund balances				
Designated:				
Law enforcement	-	2,953	-	2,953
Library	-	-	22,117	22,117
Total fund balance	<u>-</u>	<u>2,953</u>	<u>22,117</u>	<u>25,070</u>
Total fund equity	<u>76,509</u>	<u>2,953</u>	<u>22,117</u>	<u>101,579</u>
Total liabilities and fund balance	<u>\$ 76,509</u>	<u>\$ 5,879</u>	<u>\$ 22,117</u>	<u>\$ 104,505</u>

**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, 1997

<b>Operating Revenues</b>	
Insurance benefits	\$ -
<b>Operating Expenses</b>	
Benefit payments	27,532
Total expenses	27,532
Operating loss	(27,532)
<b>Non-Operating Revenues</b>	
Interest earned on investments	16,930
<b>Income Before Operating Transfers</b>	(10,602)
<b>Operating Transfers Out</b>	(238,091)
Net loss	(248,693)
<b>Retained Earnings</b>	
Beginning of year, as restated	325,202
End of year	\$ 76,509

**STATEMENT OF CASH FLOWS****PENSION TRUST FUND  
FIREMEN'S PENSION FUND**

City of Hammond

For the year ended June 30, 1997

<b>Cash Flows From Operating Activities</b>	
Operating loss	\$ (27,532)
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating transfers out	(238,091)
<b>Cash Flows From Investing Activities</b>	
Interest income	16,930
Sale of investments	248,570
Net cash provided by investing activities	265,500
<b>Net Decrease In Cash</b>	(123)
<b>Cash</b>	
Beginning of year	985
End of year	\$ 862

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

**EXPENDABLE TRUST FUNDS**

**City of Hammond**

For the year ended June 30, 1997

	<u>Project M.O.T.I.O.N.</u>	<u>Library Trust</u>	<u>Total</u>
<b>Revenues</b>			
Federal grant	\$ 42,688	\$ -	\$ 42,688
Interest	322	1,115	1,437
Total revenues	43,010	1,115	44,125
<b>Expenditures</b>			
Police equipment	56,421	-	56,421
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(13,411)	1,115	(12,296)
<b>Other Financing Sources</b>			
Operating transfer in	16,965	-	16,965
<b>Excess of Revenues and Other Sources Over Expenditures</b>	3,554	1,115	4,669
<b>Fund Balance (Deficit)</b>			
Beginning of year	(601)	21,002	20,401
End of year	\$ 2,953	\$ 22,117	\$ 25,070



**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, 1997

**General Fixed Assets, at Cost**

Land	\$ 1,458,150
Building	4,914,340
Vehicles	3,045,590
Equipment	<u>1,467,032</u>

Total general fixed assets \$ 10,885,112

**Investments in General Fixed Assets From**

General fund	\$ 9,444,662
Sales tax	1,438,848
Downtown development	<u>1,602</u>

Total investment in general fixed assets \$ 10,885,112

### **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, 1997

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

## Amount available in:

General obligation bond fund	\$ 20,000
Sales tax bond fund	2,173,618
Certificates of indebtedness fund	129,824

## Amount to be provided in future years from:

1% sales and use tax	6,320,382
General fund	124,527
Certificates of indebtedness fund	430,176
Amount to be provided - accumulated unpaid leave	753,105

Total amount available and to be provided	\$ 9,951,632
---	--------------

**General Long-Term Debt Payable**

Accumulated unpaid leave	\$ 753,105
1973 public improvement bonds	20,000
Sales Tax #3 - #5	64,000
Sales Tax #2B - #2D	8,430,000
Certificates of indebtedness	560,000
Capital lease	124,527

Total general long-term debt payable	\$ 9,951,632
--------------------------------------	--------------

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**  
**REQUIRED BY GOVERNMENT AUDITING STANDARDS AND OMB A-133**

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### City of Hammond

For the year ended June 30, 1997

Federal Grantor / Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grant - Small Cities Contract 101-6061	14.219	\$ 709,146
Emergency Shelter Grant Program	14.231	8,611
Total U.S. Department of Housing and Urban Development		717,757
U.S. Department of Justice		
	Project #	
COPS FAST	95-CF-WXZ-1517	16.711 60,408
Juvenile Officer Training	94-J.8-J.2-0257	16.540 400
In-Home Detention Program	96-J.5-J.3-0230	16.540 10,789
Multi-Jurisdictional Task Force	95-B.5-B.02-0E06	16.579 7,306
Multi-Jurisdictional Task Force	96-B.5-B.02-0E11	16.579 34,886
Local Law Enforcement Block Grant	96-LB-VX-3378	16.579 22,057
Street Gang Reduction	96-B.5-B.07-0062	16.579 12,893
Total U.S. Department of Justice		148,739
U.S. Department of Transportation		
Airport Improvements Program	953-01-0010	20.106 53,042
Selective Law Enforcement Unit	9654	20.600 12,287
Total U.S. Department of Transportation		65,329
U.S. Department of Agriculture		
Rural Development Program	10.424	50,000
Total Federal Expenditures		\$ 981,825

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**City of Hammond**

June 30, 1997

**Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133, SINGLE AUDIT ACT OF 1984**

All Federal grant awards of the Primary Government of the City of Hammond are included in the scope of the OMB Circular A-133, Single Audit Act Amendments of 1996. The United States Department of Housing and Urban Development is the City's oversight Federal audit agency.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

**Note 3 - REVOLVING LOAN FUND**

The Primary Government administers a revolving industrial development loan fund to provide low interest loans to businesses in the City of Hammond. Total funds of \$374,282 were provided to the Primary Government from the U.S. Department of Agriculture. Total loans receivable net of uncollectible amounts under this program at June 30, 1997 was \$228,796.

**Note 4 - FINDINGS OF NONCOMPLIANCE**

There were no findings or questioned cost for the year ended June 30, 1997.

**FINDINGS AND QUESTIONED COSTS**

**City of Hammond**

For the year ended June 30, 1997

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the primary government financial statements of the City of Hammond, Louisiana.
2. There were no reportable conditions disclosed during the audit of the primary government financial statements.
3. No instances of noncompliance material to the primary government financial statements of City of Hammond, Louisiana, were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Hammond, Louisiana, expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for City of Hammond, Louisiana, are reported in Part C of this Schedule.
7. The program tested as major programs included:

	Federal
	<u>CFDA Number</u>
Community Development Block Grant - Small Cities	14.219

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Hammond, Louisiana, was not determined to be a low-risk auditee.

**B. Findings - Financial Statement Audit**

There were no findings disclosed during the audit of the primary government financial statements.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

There were no findings or questioned cost disclosed during the year ended June 30, 1997.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**City of Hammond**

For the year ended June 30, 1997

There were no findings or questioned cost for the year ended June 30, 1996.



Bourgeois Bennett

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

To the Honorable Russell "Tippy" DePaula, 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, 1997, and have issued our report thereon dated August 27, 1997. 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.,  
August 27, 1997.



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 Russell "Tippy" DePaula, 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 each of its major federal programs for the year ended June 30, 1997. The City's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended June 30, 1997.

### **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.,  
August 27, 1997.



Bourgeois Bennett

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August 27, 1997

To the Honorable Russell "Tippy" Depaula, Mayor  
and Members of the Council  
City of Hammond, Louisiana

We have completed our audit of the City of Hammond for the year ended June 30, 1997 and have presented our report thereon under a separate cover. In fulfilling our responsibility as the City's auditors, we are required to communicate to the Council certain matters related to the conduct of our audit.

1. AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT STANDARDS

Our audit was conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatements.

As required, a separate letter has been issued on internal control and compliance with laws and regulations.

We have complied with the requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the primary government financial statements. For the year ended June 30, 1997, the City adopted one new accounting policy. Governmental Accounting Standards Board (GASB) Statement No. 24 entitled "Accounting and Reporting for Certain Grants and Other Assistance." No other accounting policies were adopted nor required to be adopted for the year ended June 30, 1997.

Honorable Russell "Tippy" Depaula, Mayor

August 27, 1997

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3. MANAGEMENT JUDGMENT AND ACCOUNT ESTIMATES

The most significant estimates reflected in the financial statements relate to the collectibility of accounts receivable, accrual of unbilled utility revenue, insurance claims payable and claims and judgements incurred. Management has provided us with representations concerning these matters.

4. SIGNIFICANT AUDIT ADJUSTMENTS

There were various significant audit adjustments made during our recent audit. Copies were furnished to management and were recorded in the City's accounting records.

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, 1997, we offer the following suggestions and comments.

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.

Recommendation - The Council clerk should maintain a listing of all Council meetings and ordinances which are required to be published in the official journal. The listing should detail the date of the Council meeting or ordinance and the date when publication occurred. Also, the Clerk should retain a copy of the publication to support information on the list.

Response - The Council Clerk is now maintaining a listing of all Council meetings and ordinances which are required to be published in the official journal and is retaining a copy of the publication.

### PURCHASING

Comment - During the year there was a contract for landscaping services which was automatically renewed rather than being placed out on bid.

Recommendation - In the future additional care should be taken to bid out such contracts prior to their expiration in order to avoid a discontinuance of services.

Response - The Purchasing Agent is now maintaining a date index file on all City contracts.

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.

Recommendation - In the future when emergency purchases are made all public notices should be published in accordance with Louisiana Revised Statutes.

Response - The Council Clerk has been informed of this process and will advertise all future emergency purchases within the ten day time period.

### 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.

Recommendation - The utility clerk should perform a periodic evaluation of utility receivables on accounts which had been closed and determine the collectibility of these accounts. The accounting supervisor should then approve the write-off of those accounts deemed uncollectible.



Response - The Utility Billing Supervisor will review all closed accounts with outstanding balances every 60 days at the end of each billing cycle. All write-offs of uncollectible accounts will be reviewed by the Financial Information Officer.

### 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.

Recommendation - An analysis of workers compensation and general liability insurance premiums should be performed comparing the total premium revenue to the expenses incurred and determine if a premium adjustment for workers compensation or property and general liability insurance is appropriate.

Response - In the future an analysis of premium revenue to expenses incurred will be done at the end of each fiscal year. Any excess surplus will be transferred to the General Fund Surplus.

Comment - Currently the City maintains one internal service fund to account for various self-insured coverages.

Recommendation - Consideration should be given to establishing individual funds for workers compensation insurance and property and general liability insurance. This would aid in evaluating the adequacy of premiums charged based on type of coverage.

Response - Individual funds have been set up for the various self-insured coverages.

### NEW PRONOUNCEMENTS AFFECTING THE CITY

Comment - In May 1995 the Governmental Accounting Standards Board (GASB) issued Statement No. 31, entitled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement establishes accounting and financial reporting standards for certain types of investments.

Recommendation - We recommend that this statement be reviewed so that its provisions are applied.

Response - GASB Statement No. 31 has been reviewed and all provisions applied.

### PRIOR YEAR RECOMMENDATIONS

#### GENERAL FIXED ASSETS

Comment - During our review of the General Fixed Asset Listing, we noted certain buildings were included on the listing which were no longer owned by the City. We also noted that certain properties acquired during the year as a result of land swap were not included on the listing. This was not a problem in the current year.

#### PURCHASING

Comment - The purchasing department maintains files on bids solicited from potential vendors for purchases in excess of \$10,000. This file contains bid specifications, copies of bids received and a bid recap sheet. These files do not include copies of ads published requesting proposals. This was not a problem during the current year.

Comment - When reviewing compliance with bid laws purchases were made under two state contracts and one contract of a local government which were not included in the purchasing department files. This was not a problem during the current year.

Comment - Currently the City attaches copies of purchase orders to invoices prior to processing by the accounting department. Consideration should be given to increasing the amount of documentation attached to invoices prior to payment. This was not a problem during the current year.

#### METER DEPOSITS PAYABLE

Comment - During our review of the internal control structure of the City it came to our attention that the detail meter deposit payable listing is not reconciled to the meter deposit payable account in the general ledger. This was not a problem during the current year.

Honorable Russell "Tippy" Depaula, Mayor  
August 27, 1997  
Page 6

### PAYROLL

Comment - During our review of payroll transactions, it was noted that personnel files for three individuals had not been updated for pay increases and do not properly reflect these employees' current rate of pay. This was not a problem during the current year.

### GENERAL ACCOUNTING PROCEDURES

Comment - Supporting documentation and calculations are not attached to journal entries entered into the general ledger. This was not a problem during 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,

A handwritten signature in black ink, appearing to be 'R. A. M.', written in a cursive style.

For the Firm.

LSN/df

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

June 30, 1997

**ASSETS**

Cash	\$ 12,451
Investments, at cost	1,024,355
Franchise taxes receivable	94,871
Other receivable	100
Due from other funds	17,544
Due from other governments	347,461
Inventory, at cost	127,269
Total assets	<u>\$ 1,624,051</u>

**LIABILITIES**

Accounts payable	\$ 214,283
Payroll taxes payable	38,177
Salaries payable	112,405
Due to other governments	2,373
Total liabilities	<u>367,238</u>

**FUND BALANCE**

Reserved for inventory	127,269
Reserved for encumbrances	120,698
Unreserved - undesignated	1,008,846
Total fund balance	1,256,813
Total liabilities and fund balance	<u>\$ 1,624,051</u>

**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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 2,166,000	\$ 2,219,194	\$ 53,194
Licenses and permits	1,440,000	1,587,311	147,311
Fines and forfeitures	308,500	357,584	49,084
Sanitation service fees	425,000	435,190	10,190
Parks and recreation	108,450	99,552	(8,898)
Airport	52,150	50,879	(1,271)
Intergovernmental	424,062	442,757	18,695
Interest	40,000	47,249	7,249
Miscellaneous	250,120	275,078	24,958
<b>Total revenues</b>	<b>5,214,282</b>	<b>5,514,794</b>	<b>300,512</b>
<b>Expenditures</b>			
General Government	2,220,258	2,136,759	83,499
Public safety	5,801,200	5,773,803	27,397
Highways and streets	982,512	915,415	67,097
Cemeteries and municipal grounds	529,542	472,813	56,729
Sanitation	465,000	461,773	3,227
Parks and recreation	307,573	288,744	18,829
Airport	175,703	176,393	(690)
<b>Total expenditures</b>	<b>10,481,788</b>	<b>10,225,700</b>	<b>256,088</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,267,506)</b>	<b>(4,710,906)</b>	<b>556,600</b>
<b>Other Financing Sources (Uses)</b>			
Sale of fixed assets	38,000	37,769	(231)
Operating transfers in	5,344,091	5,344,091	-
Operating transfers out	(767,512)	(809,665)	(42,153)
<b>Total other financing sources (uses)</b>	<b>4,614,579</b>	<b>4,572,195</b>	<b>(42,384)</b>
<b>Deficiency of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(652,927)</b>	<b>(138,711)</b>	<b>514,216</b>
<b>Fund Balance</b>			
Beginning of year	1,395,524	1,395,524	-
End of year	\$ 742,597	\$ 1,256,813	\$ 514,216

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

**GENERAL FUND**

**City of Hammond**

For the year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes</b>			
Ad Valorem	\$ 1,630,000	\$ 1,654,255	\$ 24,255
Alcoholic beverages	48,000	47,669	(331)
Tobacco	88,000	88,218	218
Franchise	400,000	429,052	29,052
<b>Total taxes</b>	<b>2,166,000</b>	<b>2,219,194</b>	<b>53,194</b>
<b>Licenses and Permits</b>			
Occupational	850,000	916,802	66,802
Video poker	500,000	579,962	79,962
Other	90,000	90,547	547
<b>Total licenses and permits</b>	<b>1,440,000</b>	<b>1,587,311</b>	<b>147,311</b>
<b>Fines and Forfeitures</b>			
City Court	308,500	357,584	49,084
<b>Sanitation Service Fees</b>	425,000	435,190	10,190
<b>Parks and Recreation</b>			
Rentals	6,000	5,728	(272)
Concessions	10,000	14,930	4,930
Registration fees	92,450	78,894	(13,556)
<b>Total parks and recreation</b>	<b>108,450</b>	<b>99,552</b>	<b>(8,898)</b>

**Schedule A-3  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Miscellaneous</b>			
LA Department of Highways	17,000	19,715	2,715
Rural fire district	80,000	80,000	-
Interest income	40,000	47,249	7,249
Rental income	600	450	(150)
Fire Insurance Commission	30,000	31,223	1,223
Police reports	8,500	8,766	266
Notice fees on taxes	17,000	17,707	707
Legal document fees	10,000	11,173	1,173
Sale of cemetery lots	21,000	25,150	4,150
Cemetery fees	8,000	9,015	1,015
Intergovernmental	424,062	442,757	18,695
False alarms	21,000	23,490	2,490
Airport	52,150	50,879	(1,271)
Donations	6,000	6,150	150
Miscellaneous	31,020	42,239	11,219
Total miscellaneous	<u>766,332</u>	<u>815,963</u>	<u>49,631</u>
Total revenues	<u>\$ 5,214,282</u>	<u>\$ 5,514,794</u>	<u>\$ 300,512</u>

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

**GENERAL FUND**

**City of Hammond**

For the year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government</b>			
Council	\$ 132,906	\$ 125,930	\$ 6,976
Mayor's Office	185,870	183,285	2,585
Accounting	312,581	288,697	23,884
Purchasing	193,748	178,646	15,102
Central Garage	62,979	68,082	(5,103)
Personnel	127,960	111,064	16,896
Legal Services	198,000	185,398	12,602
Data processing	106,000	94,166	11,834
Buildings	131,244	132,037	(793)
Insurance	82,800	83,597	(797)
Other	686,170	685,857	313
Total general government	<u>2,220,258</u>	<u>2,136,759</u>	<u>83,499</u>
<b>Public Safety</b>			
Police department:			
Administration	610,416	610,838	(422)
Investigation	242,299	236,960	5,339
Patrol	1,417,579	1,452,712	(35,133)
Juvenile	184,016	189,915	(5,899)
Correction	270,677	255,603	15,074
Communications	269,221	276,322	(7,101)
Crime control	227,167	242,346	(15,179)
Traffic control	104,852	110,868	(6,016)
Total police department	<u>3,326,227</u>	<u>3,375,564</u>	<u>(49,337)</u>
Fire department:			
Administration	357,091	339,973	17,118
Fire fighting	1,708,769	1,670,823	37,946
Prevention	138,571	132,732	5,839
Building inspection	270,542	254,429	16,113
Total fire department	<u>2,474,973</u>	<u>2,397,957</u>	<u>77,016</u>
Other	-	282	(282)
Total public safety	<u>5,801,200</u>	<u>5,773,803</u>	<u>27,397</u>



**Schedule A-4  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Highway and Streets</b>	982,512	915,415	67,097
<b>Cemeteries and Municipal Grounds</b>	529,542	472,813	56,729
<b>Sanitation</b>	465,000	461,773	3,227
<b>Parks and Recreation</b>			
Administration	144,890	132,759	12,131
Facilities and parks	-	8,269	(8,269)
Programs	162,683	147,716	14,967
Total parks and recreation	307,573	288,744	18,829
<b>Airport</b>	175,703	176,393	(690)
Total expenditures	<u>\$ 10,481,788</u>	<u>\$ 10,225,700</u>	<u>\$ 256,088</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.

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

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

**Cafeteria Plan Fund** - To account for receipts of employee withholdings for insurance coverages.

**FmHA Industrial Development** - To account for receipt and disbursements 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.

## COMBINING BALANCE SHEET

### SPECIAL REVENUE FUNDS

#### City of Hammond

June 30, 1997

	<u>Sales Tax</u>	<u>Law Enforcement Grants</u>	<u>Confiscated Cash</u>
<b>ASSETS</b>			
Cash	\$ 11,294	\$ 32	\$ -
Investments, at cost	-	-	24,408
Note receivable - (net of allowance for doubtful accounts of \$32,126)	-	-	-
Due from other governments	<u>1,486,389</u>	<u>4,746</u>	<u>-</u>
Total assets	<u>\$ 1,497,683</u>	<u>\$ 4,778</u>	<u>\$ 24,408</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,361	\$ -	\$ 22,108
Payroll taxes payable	-	-	-
Due to other funds	-	4,958	-
Salaries payable	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,361</u>	<u>4,958</u>	<u>22,108</u>
<b>FUND BALANCE (DEFICIT)</b>			
Reserved for encumbrances	-	-	-
Unreserved:			
Designated	-	(180)	2,300
Undesignated	<u>1,491,322</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,491,322</u>	<u>(180)</u>	<u>2,300</u>
Total liabilities and fund balance	<u>\$ 1,497,683</u>	<u>\$ 4,778</u>	<u>\$ 24,408</u>

Fire Dept. Hazardous Materials	Emergency Shelter Grant	Grant Fund	Court Witness Fees	Police Education and Training	Downtown Development District	Fire/ Police Millage	Cafeteria Plan	FmHA Industrial Development	Industrial Development	Local Law Enforcement Block Grant	Total
\$ 136	\$ 1	\$ 1	\$ 1,711	\$ 3,710	\$ 7,060	\$ 15,645	\$ 2,898	\$ 3,769	\$ -	\$ 4,902	\$ 51,159
11,497	-	-	199,159	26,031	216,436	707,216	-	115,306	544,696	76,681	1,921,430
-	-	-	4,288	-	-	-	-	228,796	-	-	228,796
-	-	-	-	-	-	-	-	-	-	-	1,495,423
<u>\$ 11,633</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 205,158</u>	<u>\$ 29,741</u>	<u>\$ 223,496</u>	<u>\$ 722,861</u>	<u>\$ 2,898</u>	<u>\$ 347,871</u>	<u>\$ 544,696</u>	<u>\$ 81,583</u>	<u>\$ 3,696,808</u>
\$ -	\$ -	\$ -	\$ 50	\$ -	\$ 1,057	\$ 2,640	\$ 2,848	\$ 50,000	\$ -	\$ -	\$ 85,064
-	-	-	-	-	141	-	-	-	-	-	141
-	-	-	-	-	-	-	-	-	-	-	4,958
-	-	-	-	-	240	-	-	-	-	-	240
-	-	-	-	-	-	-	-	-	-	-	72,239
-	-	-	50	-	1,438	2,640	2,848	50,000	-	72,239	162,642
-	-	-	-	-	176	18,412	-	-	-	-	18,588
11,633	-	-	205,108	29,741	221,882	701,809	-	297,871	544,696	-	2,014,860
-	1	1	-	-	-	-	50	-	-	9,344	1,500,718
<u>11,633</u>	<u>1</u>	<u>1</u>	<u>205,108</u>	<u>29,741</u>	<u>222,058</u>	<u>720,221</u>	<u>50</u>	<u>297,871</u>	<u>544,696</u>	<u>9,344</u>	<u>3,534,166</u>
<u>\$ 11,633</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 205,158</u>	<u>\$ 29,741</u>	<u>\$ 223,496</u>	<u>\$ 722,861</u>	<u>\$ 2,898</u>	<u>\$ 347,871</u>	<u>\$ 544,696</u>	<u>\$ 81,583</u>	<u>\$ 3,696,808</u>

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

**SPECIAL REVENUE FUNDS**

**City of Hammond**

For the year ended June 30, 1997

	Sales Tax	Law Enforcement Grants	Confiscated Cash
<b>Revenues</b>			
Taxes	\$ 8,632,185	\$ -	\$ -
Court witness fees	-	-	-
Intergovernmental	40,000	23,682	-
Interest	47,929	20	1,646
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	8,720,114	23,702	1,646
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
General government	450,726	-	-
Public safety:			
Police	-	27,569	-
Fire	-	-	-
Highways and streets	236,274	-	-
Parks and recreation	217,846	-	-
Debt service:			
Principal	15,918	-	-
Interest	3,679	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	924,443	27,569	-
	<hr/>	<hr/>	<hr/>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	7,795,671	(3,867)	1,646
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Proceeds from loan	140,445	-	-
Operating transfer in	47,853	9,617	-
Operating transfer out	(8,248,617)	-	(16,965)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(8,060,319)	9,617	(16,965)
	<hr/>	<hr/>	<hr/>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(264,648)	5,750	(15,319)
	<hr/>	<hr/>	<hr/>
<b>Fund Balances (Deficit)</b>			
Beginning of year	1,755,970	(5,930)	17,619
	<hr/>	<hr/>	<hr/>
End of year	\$ 1,491,322	\$ (180)	\$ 2,300
	<hr/>	<hr/>	<hr/>

Fire Dept. Hazardous Materials	Emergency Shelter Grant	Grant Fund	Court Witness Fees	Police Education and Training	Downtown Development District	Fire / Police Millage	Cafeteria Plan	FmHA Industrial Development	Industrial Development	Local Law Enforcement Block Grant	Total
\$ -	\$ -	\$ -	\$ 49,408	\$ -	\$ 93,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,725,954
-	8,611	-	7,484	1,325	17,500	-	-	50,000	-	22,057	49,408
581	1	-	7,484	3,667	9,956	22,963	28	9,859	28,033	1,795	161,850
-	-	-	-	-	6,806	-	-	400	-	-	131,600
581	8,612	-	56,892	4,992	128,031	22,963	28	60,239	28,033	23,852	9,079,685
-	8,611	-	-	-	-	420	19	2,420	11,991	-	474,187
-	-	-	1,625	-	-	92,914	-	-	-	24,508	146,616
-	-	-	-	-	-	26,122	-	-	-	-	26,122
-	-	-	-	-	-	-	-	-	-	-	236,274
-	-	-	-	-	103,984	-	-	-	-	-	321,830
-	-	-	-	-	-	-	-	-	-	-	15,918
-	-	-	-	-	-	-	-	-	-	-	3,679
-	8,611	-	1,625	-	103,984	119,456	19	2,420	11,991	24,508	1,224,626
581	1	-	55,267	4,992	24,047	(96,493)	9	57,819	16,042	(656)	7,855,059
-	-	-	-	-	16,612	342,153	-	-	-	10,000	140,445
-	-	-	-	-	-	-	-	-	-	-	426,235
-	-	-	-	-	-	-	-	-	-	-	(8,265,582)
-	-	-	-	-	16,612	342,153	-	-	-	10,000	(7,698,902)
581	1	-	55,267	4,992	40,659	245,660	9	57,819	16,042	9,344	156,157
11,052	-	1	149,841	24,749	181,399	474,561	41	240,052	528,654	-	3,378,009
\$ 11,633	\$ 1	\$ 1	\$ 205,108	\$ 29,741	\$ 222,058	\$ 720,221	\$ 50	\$ 297,871	\$ 544,696	\$ 9,344	\$ 3,534,166

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**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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales and use tax	\$ 8,525,000	\$ 8,632,185	\$ 107,185
Intergovernmental	40,000	40,000	-
Interest	30,000	47,929	17,929
Total revenues	<u>8,595,000</u>	<u>8,720,114</u>	<u>125,114</u>
<b>Expenditures</b>			
General government	493,234	450,726	42,508
Highways and streets	253,645	236,274	17,371
Parks and recreation	420,097	217,846	202,251
Debt service			
Principal	16,100	15,918	182
Interest	3,700	3,679	21
Total expenditures	<u>1,186,776</u>	<u>924,443</u>	<u>262,333</u>
<b>Excess of Revenues Over Expenditures</b>	7,408,224	7,795,671	387,447
<b>Other Financing Sources (Uses)</b>			
Proceeds from loan	-	140,445	140,445
Operating transfer in	-	47,853	47,853
Operating transfer out	(8,248,617)	(8,248,617)	-
Total other financing sources (uses)	<u>(8,248,617)</u>	<u>(8,060,319)</u>	<u>188,298</u>
<b>Excess of Revenues and Other Sources Under Expenditures and Other Uses</b>	(840,393)	(264,648)	575,745
<b>Fund Balance</b>			
Beginning of year	<u>1,755,970</u>	<u>1,755,970</u>	-
End of year	<u>\$ 915,577</u>	<u>\$ 1,491,322</u>	<u>\$ 575,745</u>

**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 24,049	\$ 23,682	\$ (367)
Interest	-	20	20
Total revenues	<u>24,049</u>	<u>23,702</u>	<u>(347)</u>
<b>Expenditures</b>			
Public safety			
Police	<u>28,347</u>	<u>27,569</u>	778
Total expenditures	<u>28,347</u>	<u>27,569</u>	778
<b>Deficiency of Revenues Over Expenditures</b>	(4,298)	(3,867)	431
<b>Other Financing Sources</b>			
Operating transfer in	<u>9,617</u>	<u>9,617</u>	-
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	5,319	5,750	431
<b>Fund Balance (Deficit)</b>			
Beginning of year	<u>(5,930)</u>	<u>(5,930)</u>	-
End of year	<u>\$ (611)</u>	<u>\$ (180)</u>	<u>\$ 431</u>



**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ 1,500	\$ 1,646	\$ 146
<b>Other Financing Uses</b>			
Operating transfer out	(16,965)	(16,965)	-
<b>Excess of Revenues Under Other Uses</b>	(15,465)	(15,319)	146
<b>Fund Balance</b>			
Beginning of year	17,619	17,619	-
End of year	<u>\$ 2,154</u>	<u>\$ 2,300</u>	<u>\$ 146</u>

**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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 400	\$ 581	\$ 181
Miscellaneous	400	-	(400)
Total revenues	<u>800</u>	<u>581</u>	<u>(219)</u>
<b>Expenditures</b>			
Public safety			
Fire	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>6,000</u>	<u>-</u>	<u>6,000</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,200)	581	5,781
<b>Fund Balance</b>			
Beginning of year	<u>11,052</u>	<u>11,052</u>	-
End of year	<u>\$ 5,852</u>	<u>\$ 11,633</u>	<u>\$ 5,781</u>

**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Intergovernmental	\$ 30,750	\$ 8,611	\$ (22,139)
Interest	-	1	1
Total revenues	<u>30,750</u>	<u>8,612</u>	<u>(22,138)</u>
<b>Expenditures</b>			
General government	30,750	8,611	22,139
Total expenditures	<u>30,750</u>	<u>8,611</u>	<u>22,139</u>
<b>Excess of Revenues Over Expenditures</b>	-	1	1
<b>Fund Balance</b>			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Court witness fees	\$ 45,000	\$ 49,408	\$ 4,408
Interest	<u>1,000</u>	<u>7,484</u>	<u>6,484</u>
Total revenues	46,000	56,892	10,892
<b>Expenditures</b>			
Public safety			
Police	<u>16,500</u>	<u>1,625</u>	<u>14,875</u>
<b>Excess of Revenues Over Expenditures</b>	29,500	55,267	25,767
<b>Fund Balance</b>			
Beginning of year	<u>149,841</u>	<u>149,841</u>	-
End of year	<u>\$ 179,341</u>	<u>\$ 205,108</u>	<u>\$ 25,767</u>

**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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 88,500	\$ 93,769	\$ 5,269
Intergovernmental	12,500	17,500	5,000
Interest	4,000	9,956	5,956
Miscellaneous	-	6,806	6,806
Total revenues	105,000	128,031	23,031
<b>Expenditures</b>			
Parks and recreation	297,310	103,984	193,326
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(192,310)	24,047	216,357
<b>Other Financing Sources</b>			
Operating transfer in	16,612	16,612	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	(175,698)	40,659	216,357
<b>Fund Balance</b>			
Beginning of year	181,399	181,399	-
End of year	\$ 5,701	\$ 222,058	\$ 216,357

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

**SPECIAL REVENUE FUND  
FIRE/POLICE MILLAGE FUND**

**City of Hammond**

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ 10,000	\$ 22,963	\$ 12,963
<b>Expenditures</b>			
General government	-	420	(420)
Public safety:			
Police	186,450	92,914	93,536
Fire	129,000	26,122	102,878
Total expenditures	<u>315,450</u>	<u>119,456</u>	<u>195,994</u>
<b>Deficiency of Revenues Over Expenditures</b>	(305,450)	(96,493)	208,957
<b>Other Financing Sources</b>			
Operating transfer in	<u>300,000</u>	<u>342,153</u>	<u>42,153</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	(5,450)	245,660	251,110
<b>Fund Balance</b>			
Beginning of year	<u>474,561</u>	<u>474,561</u>	-
End of year	<u>\$ 469,111</u>	<u>\$ 720,221</u>	<u>\$ 251,110</u>

**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ -	\$ 28	\$ 28
<b>Expenditures</b>			
General government	-	19	(19)
<b>Excess of Revenues Over Expenditures</b>	-	9	9
<b>Fund Balance</b>			
Beginning of year	<u>\$ 41</u>	<u>41</u>	-
End of year	<u>\$ 41</u>	<u>\$ 50</u>	<u>\$ 9</u>

**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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 50,000	\$ 50,000
Interest	-	9,839	9,839
Miscellaneous	-	400	400
Total revenues	-	60,239	60,239
<b>Expenditures</b>			
General government	-	2,420	(2,420)
<b>Excess of Revenues Over Expenditures</b>	-	57,819	57,819
<b>Fund Balance</b>			
Beginning of year	240,052	240,052	-
End of year	<u>\$ 240,052</u>	<u>\$ 297,871</u>	<u>\$ 57,819</u>



**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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ 30,000	\$ 28,033	\$ (1,967)
<b>Expenditures</b>			
General Government	21,250	11,991	9,259
<b>Excess of Revenues Over Expenditures</b>	8,750	16,042	7,292
<b>Fund Balance</b>			
Beginning of year	528,654	528,654	-
End of year	\$ 537,404	\$ 544,696	\$ 7,292

**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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>			
Intergovernmental	\$ 94,296	\$ 22,057	\$ (72,239)
Interest	-	1,795	1,795
Total revenues	<u>94,296</u>	<u>23,852</u>	<u>(70,444)</u>
<b>Expenditures</b>			
Public safety			
Police	104,298	24,508	79,790
Total expenditures	<u>104,298</u>	<u>24,508</u>	<u>79,790</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(10,002)</u>	<u>(656)</u>	<u>9,346</u>
<b>Other Financing Sources</b>			
Operating transfer in	10,000	10,000	-
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	(2)	9,344	9,346
<b>Fund Balance</b>			
Beginning of year	-	-	-
End of year	<u>\$ (2)</u>	<u>\$ 9,344</u>	<u>\$ 9,346</u>

## **DEBT SERVICE FUNDS**

**General Obligation Bond Fund** - To accumulate monies for payment of 1973, \$20,000, 5.10% general obligation bonds, which are serial bonds due in annual installments of principal, plus semiannual payments of interest, until maturity in 1998.

**Sales Tax Bond Fund** - To accumulate monies for payment of \$8,494,000 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, \$560,000 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, 1997

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
<b>ASSETS</b>					
Cash	\$ 280	\$ 82	\$ 2,266	\$ -	\$ 2,628
Investments, at cost	138,230	2,173,536	-	129,824	2,441,590
Total assets	<u>\$ 138,510</u>	<u>\$ 2,173,618</u>	<u>\$ 2,266</u>	<u>\$ 129,824</u>	<u>\$ 2,444,218</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ 5,940	\$ -	\$ 5,940
<b>FUND BALANCE (DEFICIT)</b>					
Reserved for debt service	20,000	2,173,618	-	129,824	2,323,442
Unreserved:					
Undesignated	118,510	-	(3,674)	-	114,836
Total fund balance	<u>138,510</u>	<u>2,173,618</u>	<u>(3,674)</u>	<u>129,824</u>	<u>2,438,278</u>
Total liabilities and fund balance	<u>\$ 138,510</u>	<u>\$ 2,173,618</u>	<u>\$ 2,266</u>	<u>\$ 129,824</u>	<u>\$ 2,444,218</u>

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

**DEBT SERVICE FUNDS**

**City of Hammond**

June 30, 1997

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
<b>Revenues</b>					
Interest	\$ 7,708	\$ 99,258	\$ 13	\$ 9,037	\$ 116,016
<b>Expenditures</b>					
Bond payments:					
Principal retirement	20,000	791,000	-	145,000	956,000
Interest	2,040	561,678	-	50,915	614,633
Paying agent fees	180	2,382	-	600	3,162
Total expenditures	22,220	1,355,060	-	196,515	1,573,795
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(14,512)	(1,255,802)	13	(187,478)	(1,457,779)
<b>Other Financing Sources (Uses)</b>					
Operating transfer in	-	1,369,000	-	195,900	1,564,900
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	(14,512)	113,198	13	8,422	107,121
<b>Fund Balances</b>					
Beginning of year	153,022	2,060,420	(3,687)	121,402	2,331,157
End of year	\$ 138,510	\$ 2,173,618	\$ (3,674)	\$ 129,824	\$ 2,438,278

**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, 1997

	Aviation Grant	Airport	Capital Projects	LCDBG 1995 Sewer Improvement	Total
<b>ASSETS</b>					
Cash	\$ -	\$ 20	\$ 4,741	\$ 1	\$ 4,762
Investments, at cost	-	131,345	1,500,711	-	1,632,056
Due from other funds	-	34,381	-	-	34,381
Due from other governments	58,936	-	-	-	58,936
Total assets	<u>\$ 58,936</u>	<u>\$ 165,746</u>	<u>\$ 1,505,452</u>	<u>\$ 1</u>	<u>\$ 1,730,135</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 24,882	\$ -	\$ 21,803	\$ -	\$ 46,685
Due to other governments	-	170,518	-	-	170,518
Due to other funds	38,565	-	-	-	38,565
Retainages payable	-	-	50,063	-	50,063
Total liabilities	<u>63,447</u>	<u>170,518</u>	<u>71,866</u>	<u>-</u>	<u>305,831</u>
<b>FUND BALANCE (DEFICIT)</b>					
Reserved for encumbrances	-	-	18,945	-	18,945
Unreserved - undesignated	(4,511)	(4,772)	1,414,641	1	1,405,359
Total fund balance (deficit)	<u>(4,511)</u>	<u>(4,772)</u>	<u>1,433,586</u>	<u>1</u>	<u>1,424,304</u>
Total liabilities and fund balance	<u>\$ 58,936</u>	<u>\$ 165,746</u>	<u>\$ 1,505,452</u>	<u>\$ 1</u>	<u>\$ 1,730,135</u>

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

**CAPITAL PROJECTS FUNDS**

**City of Hammond**

For the year ended June 30, 1997

	Aviation Grant	Airport	Capital Projects	LCDBG 1995 Sewer Improvement	Total
<b>Revenues</b>					
Intergovernmental	\$ 68,526	\$ -	\$ -	\$ 709,146	\$ 777,672
Interest	-	25,706	32,305	2	58,013
<b>Total revenues</b>	<u>68,526</u>	<u>25,706</u>	<u>32,305</u>	<u>709,148</u>	<u>835,685</u>
<b>Expenditures</b>					
Intergovernmental	-	108,922	-	-	108,922
Construction	-	-	855,993	653,911	1,509,904
Engineering	28,789	-	111,073	22,167	162,029
Grant administration	-	-	-	25,215	25,215
Miscellaneous	9,867	-	102,422	4	112,293
<b>Total expenditures</b>	<u>38,656</u>	<u>108,922</u>	<u>1,069,488</u>	<u>701,297</u>	<u>1,918,363</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>29,870</u>	<u>(83,216)</u>	<u>(1,037,183)</u>	<u>7,851</u>	<u>(1,082,678)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfer in	-	34,381	2,009,000	-	2,043,381
Operating transfer out	(34,381)	-	(47,853)	-	(82,234)
<b>Total other financing sources (uses)</b>	<u>(34,381)</u>	<u>34,381</u>	<u>1,961,147</u>	<u>-</u>	<u>1,961,147</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(4,511)</u>	<u>(48,835)</u>	<u>923,964</u>	<u>7,851</u>	<u>878,469</u>
<b>Fund Balances (Deficits)</b>					
Beginning of year	-	44,063	509,622	-	553,685
Residual equity transfer	-	-	-	(7,850)	(7,850)
<b>End of year</b>	<u>\$ (4,511)</u>	<u>\$ (4,772)</u>	<u>\$ 1,433,586</u>	<u>\$ 1</u>	<u>\$ 1,424,304</u>



## **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, 1997

**ASSETS**

Cash	\$	67,747
Investments, at cost		885,804
Receivables:		
Customers (net of allowances for doubtful accounts of \$42,000)		676,370
Special assessments:		
Current receivable		14,101
Delinquent receivable		5,422
Other receivables		5,127
Total assets		1,654,571

**RESTRICTED ASSETS**

Customers' deposits:		
Cash		4,234
Investments, at cost		452,800
Bond sinking fund		143,457
Bond reserve fund		129,594
Bond contingency fund		301,386
Total restricted assets		1,031,471

PROPERTY, PLANT AND EQUIPMENT (net of accumulated depreciation)		14,864,104
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**OTHER ASSETS**

Bond discount (net)		38,409
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Total assets		\$ 17,588,555
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**LIABILITY AND FUND EQUITY****CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS**

Accounts payable	\$ 60,009
Retainages payable	98,233
Payroll taxes payable	5,161
Notes payable - current portion	160,000
Salaries payable	12,252
Accumulated leave payable	68,416
Due to other governments	63,030

Total current liabilities payable from current assets	467,101
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**CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Customers' deposits	333,986
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**LONG-TERM LIABILITIES**

Notes payable - long-term portion	2,585,000
Due to other governments	396,276

Total liabilities	3,782,363
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**FUND EQUITY**

Contributed capital -	
contributions to aid in construction	11,006,629
Retained earnings:	
Reserved	743,804
Unreserved - undesignated	2,055,759

Total retained earnings	2,799,563
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Total fund equity	13,806,192
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Total liabilities and fund equity	\$ 17,588,555
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