

Exhibit F  
(Continued)

Note 20 - CHANGES IN CONTRIBUTED CAPITAL

Changes in the City's contributed capital accounts for the year ended June 30, 1996 are as follows:

	Airport Capital Projects Fund	Water and Sewer Enterprise Fund				Total Water and Sewer Enterprise Fund	Total City		
		City	Sales Tax Bonds	Citizens	State			Federal Government	Other
Contributed capital at July 1, 1995, as previously recorded	\$ 1,539,982	\$ 2,808,716	\$ 3,968,525	\$ 1,946,049	\$ 374,875	\$ 1,002,924	\$ 2,598,971	\$ 12,700,060	\$ 14,240,042
Cumulative effect for change in accounting principle	-	(1,932)	(1,330,292)	(93,865)	(16,011)	(144,304)	(316,332)	(1,902,736)	(1,902,736)
Prior period adjustments (See Note 22)	(1,539,982)	-	-	-	(253,916)	-	-	(253,916)	(1,793,898)
Total adjustments	(1,539,982)	(1,932)	(1,330,292)	(93,865)	(269,927)	(144,304)	(316,332)	(2,156,652)	(3,696,634)
Contributed capital at July 1, 1995, as restated	-	2,806,784	2,638,233	1,852,184	104,948	858,620	2,282,639	10,543,408	10,543,408
Contributions of fixed assets	-	-	-	27,187	63,844	104,909	29,000	224,940	224,940
Other contributions	-	-	-	1,228	-	-	-	1,228	1,228
Depreciation on fixed assets	-	(1,932)	(208,411)	(20,212)	(6,405)	(31,556)	(33,500)	(301,816)	(301,816)
Contributed capital at June 30, 1996	\$ -	\$ 2,804,852	\$ 2,429,822	\$ 1,860,387	\$ 162,387	\$ 931,973	\$ 2,278,339	\$ 10,467,760	\$ 10,467,760

**Note 19 - FUND BALANCES DESIGNATED**

Fund Balances designated at June 30, 1996, are as follows:

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Law Enforcement	\$ (5,930)	\$ -	\$ -	\$ (5,930)
Confiscated Cash	17,619	-	-	17,619
Fire Dept. Hazardous Materials	11,052	-	-	11,052
Grant Fund	1	-	-	1
Court Witness Fees	149,841	-	-	149,841
Police Education and Training	24,749	-	-	24,749
Downtown Development District	181,375	-	-	181,375
Fire / Police Millage	453,541	-	-	453,541
FmHA Industrial Development	240,052	-	-	240,052
Industrial Development	528,654	-	-	528,654
General Obligation Bond	-	153,022	-	153,022
Sales Tax Bond	-	2,060,420	-	2,060,420
Special Assessment Certificates	-	(3,687)	-	(3,687)
Certificates of Indebtedness	-	121,402	-	121,402
Project M.O.T.I.O.N.	-	-	(601)	(601)
Library Trust	-	-	<u>21,002</u>	<u>21,002</u>
Total fund balances designated	<u>\$1,600,954</u>	<u>\$2,331,157</u>	<u>\$20,401</u>	<u>\$3,952,512</u>

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

The following individual funds have deficits at June 30, 1996:

<u>Fund</u>	<u>Deficit</u>
Law Enforcement Grants Fund	\$ (5,930)
Special Assessment Certificates Fund	(3,687)
Project M.O.T.I.O.N. Fund	(601)

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, 1996:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variances</u>
Special revenue funds:			
Expenditures:			
Law Enforcement Grants	\$9,000	\$29,453	\$(20,453)
FmHA Industrial Development Grant Fund	-	57,366	(57,366)

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 14 - COMPENSATED ABSENCES**

At June 30, 1996, employees of the City have accumulated and vested \$694,372 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$623,561 is recorded in the General Long-Term Debt Account Group, and \$70,811 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, 1996, is as follows:

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

Terms of office expire December 31, 1998.

**Note 13 - PENSION PLAN (Continued)**

	<u>Municipal Employees</u>		<u>Municipal</u>	<u>Firefighters</u>
	<u>Plan A</u>	<u>Plan B</u>	<u>Police</u>	
Net assets	\$ 647,645,108	\$ 59,345,360	\$ 766,365,130	\$ 352,392,368
Pension benefit obligation	<u>(762,893,530)</u>	<u>(65,581,563)</u>	<u>(736,846,804)</u>	<u>(392,663,345)</u>
Unfunded excess (deficit) assets	<u>\$(115,248,422)</u>	<u>\$(6,236,203)</u>	<u>\$ 29,518,326</u>	<u>\$ (40,270,977)</u>

The pension benefit obligation is presented as of June 30, 1995, because the June 30, 1996, information is not available. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995, comprehensive annual financial report. The City does not guarantee the benefits granted by the System.

**d. Firemen's Pension Trust**

On January 4, 1972, the City of Hammond established a pension plan to provide retirement and death benefits for employees of the Fire Department for the period between normal retirement age and retirement at age sixty-five. This pension is funded by annual contributions from the General Fund to the Firemen's Pension Trust. During the fiscal year ended June 30, 1996, the General Fund did not contribute to the Firemen's Pension Trust. Each eligible employee is covered by an ordinary life insurance policy. The difference between the cost of the insurance premiums and the annual appropriation is invested in an interest bearing account. The City reserves the right to terminate this plan if, in the sole judgment of the governing body, the continuation of said plan becomes economically infeasible. Accordingly, the City has no statutory liability. As of June 30, 1996, this plan had three current retirants and no active plan participants.

At June 30, 1996, assets were in excess of the pension benefit obligation as follows:

Pension benefits obligation -retirees currently receiving benefits	\$113,956
Net assets available for benefits, at cost	<u>325,202</u>
Assets in excess of pension benefit obligation	<u>\$211,246</u>

Exhibit F  
(Continued)

Note 13 - PENSION PLAN (Continued)

	Municipal Employees		Municipal Police	Firefighters
	Plan A	Plan B		
City of Hammond				
Total current-year payroll	\$ 5,019,414	\$ 5,019,414	\$ 5,019,414	\$ 5,019,414
Total current-year covered	\$ 1,640,435	\$ 474,227	\$ 1,542,817	\$ 1,326,011
Contributions:				
Required by statute:				
Employees	9.25 % \$ 151,740	5.00 % \$ 23,711	7.50 % \$ 115,711	8.00 % \$ 106,081
Employer	6.60 % 108,197	3.75 % 17,784	9.00 % 138,854	9.00 % 119,341
Totals	15.85 % \$ 259,937	8.75 % \$ 41,495	16.50 % \$ 254,565	17.00 % \$ 225,422
Actual:				
Employees	9.22 % \$ 151,294	5.00 % \$ 23,712	7.46 % \$ 115,165	8.00 % \$ 106,080
Employer	6.73 % 110,421	3.75 % 17,784	9.04 % 139,426	9.00 % 119,340
Totals	15.95 % \$ 261,715	8.75 % \$ 41,496	16.50 % \$ 254,591	17.00 % \$ 225,420
Actuarially required (fiscal year ended June 30, 1995) employer contribution	6.24 % \$ 102,363	3.34 % \$ 15,839	12.80 % \$ 197,481	11.87 % \$ 157,398
Percent of employer's actuarially required contribution to all participating employers	1.50 %	1.35 %	1.46 %	1.91 %

**Note 13 - PENSION PLAN (Continued)**

**a. Municipal Employee's Retirement System of Louisiana (System) (Continued)**

All permanent employees working at least 35 hours per week who are not covered by another retirement pension plan are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

**b. Municipal Police Employees Retirement System of Louisiana (System)**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

**Note 11 - DUE TO OTHER GOVERNMENTS**

A summary of due to other governments at June 30, 1996 follows:

Due to State of Louisiana - Airport land acquisition	\$ 645,534
Due to State of Louisiana - Morrison Road relocation project	403,597
Due to State of Louisiana - Sales taxes	<u>6,811</u>
Total	<u>\$1,055,942</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, 1996, meter deposits amounted to \$339,222, and the balance of cash and investments in the meter deposit account totaled \$431,609.

**Note 13 - PENSION PLAN**

Substantially all employees of the City of Hammond are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple-employer (cost-sharing) public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

**a. Municipal Employee's Retirement System of Louisiana (System)**

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A and Plan B.



**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 are reported as quasi-external transactions. Charges to the General Fund and Enterprise Fund for general liability and property insurance coverages are accounted for as operating transfers between the respective funds. At June 30, 1996, the outstanding claims liability was \$57,024. 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.

**General Liability and Worker's Compensation Insurance (Continued)**

Changes in the Workers' Compensation claims liability amount for the years ended June 30, 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>
1996	\$88,735	\$51,427	\$(83,138)	\$57,024
1995	\$30,000	\$79,621	\$(20,886)	\$88,735

**Schedule A-4  
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Highway and Streets</b>	839,687	795,298	44,389
<b>Cemeteries and Municipal Grounds</b>	515,950	514,244	1,706
<b>Sanitation</b>	425,000	429,140	(4,140)
<b>Parks and Recreation</b>			
Administration	95,600	80,703	14,897
Facilities and parks		6,431	(6,431)
Programs	131,849	142,822	(10,973)
Total parks and recreation	227,449	229,956	(2,507)
<b>Airport</b>	182,848	180,721	2,127
Total expenditures	<u>\$ 8,927,183</u>	<u>\$ 8,695,685</u>	<u>\$ 231,498</u>

**Note 13 - PENSION PLAN (Continued)**

**b. Municipal Police Employees Retirement System of Louisiana (System) (Continued)**

State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

**c. Firefighters Retirement System of Louisiana (System)**

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighter employees by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service not to exceed 100 per cent of their final salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation for the prior fiscal year with adjustments for any dedicated tax monies or appropriated funds.

The following provides certain disclosures for the city and the retirement systems that are required by GASB Codification Section P20.129:

**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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest		\$ 7,012	\$ 7,012
Miscellaneous		200	200
Total revenues		7,212	7,212
<b>Expenditures</b>			
General government		57,366	(57,366)
<b>Deficiency of Revenues Over Expenditures</b>		(50,154)	(50,154)
<b>Other Financing Uses</b>			
Operating transfer out		(500)	(500)
<b>Excess of Revenues Over (Under) Expenditures and Other Uses</b>		(50,654)	(50,654)
<b>Fund Balance</b>			
Beginning of year	\$ 290,706	290,706	-
End of year	\$ 290,706	\$ 240,052	\$ (50,654)

**Schedule A-3  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Miscellaneous</b>			
LA Department of Highways	9,000	14,384	5,384
Rural fire district	85,000	80,000	(5,000)
Interest income	27,000	31,165	4,165
Rental income	1,800	921	(879)
Fire Insurance Commission	54,000	60,432	6,432
Police reports	11,000	10,871	(129)
Notice fees on taxes	12,000	11,437	(563)
Legal document fees	10,000	9,870	(130)
Sale of cemetery lots	23,000	28,910	5,910
Cemetery fees	8,000	8,650	650
Intergovernmental	143,000	86,242	(56,758)
School Board match	18,000	18,899	899
False alarms	16,000	18,620	2,620
Airport	49,060	49,574	514
Donations	25,000	24,587	(413)
Miscellaneous	26,700	26,006	(694)
<b>Total miscellaneous</b>	<u>518,560</u>	<u>480,568</u>	<u>(37,992)</u>
<b>Total revenues</b>	<u>\$ 4,739,825</u>	<u>\$ 4,740,821</u>	<u>\$ 996</u>

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

**SPECIAL REVENUE FUND  
LCDBG HOUSING GRANT FUND**

**City of Hammond**

For the year ended June 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest		\$ 17	\$ 17
<b>Other Financing Sources (Uses)</b>			
Operating transfer out		(1,656)	(1,656)
<b>Excess of Revenues (Under)</b>			
Other Uses		(1,639)	(1,639)
<b>Fund Balance</b>			
Beginning of year	\$ 1,639	1,639	-
End of year	\$ 1,639	\$ -	\$ (1,639)

**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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Court witness fees	\$ 40,000	\$ 42,426	\$ 2,426
Interest	3,000	5,852	2,852
Total revenues	43,000	48,278	5,278
<b>Expenditures</b>			
Public safety			
Police	1,400	625	775
<b>Excess of Revenues Over Expenditures</b>	41,600	47,653	6,053
<b>Fund Balance</b>			
Beginning of year	102,188	102,188	-
End of year	\$ 143,788	\$ 149,841	\$ 6,053

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

**SPECIAL REVEUE FUND  
POLICE EDUCATION AND TRAINING FUND**

**City of Hammond**

For the year ended June 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 900	\$ 1,071	\$ 171
Miscellaneous	5,000	5,393	393
Total revenues	5,900	6,464	564
<b>Expenditures</b>			
Public safety			
Police	5,000	3,113	1,887
<b>Excess of Revenues Over Expenditures</b>	900	3,351	2,451
<b>Fund Balance</b>			
Beginning of year	21,398	21,398	-
End of year	\$ 22,298	\$ 24,749	\$ 2,451



**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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 90,960	\$ 108,475	\$ 17,515
Intergovernmental	10,000	5,000	(5,000)
Interest	5,500	6,237	737
Total revenues	106,460	119,712	13,252
<b>Expenditures</b>			
Parks and recreation	69,672	50,475	19,197
<b>Excess of Revenues Over Expenditures</b>	36,788	69,237	32,449
<b>Other Financing Sources</b>			
Operating transfer in		500	500
<b>Excess of Revenues and Other Sources Over Expenditures</b>	36,788	69,737	32,949
<b>Fund Balance</b>			
Beginning of year	111,662	111,662	-
End of year	\$ 148,450	\$ 181,399	\$ 32,949

**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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ 1,000	\$ 1,582	\$ 582
 <b>Fund Balance</b>			
Beginning of year	<u>16,037</u>	<u>16,037</u>	-
End of year	<u>\$ 17,037</u>	<u>\$ 17,619</u>	\$ 582

**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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest		\$ 51	\$ 51
<b>Fund Balance</b>			
Beginning of year	<u>\$(10)</u>	<u>(10)</u>	-
End of year	<u>\$(10)</u>	<u>\$ 41</u>	<u>\$ 51</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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 9,000	\$ 19,738	\$ 10,738
Interest		35	35
Total revenues	9,000	19,773	10,773
<b>Expenditures</b>			
Public safety			
Police	9,000	29,453	(20,453)
Total expenditures	9,000	29,453	(20,453)
<b>Deficiency of Revenues Over Expenditures</b>		(9,680)	(9,680)
<b>Fund Balance (Deficit)</b>			
Beginning of year	3,750	3,750	-
End of year	\$ 3,750	\$ (5,930)	\$ (9,680)

**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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>			
Interest	\$ 22,000	\$ 23,960	\$ 1,960
<b>Expenditures</b>			
General Government	<u>21,250</u>	<u>12,750</u>	<u>8,500</u>
<b>Excess of Revenues Over Expenditures</b>	750	11,210	10,460
<b>Other Financing Sources</b>			
Operating transfer in	<u>80,000</u>	<u>80,000</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over Expenditures</b>	80,750	91,210	10,460
<b>Fund Balance</b>			
Beginning of year	<u>437,444</u>	<u>437,444</u>	<u>-</u>
End of year	<u>\$ 518,194</u>	<u>\$ 528,654</u>	<u>\$ 10,460</u>

### **DEBT SERVICE FUNDS**

**General Obligation Bond Fund** - To accumulate monies for payment of 1973, \$30,000, 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 \$14,576,000 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 are composed of various issues, maturity dates, and interest rates which are due in annual installments of principal and interest until maturity.

**Certificates of Indebtedness Fund** - To accumulate monies for the payment of the 1990, \$1,100,000 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, 1996

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
<b>ASSETS</b>					
Cash		\$ 3	\$ 2,253		\$ 2,256
Investments, at cost	\$ 153,022	2,060,417		\$ 121,402	2,334,841
Total assets	\$ 153,022	\$ 2,060,420	\$ 2,253	\$ 121,402	\$ 2,337,097
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ 5,940	\$ -	\$ 5,940
<b>FUND BALANCE (DEFICIT)</b>					
Reserved for debt service	40,000	2,060,420		121,402	2,221,822
Unreserved:					
Undesignated	113,022		(3,687)		109,335
Total fund balance	153,022	2,060,420	(3,687)	121,402	2,331,157
Total liabilities and fund balance	\$ 153,022	\$ 2,060,420	\$ 2,253	\$ 121,402	\$ 2,337,097

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

**DEBT SERVICE FUNDS**

City of Hammond

June 30, 1996

	General Obligation Bond	Sales Tax Bond	Special Assessment Certificates	Certificates Of Indebtedness	Total
<b>Revenues</b>					
Interest	\$ 9,040	\$ 95,572	\$ 268	\$ 8,258	\$ 113,138
Special assessments			234		234
<b>Total revenues</b>	<u>9,040</u>	<u>95,572</u>	<u>502</u>	<u>8,258</u>	<u>113,372</u>
<b>Expenditures</b>					
Bond payments:					
Principal retirement	20,000	751,000		135,000	906,000
Interest	3,060	603,876		60,365	667,301
Paying agent fees	180	2,331		600	3,111
Special assessment certificate payments:					
Principal retirement			9,282		9,282
Interest and charges			3,182		3,182
<b>Total expenditures</b>	<u>23,240</u>	<u>1,357,207</u>	<u>12,464</u>	<u>195,965</u>	<u>1,588,876</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(14,200)</u>	<u>(1,261,635)</u>	<u>(11,962)</u>	<u>(187,707)</u>	<u>(1,475,504)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfer in		1,314,100	9,500	195,300	1,518,900
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	<u>(14,200)</u>	<u>52,465</u>	<u>(2,462)</u>	<u>7,593</u>	<u>43,396</u>
<b>Fund Balances</b>					
Beginning of year	167,222	2,007,955	(1,225)	113,809	2,287,761
End of year	<u>\$ 153,022</u>	<u>\$ 2,060,420</u>	<u>\$ (3,687)</u>	<u>\$ 121,402</u>	<u>\$ 2,331,157</u>



**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, 1996

	Streets and Sidewalks	Airport	Capital Projects	Total
<b>ASSETS</b>				
Cash	\$	\$ 457	\$ 6,545	\$ 7,002
Investments, at cost		689,140	558,436	1,247,576
Total assets	<u>\$ -</u>	<u>\$ 689,597</u>	<u>\$ 564,981</u>	<u>\$ 1,254,578</u>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$ -	\$ 6,106	\$ 6,106
Due to other governments		645,534	-	645,534
Retainages payable		-	49,253	49,253
Total liabilities	<u>-</u>	<u>645,534</u>	<u>55,359</u>	<u>700,893</u>
<b>FUND BALANCE</b>				
Reserved for encumbrances		-	108	108
Unreserved - undesignated		44,063	509,514	553,577
Total fund balance	<u>-</u>	<u>44,063</u>	<u>509,622</u>	<u>553,685</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 689,597</u>	<u>\$ 564,981</u>	<u>\$ 1,254,578</u>

**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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Interest	\$ 30,000	\$ 30,267	\$ 267
<b>Expenditures</b>			
General government		4	(4)
Public safety:			
Police	316,000	296,126	19,874
Fire	156,000	56,785	99,215
Total expenditures	472,000	352,915	119,085
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(442,000)	(322,648)	119,352
<b>Other Financing Sources</b>			
Operating transfer in	293,600	293,600	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	(148,400)	(29,048)	119,352
<b>Fund Balance</b>			
Beginning of year	503,609	503,609	-
End of year	\$ 355,209	\$ 474,561	\$ 119,352

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

**GENERAL FUND**

**City of Hammond**

For the year ended June 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government</b>			
Council	\$ 124,544	\$ 117,214	\$ 7,330
Mayor's Office	221,600	209,368	12,232
Accounting	262,750	249,384	13,366
Purchasing	157,230	149,914	7,316
Central Garage	76,260	61,840	14,420
Personnel	113,255	100,550	12,705
Legal Services	361,000	349,877	11,123
Data processing	121,280	117,728	3,552
Buildings	116,150	110,268	5,882
Other	606,800	570,005	36,795
<b>Total general government</b>	<u>2,160,869</u>	<u>2,036,148</u>	<u>124,721</u>
<b>Public Safety</b>			
Police department:			
Administration	367,637	360,484	7,153
Investigation	253,735	231,901	21,834
Patrol	1,091,863	1,197,200	(105,337)
Juvenile	197,365	199,138	(1,773)
Correction	261,000	206,477	54,523
Communications	220,200	183,311	36,889
Crime control	117,200	86,381	30,819
Traffic control	108,520	101,586	6,934
<b>Total police department</b>	<u>2,617,520</u>	<u>2,566,478</u>	<u>51,042</u>
Fire department:			
Administration	278,070	274,133	3,937
Fire fighting	1,416,420	1,407,517	8,903
Prevention	125,370	120,934	4,436
Building inspection	138,000	141,116	(3,116)
<b>Total fire department</b>	<u>1,957,860</u>	<u>1,943,700</u>	<u>14,160</u>
<b>Total public safety</b>	<u>4,575,380</u>	<u>4,510,178</u>	<u>65,202</u>

**Note 22 - PRIOR PERIOD ADJUSTMENT**

**Fund Balance / Retained Earnings**

Fund balance / retained earnings at July 1, 1995 have been restated to reflect changes in classifications of certain funds and to correct errors as follows:

<u>Adjustments</u>	<u>Reason</u>
1	A change in the financial statement presentation due to the implementation of GASB Statement No. 22 resulted in an increase in Special Revenue Sales Tax Fund balance of \$720,564.
2	The cash surrender value of life insurance policies purchased by the City on eligible employees of the Fire Department not recorded in prior years resulted in the increase in Fiduciary Pension Trust fund balance of \$145,648.
3	Airport construction completed in prior years not transferred to the General Fixed Asset Account Group resulted in an overstatement of Airport Capital Projects fund balance of \$25,750. Contributed capital in the Airport Capital Projects fund was also overstated by \$1,539,982.
4	The omission of a liability for worker's compensation claims resulted in the decrease in Internal Service Fund retained earnings of \$88,735.

The effect of these changes on excess revenues over expenditures / net income for the year ended June 30, 1995 is as follows:

<u>Adjustments</u>	<u>Reason</u>
1	Increase in Special Revenue Fund of \$114,880.
2	Increase in Fiduciary Fund of \$6,500.
3	No effect on excess revenues over expenditures.
4	Decrease in Internal Service Fund of \$58,735.

**Contributed Capital - Enterprise Fund**

The omission of an amount due to other governments in prior years resulted in an overstatement of Water and Sewer Enterprise Fund contributed capital of \$253,916.

**Investment in General Fixed Assets**

The balance of the General Fixed Assets Account Group at July 1, 1995 has been increased by \$999,034, resulting from the correction of an understatement of land of \$816,034 and buildings of \$183,000.

**Note 22 - PRIOR PERIOD ADJUSTMENT (Continued)**

The effect of these changes on fund balance / retained earnings at July 1, 1995 is summarized below:

Adjustment	Fund Type			
	Governmental		Proprietary	Fiduciary
	Special Revenue	Capital Projects	Internal Service	Pension Trust
1	\$ 720,564	\$ -	\$ -	\$ -
2	-	-	-	145,648
3	-	(25,750)	-	-
4	-	-	(88,735)	-
Totals	720,564	(25,750)	(88,735)	145,648
Fund balance / retained earnings, as previously reported	<u>2,274,496</u>	<u>363,910</u>	<u>653,591</u>	<u>476,860</u>
Fund balance / retained earnings, as restated	<u>\$2,995,060</u>	<u>\$338,160</u>	<u>\$564,856</u>	<u>\$622,508</u>

**Note 23 - CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

During fiscal year 1996, the City changed its method of recognizing depreciation on those fixed assets acquired through capital contributions. Under the newly-adopted method, depreciation expense applicable to these fixed assets is closed out to the related contributed capital accounts rather than retained earnings. The cumulative effect on prior years of the change described above increases retained earnings by \$1,902,736 and, as there is no effect on net income, is reported as an adjustment to retained earnings in the Statement of Revenues, Expenses and Changes in Retained Earnings for the year ended June 30, 1996.

**Note 24 - LITIGATION AND CLAIMS**

During the year ended June 30, 1996, the City paid \$150,000 in claims and judgements, which are included in expenditures of the accompanying primary government financial statements. At June 30, 1996, the City is a defendant in several lawsuits seeking damages. In the opinion of the City, liabilities arising from these claims and legal actions, if any, will not be significant.

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

**GENERAL FUND**

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



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

June 30, 1996

**ASSETS**

Cash	\$ 5,557
Investments, at cost	1,271,521
Franchise taxes receivable	101,252
Other receivable	579
Due from other funds	72,860
Due from other governments	200,878
Inventory, at cost	<u>117,656</u>
Total assets	<u>\$ 1,770,303</u>

**LIABILITIES**

Accounts payable	\$ 292,350
Payroll taxes payable	363
Salaries payable	<u>82,066</u>
Total liabilities	<u>374,779</u>

**FUND BALANCE**

Reserved for inventory	117,656
Reserved for encumbrances	97,774
Unreserved - undesignated	<u>1,180,094</u>
Total fund balance	<u>1,395,524</u>
Total liabilities and fund balance	<u>\$ 1,770,303</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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 400	\$ 565	\$ 165
Miscellaneous	400	1,867	1,467
Total revenues	800	2,432	1,632
<b>Expenditures</b>			
Public safety			
Fire	6,200	1,592	4,608
Total expenditures	6,200	1,592	4,608
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,400)	840	6,240
<b>Fund Balance</b>			
Beginning of year	10,212	10,212	-
End of year	\$ 4,812	\$ 11,052	\$ 6,240

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

**GENERAL FUND**

**City of Hammond**

For the year ended June 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes</b>			
Ad Valorem	\$ 1,451,000	\$ 1,468,427	\$ 17,427
Alcoholic beverages	48,000	49,869	1,869
Tobacco	88,000	88,218	218
Franchise	402,000	419,361	17,361
Total taxes	1,989,000	2,025,875	36,875
<b>Licenses and Permits</b>			
Occupational	817,000	872,753	55,753
Video poker	475,000	439,151	(35,849)
Other	120,000	113,960	(6,040)
Total licenses and permits	1,412,000	1,425,864	13,864
<b>Fines and Forfeitures</b>			
City Court	300,000	303,226	3,226
<b>Sanitation Service Fees</b>	421,000	420,514	(486)
<b>Parks and Recreation</b>			
Rentals	3,500	3,785	285
Concessions	12,000	14,753	2,753
Registration fees	83,765	66,236	(17,529)
Total parks and recreation	99,265	84,774	(14,491)

**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.

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, 1996, the outstanding claims liability was \$68,240. 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 year ended June 30, 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>
1996	\$ -	\$91,200	\$(22,960)	\$68,240

**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 \$95,000 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% \$1,075,000

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>103,042</u>	<u>11,736</u>	<u>129,000</u>
Excess	<u>\$ 3,042</u>	<u>\$11,736</u>	<u>\$ -</u>

**Water and Sewer Revenue Bonds**

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

interest on \$150,000 at 4.05%, 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% \$1,865,000

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	\$169,598	\$95,347
Actual balances	<u>182,795</u>	<u>99,091</u>
Excess	<u>\$ 13,197</u>	<u>\$ 3,744</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.

**LCDBG Housing Grant Fund** - To account for receipt and disbursements of funds received for the rehabilitation of qualified housing.

**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.

**Facade Rehabilitation Project** - To account for receipt and disbursements of state funds received for the rehabilitation of store fronts.

**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, 1996

	<u>Sales Tax</u>	<u>Law Enforcement Grants</u>	<u>Confiscated Cash</u>
<b>ASSETS</b>			
Cash	\$ 5,394	\$	\$ 133
Investments, at cost	348,169		30,931
Note receivable - (net of allowance for doubtful accounts of \$32,126)			
Due from other governments	<u>1,409,273</u>	<u>7,528</u>	<u></u>
Total assets	<u>\$ 1,762,836</u>	<u>\$ 7,528</u>	<u>\$ 31,064</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,866	\$	\$ 13,445
Payroll taxes payable			
Due to other funds		13,458	
Salaries payable			
Total liabilities	<u>6,866</u>	<u>13,458</u>	<u>13,445</u>
<b>FUND BALANCE (DEFICIT)</b>			
Reserved for encumbrances	79,536		
Unreserved:			
Designated		(5,930)	17,619
Undesignated	<u>1,676,434</u>	<u></u>	<u></u>
Total fund balance	<u>1,755,970</u>	<u>(5,930)</u>	<u>17,619</u>
Total liabilities and fund balance	<u>\$ 1,762,836</u>	<u>\$ 7,528</u>	<u>\$ 31,064</u>

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

**SPECIAL REVENUE FUNDS**

**City of Hammond**

For the year ended June 30, 1996

	Sales Tax	Law Enforcement Grants	Confiscated Cash
<b>Revenues</b>			
Court witness fees	\$	\$	\$
Taxes	8,201,431		
Intergovernmental		19,738	
Interest	44,862	35	1,582
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total revenues	8,246,293	19,773	1,582
<b>Expenditures</b>			
General government	363,998		
Public safety:			
Police		29,453	
Fire			
Highways and streets	54,947		
Parks and recreation	183,035		
	<hr/>	<hr/>	<hr/>
Total expenditures	601,980	29,453	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<hr/>	<hr/>	<hr/>
	7,644,313	(9,680)	1,582
<b>Other Financing Sources (Uses)</b>			
Operating transfer in	19,342		
Operating transfer out	(7,404,109)		
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(7,384,767)	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<hr/>	<hr/>	<hr/>
	259,546	(9,680)	1,582
<b>Fund Balances (Deficit)</b>			
Beginning of year, as restated	<hr/>	<hr/>	<hr/>
	1,496,424	3,750	16,037
End of year	<hr/>	<hr/>	<hr/>
	\$ 1,755,970	\$ (5,930)	\$ 17,619



Schedule B-2

Fire Dept. Hazardous Materials	LCDBG Housing Grant	Grant Fund	Court Witness Fees	Police Education and Training	Downtown Development District	Fire / Police Millage	Cafeteria Plan	FmHA Industrial Development	Industrial Development	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
565	17		42,426		108,475					42,426
1,867			5,852	1,071	5,000	30,267	51	7,012	23,960	8,309,906
				5,393	6,237			200		24,738
2,432	17	-	48,278	6,464	119,712	30,267	51	7,212	23,960	121,511
										7,460
										8,506,041
1,592			625	3,113		4		57,366	12,750	434,118
						296,126				329,317
						56,785				58,377
1,592					50,475					54,947
			625	3,113	50,475	352,915	-	57,366	12,750	233,510
840	17	-	47,653	3,351	69,237	(322,648)	51	(50,154)	11,210	1,110,269
										7,395,772
	(1,656)				500	293,600			80,000	393,442
	(1,656)				500	293,600		(500)		(7,406,265)
								(500)	80,000	(7,012,823)
840	(1,639)	-	47,653	3,351	69,737	(29,048)	51	(50,654)	91,210	382,949
10,212	1,639	1	102,188	21,398	111,662	503,609	(10)	290,706	437,444	2,995,060
\$ 11,052	\$ -	\$ 1	\$ 149,841	\$ 24,749	\$ 181,399	\$ 474,561	\$ 41	\$ 240,052	\$ 528,654	\$ 3,378,009

**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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales and use tax	\$ 8,225,000	\$ 8,201,431	\$ (23,569)
Interest	35,000	44,862	9,862
Total revenues	8,260,000	8,246,293	(13,707)
<b>Expenditures</b>			
General government	405,500	363,998	41,502
Parks and recreation	243,293	183,035	60,258
Highways and streets	52,000	54,947	(2,947)
Total expenditures	700,793	601,980	98,813
<b>Excess of Revenues Over Expenditures</b>	7,559,207	7,644,313	85,106
<b>Other Financing Sources (Uses)</b>			
Operating transfer in		19,342	19,342
Operating transfer out	(7,404,109)	(7,404,109)	-
Total other financing sources (uses)	(7,404,109)	(7,384,767)	19,342
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	155,098	259,546	104,448
<b>Fund Balance</b>			
Beginning of year, as restated	1,496,424	1,496,424	-
End of year	\$ 1,651,522	\$ 1,755,970	\$ 104,448

**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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 1,989,000	\$ 2,025,875	\$ 36,875
Licenses and permits	1,412,000	1,425,864	13,864
Fines and forfeitures	300,000	303,226	3,226
Sanitation service fees	421,000	420,514	(486)
Parks and recreation	99,265	84,774	(14,491)
Airport	49,060	49,574	514
Intergovernmental	143,000	86,242	(56,758)
Miscellaneous	326,500	344,752	18,252
Total revenues	4,739,825	4,740,821	996
<b>Expenditures</b>			
General Government	2,160,869	2,036,148	124,721
Public safety	4,575,380	4,510,178	65,202
Highways and streets	839,687	795,298	44,389
Cemeteries and municipal grounds	515,950	514,244	1,706
Sanitation	425,000	429,140	(4,140)
Parks and recreation	227,449	229,956	(2,507)
Airport	182,848	180,721	2,127
Total expenditures	8,927,183	8,695,685	231,498
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(4,187,358)	(3,954,864)	232,494
<b>Other Financing Sources (Uses)</b>			
Sale of fixed assets	12,000	1,717	(10,283)
Operating transfers in	5,203,209	5,203,247	38
Operating transfers out	(996,260)	(996,260)	-
Total other financing sources (uses)	4,218,949	4,208,704	(10,245)
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	31,591	253,840	222,249
<b>Fund Balance</b>			
Beginning of year	1,141,684	1,141,684	-
End of year	\$ 1,173,275	\$ 1,395,524	\$ 222,249



Bourgeois Bennett

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON**  
**THE INTERNAL CONTROL STRUCTURE USED IN**  
**ADMINISTERING FEDERAL FINANCIAL**  
**ASSISTANCE PROGRAMS**

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 Primary Government) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the Primary Government's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the primary government financial statements in a separate report dated September 12, 1996.

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

City of Hammond

June 30, 1996

	Governmental Fund Types			Capital Projects	Proprietary Fund Types	
	General	Special Revenue	Debt Service		Enterprise	Internal Service
<b>ASSETS</b>						
Cash	\$ 5,557	\$ 45,936	\$ 2,256	\$ 7,002	\$ 67,258	\$ 61,207
Investments, at cost	1,271,521	1,785,228	2,334,841	1,247,576	993,053	891,480
Receivables (net, if applicable of allowances for doubtful accounts):						
Franchise taxes	101,252				810,268	
Customers		166,114				
Notes					16,872	
Special assessments:						
Current receivable					7,659	
Delinquent receivable					6,239	
Other	579					
Due from other funds	72,860					
Due from other governments	200,878	1,419,871			213,524	
Prepaid insurance						212,903
Inventory, at cost	117,656					
Restricted assets:						
Cash					1,645	
Investments, at cost					863,241	
Fixed assets (net of accumulated depreciation)					13,326,387	
Other assets					43,019	
Amount available for retirement of long-term debt						
Amount to be provide for general long-term obligations						
<b>Total assets</b>	<b>\$1,770,303</b>	<b>\$3,417,149</b>	<b>\$2,337,097</b>	<b>\$1,254,578</b>	<b>\$16,349,165</b>	<b>\$1,165,590</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 292,350	\$ 25,479	\$	\$ 6,106	\$ 79,178	\$ 96,419
Retainages payable				49,253	48,754	
Payroll taxes payable	363	2			656	
Workers' compensation claims payable						57,024
Health insurance claims payable						68,240
Due to other funds		13,458	5,940			
Payable from restricted assets - customer deposits					339,222	
Notes payable-current portion					150,000	
Notes payable-long term portion					2,790,000	
General obligation bonds payable						
Certificates of indebtedness					9,774	
Salaries payable	82,066	201			70,811	
Accumulated leave payable					410,408	
Due to other governments				645,534		
<b>Total liabilities</b>	<b>374,779</b>	<b>39,140</b>	<b>5,940</b>	<b>700,893</b>	<b>3,898,803</b>	<b>221,683</b>
<b>FUND EQUITY</b>						
Contributed capital					10,467,760	
Investment in general fixed assets						
Retained earnings:						
Reserved					561,213	943,907
Unreserved - undesignated					1,421,389	
Fund balances:						
Reserved for employee retirement						
Reserved for inventory	117,656					
Reserved for encumbrances	97,774	100,580		108		
Reserved for debt service			2,221,822			
Unreserved:						
Designated		1,600,954				
Undesignated	1,180,094	1,676,475	109,335	553,577		
<b>Total retained earnings / fund balance</b>	<b>1,395,524</b>	<b>3,378,009</b>	<b>2,331,157</b>	<b>553,685</b>	<b>1,982,602</b>	<b>943,907</b>
<b>Total fund equity</b>	<b>1,395,524</b>	<b>3,378,009</b>	<b>2,331,157</b>	<b>553,685</b>	<b>12,450,362</b>	<b>943,907</b>
<b>Total liabilities and fund equity</b>	<b>\$1,770,303</b>	<b>\$3,417,149</b>	<b>\$2,337,097</b>	<b>\$1,254,578</b>	<b>\$16,349,165</b>	<b>\$1,165,590</b>

See notes to financial statements.

As discussed in Note 1, the City changed its method of accounting for risk financing and insurance-related activities (GASB-10), and the method of accounting for taxpayer-assessed taxes (GASB-22), in order to adopt the provisions of the new standards.

Our audit was made 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 supplemental information schedules consisting of combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Hammond, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements of the City of Hammond, Louisiana, taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 12, 1996 on our consideration of the City of Hammond, Louisiana's internal control structure and a report dated September 12, 1996 on its compliance with laws and regulations.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



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, 1996, 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; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office and Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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 City of Hammond, Louisiana, as of June 30, 1996, 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, 1996, 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.

**TABLE OF CONTENTS (Continued)**

	<u>Schedules</u>	<u>Page No.</u>
<b>General Long-Term Debt Account Group</b>		
Statement of General Long-Term Debt	H-1	88
<b>Special Reports of Certified Public Accountants Required By <u>Government Auditing Standards</u> and OMB A-128</b>		
Independent Auditor's Report on Schedule of Federal Financial Assistance		89 - 90
Schedule of Federal Financial Assistance	I-1	91
Notes to Schedule of Federal Financial Assistance		92
Independent Auditor's Report on Internal Control Structure Based on an Audit of The Primary Government Financial Statements of The City of Hammond Performed in Accordance with Government Auditing Standards		93 - 95
Independent Auditor's Single Audit Report on The Internal Control Structure Used in Administering Federal Financial Assistance Programs		96 - 99
Independent Auditor's Report on Compliance Based on an Audit of The Primary Government or Basic Financial Statements of The City of Hammond Performed in Accordance With Government Auditing Standards		100 - 101
Independent Auditor's Report on Compliance With The General Requirements Applicable To Federal Financial Assistance Programs		102 - 103
Independent Auditor's Single Audit Report on Compliance With Specific Requirements Applicable To NonMajor Federal Financial Assistance Program Transactions		104 - 105



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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON**  
**COMPLIANCE WITH SPECIFIC REQUIREMENTS**  
**APPLICABLE TO NONMAJOR FEDERAL FINANCIAL**  
**ASSISTANCE PROGRAM TRANSACTIONS**

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 Primary Government) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

In connection with our audit of the primary government financial statements of the City of Hammond, Louisiana, and with our consideration of the Primary Government's, control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching; reporting; and special tests and provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Primary Government's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Hammond, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Hammond, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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 Primary Government) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We have applied procedures to test the Primary Government's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Cost/Cost Principles
- Drug-free Workplace
- Administrative Requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Primary Government's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City of Hammond in a separate letter dated September 12, 1995.

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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE BASED ON AN AUDIT OF THE PRIMARY  
GOVERNMENT OR BASIC FINANCIAL STATEMENTS  
OF THE CITY OF HAMMOND 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 Primary Government) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

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

Compliance with laws, regulations, contracts, and grants applicable to the Primary Government is the responsibility of the Primary Government's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Primary Government's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the primary government financial statements was not to provide an opinion on overall compliance with such provisions. 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.

**2) Condition** - Grant reports were not submitted on a timely basis to the Louisiana Commission on Law Enforcement, resulting in a warning that funding could be suspended if reports are not timely submitted in the future.

**Recommendation** - The accounting clerk should maintain a listing of grant accounting filing deadline and review periodically to insure timely filings.

**Response** - The accounting department is currently generating a grant listing and reviewing filing deadline on a monthly basis.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Hammond, Louisiana in a separate letter dated September 12, 1996.

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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.

**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, 1996	\$ 150,000	\$ 44,924	\$ 194,924
June 1, 1997	-	41,886	41,886
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>\$1,865,000</u>	<u>\$502,538</u>	<u>\$2,367,538</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 \$145,000 at 7.10%, on \$170,000 at 7.20%, on \$180,000 at 7.25%, and on \$210,000 at 7.30% \$705,000



The management of the Primary Government is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of primary government financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

Accounting Controls

- Cash and Investments
- Revenues, Receivables, and Receipts
- Expenditures
- Grant and Similar Programs

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Cost/Cost Principles
- Drug-free Workplace
- Administration Requirements

Specific Requirements

- Types of Services
- Matching Level of Effort
- Special Reporting Requirements
- Special Test and Provisions

**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, 1996

	General Fund			Special Revenue Fund Types		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 1,989,000	\$ 2,025,875	\$ 36,875	\$ 8,315,960	\$ 8,309,906	\$ (6,054)
Licenses and permits	1,412,000	1,425,864	13,864			-
Court witness fees			-	40,000	42,426	2,426
Fines and forfeitures	300,000	303,226	3,226			-
Sanitation service fees	421,000	420,514	(486)			-
Intergovernmental	143,000	86,242	(56,758)	10,000	24,738	14,738
Parks and recreation	99,265	84,774	(14,491)			-
Airport	49,060	49,574	514			-
Interest				97,800	121,511	23,711
Miscellaneous	326,500	344,752	18,252	5,400	7,460	2,060
<b>Total revenues</b>	<b>4,739,825</b>	<b>4,740,821</b>	<b>996</b>	<b>8,469,160</b>	<b>8,506,041</b>	<b>36,881</b>
<b>Expenditures</b>						
General government	2,160,869	2,036,148	124,721	426,750	434,118	(7,368)
Public safety	4,575,380	4,510,178	65,202	484,600	387,694	96,906
Highways and streets	839,687	795,298	44,389	52,000	54,947	(2,947)
Cemeteries and municipal grounds	515,950	514,244	1,706			-
Sanitation	425,000	429,140	(4,140)			-
Parks and recreation	227,449	229,956	(2,507)	312,965	233,510	79,455
Airport	182,848	180,721	2,127			-
<b>Total expenditures</b>	<b>8,927,183</b>	<b>8,695,685</b>	<b>231,498</b>	<b>1,276,315</b>	<b>1,110,269</b>	<b>166,046</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(4,187,358)</b>	<b>(3,954,864)</b>	<b>232,494</b>	<b>7,192,845</b>	<b>7,395,772</b>	<b>202,927</b>
<b>Other Financing Sources (Uses)</b>						
Sales of fixed assets	12,000	1,717	(10,283)			-
Operating transfers in	5,203,209	5,203,247	38	373,600	393,442	19,842
Operating transfers out	(996,260)	(996,260)	-	(7,404,109)	(7,406,265)	(2,156)
<b>Total other financing sources (uses)</b>	<b>4,218,949</b>	<b>4,208,704</b>	<b>(10,245)</b>	<b>(7,030,509)</b>	<b>(7,012,823)</b>	<b>17,686</b>
<b>Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>31,591</b>	<b>253,840</b>	<b>222,249</b>	<b>162,336</b>	<b>382,949</b>	<b>220,613</b>
Fund balances, beginning of year, as restated	1,141,684	1,141,684	-	2,995,060	2,995,060	-
<b>Fund balances, end of year</b>	<b>\$ 1,173,275</b>	<b>\$ 1,395,524</b>	<b>\$ 222,249</b>	<b>\$ 3,157,396</b>	<b>\$ 3,378,009</b>	<b>\$ 220,613</b>

See notes to financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Hammond, Louisiana, in a separate letter dated September 12, 1996.

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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF THE PRIMARY GOVERNMENT  
FINANCIAL STATEMENTS OF THE CITY OF HAMMOND  
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 Primary Government) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 primary government financial statements are free of material misstatement.

The management of the Primary Government is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of primary government financial statements in accordance with generally accepted accounting principles. Because of *inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.* Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

## SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

### City of Hammond

For the year ended June 30, 1996

Federal Grantor / Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant - Small Cities			
Contract 101-6061	14.219	\$ 103,088	\$ 103,088
Contract 101-2043	14.219	13,282	13,282
Total U.S. Department of Housing and Urban Development		<u>\$ 116,370</u>	<u>\$ 116,370</u>
U.S. Department of Justice			
	Project #		
COPS FAST	93-CF-WXZ-1517	\$ 32,272	\$ 32,272
Juvenile Officer Training	93-J.8-J.20-0245	400	400
In-Home Detention Program	92-J.5-J.3-0226	8,488	8,488
Report / Resource Center	95-J.5-J.3-D238	5,000	5,000
Multi-Jurisdictional Task Force	95-B.5-B.02	52,694	52,694
Motion Grant	94-B.5-B.02-0D06	10378	10378
Street Gang Reduction	16.579	3,750	3,750
Street Gang Reduction	95-B.5-B.07-0006	11,250	11,250
Total U.S. Department of Justice		<u>\$ 124,232</u>	<u>\$ 124,232</u>
U.S. Department of Transportation			
Airport Improvements Program	3-22-0018-03-92	\$ 22,980	\$ 22,980
Airport Improvements Program	3-22-0018-04-92	6,299	6,299
Selective Law Enforcement Unit	9654	52,178	52,178
Total U.S. Department of Transportation		<u>\$ 81,457</u>	<u>\$ 81,457</u>
U.S. Federal Emergency Management Agency			
Hurricane Andrew	HA-700	\$ 846	\$ 846
Total Federal Financial Assistance		<u>\$ 322,905</u>	<u>\$ 322,905</u>

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Primary Government taken as a whole. The accompanying Schedule of Federal Financial Assistance for the Primary Government of the City of Hammond is presented for purposes of additional analysis and is not a required part of the primary government financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 12, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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 primary government) for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996. These primary government financial statements are the responsibility of the City of Hammond, Louisiana, management. 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, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the primary government 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.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**  
**REQUIRED BY GOVERNMENT AUDITING STANDARDS AND OMB A-128**



**TABLE OF CONTENTS (Continued)**

	<u>Schedules</u>	<u>Page No.</u>
<b>Enterprise Fund - Water and Sewer Fund (Continued)</b>		
Statement of Cash Flows	E-3	75
Detailed Schedule of Operations Expenses By Department	E-4	76 - 77
<b>Internal Service Fund</b>		
Balance Sheet	E-5	78
Statement of Revenues, Expenses and Changes in Retained Earnings	E-6	79
Statement of Cash Flows	E-7	80
<b>Fiduciary Type Funds</b>		
Combining Balance Sheet	F-1	81
Statement of Revenues, Expenses and Changes in Fund Balance - Pension Trust Fund - Firemen's Pension Fund	F-2	82
Statement of Cash Flows - Pension Trust Fund - Firemen's Pension Fund	F-3	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - (Deficit) Expendable Trust Funds	F-4	84
Statement of Revenues, Expenditures and Changes in Fund Balance - (Deficit) Expendable Trust - Project M.O.T.I.O.N. Fund	F-5	85
Statement of Revenues, Expenditures and Changes in Fund Balance - Expendable Trust - Library Trust Fund	F-6	86
<b>General Fixed Assets Account Group</b>		
Statement of General Fixed Assets - By Sources	G-1	87

**TABLE OF CONTENTS (Continued)**

	<u>Schedules</u>	<u>Page No.</u>
<b>Special Revenue Funds (Continued)</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - Fire/Police Millage Fund	B-11	64
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - Cafeteria Plan Fund	B-12	65
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - FmHA Industrial Development Grant Fund	B-13	66
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - Industrial Development Fund	B-14	67
<b>Debt Service Funds</b>		
Combining Balance Sheet	C-1	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	69
<b>Capital Projects Funds</b>		
Combining Balance Sheet	D-1	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	71
<b>Enterprise Fund - Water and Sewer Fund</b>		
Balance Sheet	E-1	72 - 73
Statement of Revenues, Expenses and Changes in Retained Earnings	E-2	74

## TABLE OF CONTENTS

### City of Hammond Louisiana

Year ended June 30, 1996

	<u>Exhibits</u>	<u>Page No.</u>
<b>Independent Auditor's Report</b>		1 - 2
<b>Primary Government Financial Statements</b>		
Combined Balance Sheet - All Fund Types and Account Groups	A	3 - 4
Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Fund Types	B	5
Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types	C	6
Combined Statement of Revenues, Expenses and Changes In Retained Earnings - All Proprietary Fund Types and Similar Trust Fund	D	7
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Fund	E	8
Notes to Financial Statements	F	9 - 45
	<u>Schedules</u>	
<b>Financial Statements Of Individual Funds and Account Groups</b>		
<b>General Fund</b>		
Balance Sheet	A-1	46
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget (GAAP Basis) and Actual	A-2	47
Statement of Revenues, Compared To Budget (GAAP Basis)	A-3	48 - 49
Statement of Expenditures Compared To Budget (GAAP Basis)	A-4	50 - 51

85

**OFFICIAL  
FILE COPY**

**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

21 10  
RECEIVED  
LEGISLATIVE AUDITOR  
91 NOV 12 AM 9:19

*Financial Report*

*City of Hammond*  
*Primary Government*  
*Louisiana*

*June 30, 1996*

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

Release Date DEC 18 1996

**DETAILED SCHEDULE OF OPERATING EXPENSES  
BY DEPARTMENT**

**ENTERPRISES FUND**

**WATER AND SEWER FUND**

**City of Hammond**

For the year ended June 30, 1996

	<u>General and Administrative</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Plant Operations</u>	<u>Total</u>
Salaries and wages	\$ 59,711	\$ 268,553	\$ 132,024	\$ 93,635	\$ 553,923
Social security	4,302	18,942	9,615	6,847	39,706
Municipal employee retirement	3,458	14,009	7,173	4,994	29,634
Health and life insurance	5,361	18,831	11,775	8,054	44,021
Worker's compensation insurance	381	16,371	7,689	7,360	31,801
Contract labor	18,947	7,405	6,213		32,565
Utilities		103,603	57,309	148,978	309,890
Postage and box rent	11,740				11,740
Telephone - long distance	183				183
Maintenance:					
Buildings				2,614	2,614
Autos and trucks		8,750	5,789	8,463	23,002
Machinery and equipment		9,665		52,372	62,037
Lines and pumps		59,621	36,423		96,044
Fire hydrants		8,221			8,221
Ultraviolet lamp				15,855	15,855
Chlorination		4,499			4,499
Infiltration			16,134		16,134
Sludge removal				31,036	31,036
Laboratory test charge				13,845	13,845
Supplies:					
Office	1,715				1,715
Uniforms	230	5,688	2,304	1,380	9,602
Vehicles		11,019	8,442	3,402	22,863
Laboratory				9,951	9,951
Sewerage treatment				28,656	28,656
Chlorine		22,873			22,873
Safety equipment		3,960	2,258	1,881	8,099
Balance carried forward	<u>106,028</u>	<u>582,010</u>	<u>303,148</u>	<u>439,323</u>	<u>1,430,509</u>

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Primary Government had no major federal financial assistance programs and expended its total federal financial assistance under the following nonmajor federal financial assistance programs:

CFDA #

- 14.219 - Community Development Block Grants (Small Cities Program)
- 16.540 - Juvenile Justice and Delinquency Prevention - Allocation to States
- 16.579 - Drug Control and Systems Improvement - Formula Grant
- 16.711 - COPS FAST
- 20.106 - Airport Improvement Program
- 20.600 - State and Community Highway Safety
- 83.516 - Disaster Assistance

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable under standards established by the American Institute of Certified Public Accountants. Reportable conditions involved matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City of Hammond, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

**1) Condition** - COPS FAST Grant request for reimbursement of Federal monies included both Federal and the City's shares of outlays, resulting in an excess amount of \$2,415 being requested for reimbursement.

**Recommendation** - All grant accounting should be reviewed by someone independent of the preparation process. This review should include checking for mathematical accuracy and accompanying amounts on the grant accounting to the general ledger.

**Response** - The accounting department is now reviewing all grant documentation before submission.

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

**r. 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.

**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 7 mills of assessed valuation for general operating purposes. In addition, voters passed an additional ten year millage in 1986 of 2 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, 1996, taxes of 18.91 mills were levied on property with assessed valuations totaling \$77,774,977. Total taxes levied was \$1,470,725.

**Note 3 - CASH AND CASH EQUIVALENTS**

At June 30, 1996, the City of Hammond has cash and cash equivalents (book balances) totaling \$192,014, as follows:

Cash on hand	\$ 1,115
Demand deposits	53,154
Interest-bearing demand deposits	<u>137,745</u>
Total	<u>\$192,014</u>

**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, 1997	\$ -	\$ 25,458	\$ 25,458
July 1, 1997	145,000	25,458	170,458
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>\$705,000</u>	<u>\$135,246</u>	<u>\$840,246</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, 1997 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>11,402</u>	<u>110,000</u>
Excess	<u>\$11,402</u>	<u>\$ -</u>



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

**CAPITAL PROJECTS FUNDS**

**City of Hammond**

June 30, 1996

	Streets and Sidewalks	Airport	Capital Projects	Total
<b>Revenues</b>				
Intergovernmental		\$ 29,279		\$ 29,279
Interest	\$ 1	33,195	\$ 35,741	68,937
Total revenues	1	62,474	35,741	98,216
<b>Expenditures</b>				
Construction			802,064	802,064
Engineering		57,965	74,020	131,985
Miscellaneous			37,718	37,718
Total expenditures	-	57,965	913,802	971,767
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1	4,509	(878,061)	(873,551)
<b>Other Financing Sources (Uses)</b>				
Operating transfer in			1,106,800	1,106,800
Operating transfer out	(38)		(17,686)	(17,724)
Total other financing sources (uses)	(38)	-	1,089,114	1,089,076
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(37)	4,509	211,053	215,525
<b>Fund Balances</b>				
Beginning of year, as restated	37	39,554	298,569	338,160
End of year	\$ -	\$ 44,063	\$ 509,622	\$ 553,685

**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, 1997	\$ -	\$ 39,500	\$ 39,500
July 1, 1997	45,000	39,500	84,500
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>\$1,075,000</u>	<u>\$690,726</u>	<u>\$1,765,726</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.

In planning and performing our audit of the primary government financial statements of the City of Hammond, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standard established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements of the Primary Government.

**1) Condition** - Fixed assets included in capital outlay expenditure accounts in various governmental funds were not included in the General Fixed Assets Account Group or the fixed asset subsidiary ledger. In addition, fixed assets were improperly included in the capital outlay expense account in the Enterprise Fund rather than being recorded as fixed assets and depreciated accordingly. These assets were also improperly excluded from the fixed asset subsidiary ledger.

**Recommendation** - On a monthly basis the accounting clerk responsible for maintaining fixed asset listings for the general fixed asset account group and enterprise fund should review the appropriate capital outlay accounts for all funds and determine which assets are to be included on the fixed asset listing.

**Response** - The accounting clerk responsible for maintaining fixed assets will be reviewing all capital outlay accounts on a monthly basis.

**2) Condition** - The accounting department does not reconcile the cafeteria plan listing of amounts due to employees to the general ledger. Currently, a difference exists between the subsidiary ledger and the general ledger which may represent prior years' forfeitures which should be paid to the general fund.

**Recommendation** - On a monthly basis the general ledger control account for amounts due to employees should be reconciled to the detail listing of individual participant balances.

**Response** - The Cafeteria Plan is now being reconciled to the payroll system on a monthly basis.

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

The Sales Tax Series #3 - #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):

	Sales Tax Series #3 - #5 Bonds	Sales Tax Series #2C & #2D Bonds	Total
<u>Sinking Funds</u>			
Required balances	\$20,992	\$476,731	\$497,723
Actual balances	<u>36,103</u>	<u>595,829</u>	<u>631,932</u>
Excess	<u>\$15,111</u>	<u>\$119,098</u>	<u>\$134,209</u>
	Sales Tax Series #3 - #5 Bonds	Sales Tax Series #2C & #2D Bonds	Total
<u>Reserve Funds</u>			
Required balances	\$62,975	\$1,362,493	\$1,425,468
Actual balances	<u>65,995</u>	<u>1,362,493</u>	<u>1,428,488</u>
Excess	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 3,020</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)**

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

<u>Due Date</u>	<u>Series 2C</u>		<u>Series 2D</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
December 1, 1996	\$ 190,000	\$ 126,800	\$ 545,000	\$ 161,086	\$ 1,022,886
June 1 , 1997	-	120,530	-	146,916	267,446
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>	<u><b>\$3,555,000</b></u>	<u><b>\$1,767,818</b></u>	<u><b>\$5,610,000</b></u>	<u><b>\$1,476,004</b></u>	<u><b>\$12,408,822</b></u>
<u>Recap of General Obligation Bonds</u>			<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1973 Public Improvement					
Serial Bonds			\$ 40,000	\$ 3,060	\$ 43,060
Sales Tax #3 - #5 Serial Bonds			120,000	11,804	131,804
Series 2B and 2D Serial Bonds			<u>9,165,000</u>	<u>3,243,822</u>	<u>12,408,822</u>
Total 1973 Series			<u><b>\$9,325,000</b></u>	<u><b>\$3,258,686</b></u>	<u><b>\$12,583,686</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, 1996	\$ -	\$1,020	\$ 1,020
February 1, 1997	20,000	1,020	21,020
August 1, 1997	-	510	510
February 1, 1998	<u>20,000</u>	<u>510</u>	<u>20,510</u>
Totals	<u>\$40,000</u>	<u>\$3,060</u>	<u>\$43,060</u>

A combined schedule of the outstanding sales tax #3 - #5 Series bonds and the interest and principal requirements by dates is as follows:

<u>Due Date</u>	<u>Sales Tax #3</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>	<u>Principal</u>	<u>Interest</u>	
September 1, 1996	\$ -	\$ 787	\$ -	\$2,295	\$ -	\$150	\$ 3,232
March 1, 1997	30,000	787	25,000	2,295	1,000	150	59,232
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>-</u>	<u>-</u>	<u>1,000</u>	<u>30</u>	<u>1,030</u>
Totals	<u>\$30,000</u>	<u>\$1,574</u>	<u>\$85,000</u>	<u>\$9,330</u>	<u>\$5,000</u>	<u>\$900</u>	<u>\$131,804</u>

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

**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%	\$ 40,000
\$400,000 1972 Public Improvement Sales Tax #3 serial bonds due in annual installments of principal and semiannual installments of interest through March 1, 1997; interest on 30,000 at 5.25%	30,000
\$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%	85,000
\$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%	5,000
\$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 \$190,000 at 6.60%, \$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%	3,555,000
\$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 \$545,000 at 5.20%, \$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>5,610,000</u>
Total General Obligation Bonds Payable	<u>\$9,325,000</u>

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

Following is a summary of bond transactions of the City for the year ended June 30, 1996:

	<u>General Obligation</u>
Bonds payable at July 1, 1995	\$10,096,000
Bonds issued	-
Bonds retired	<u>(771,000)</u>
 Bonds payable at June 30, 1996	 <u>\$ 9,325,000</u>

Following is a summary of the certificates of indebtedness transactions of the City for the year ended June 30, 1996:

	<u>Certificates of Indebtedness</u>
Certificates of indebtedness payable at July 1, 1995	\$ 840,000
Certificates issued	-
Certificates retired	<u>(135,000)</u>
 Certificates of indebtedness payable at June 30, 1996	 <u>\$ 705,000</u>

Following is a summary of utility revenue bond transactions of the City for the year ended June 30, 1996:

	<u>Utility Revenue Bonds</u>
Utility revenue bonds payable at July 1, 1995	\$3,130,000
Revenue bonds issued	-
Revenue bonds retired	<u>(190,000)</u>
 Utility revenue bonds payable at June 30, 1996	 <u>\$2,940,000</u>

Following is a summary of the certificates of obligation transactions of the City for the year ended June 30, 1996:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Certificates payable at July 1, 1995	\$ 9,282	\$ 32,233	\$ 41,515
Certificates issued	-	-	-
Certificates paid	<u>(9,282)</u>	<u>(32,233)</u>	<u>(41,515)</u>
 Certificates payable at June 30, 1996	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>



**Exhibit F  
(Continued)**

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

A summary of proprietary fund type property, plant and equipment as of June 30, 1996 follows:

	<u>Water and Sewer</u>
Land	\$ 23,750
Water:	
Buildings	40,813
Equipment	127,177
Vehicles	310,610
Line and mains	4,750,814
Sewer:	
Buildings	60,230
Equipment	157,698
Vehicles	154,761
Line and mains	11,721,113
Construction in progress	<u>1,042,364</u>
Total	18,389,330
Less: accumulated depreciation	<u>(5,062,943)</u>
Net	<u>\$13,326,387</u>

Construction in progress is composed of expenditures of June 30, 1996 in the amount of \$19,860 for water improvements, and \$1,022,504 for sewer improvements.

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

Restricted assets were applicable to the following at June 30, 1996:

Meter deposit accounts	\$339,222
Bond sinking fund	11,737
Bond reserve fund	129,000
Bond contingency fund	<u>384,927</u>
Total	<u>\$864,886</u>

**Note 7 - DUE FROM OTHER GOVERNMENTS**

State of Louisiana:		
Video poker	\$	50,476
Beer and tobacco taxes		35,555
Workmens' compensation		57
Law enforcement grant		66,871
DOTD		218,095
U.S. Department of Justice		7,246
Tangipahoa Parish Rural Fire Dist #2:		
Fire insurance rebate		30,751
Fire prevention and protection allocation		40,000
Tangipahoa Parish School Board		1,410,338
City Court		27,401
Marshal's office		(52)
Other governments		<u>208</u>
Total due from other governments		<u>\$1,886,946</u>

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

A summary of changes in general fixed assets follows:

	(Restated) Balance <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1996</u>
Land	\$1,348,150	\$ 4,500	\$ 2,000	\$ 1,350,650
Buildings	4,538,123	221,792	147,575	4,612,340
Vehicles	2,417,792	349,320	3,406	2,763,706
Equipment	<u>921,375</u>	<u>397,273</u>	<u>14,134</u>	<u>1,304,514</u>
Totals	<u>\$9,225,440</u>	<u>\$972,885</u>	<u>\$167,115</u>	<u>\$10,031,210</u>

Exhibit A

Fiduciary Fund Type Trusts	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$ 1,153			\$ 190,369
345,218			8,868,917
			101,252
			810,268
			166,114
			16,872
			7,659
			6,818
			72,860
52,694			1,886,967
			212,903
			117,656
			1,645
			863,241
	\$ 10,031,210		23,357,597
			43,019
		\$ 2,221,822	2,221,822
		8,431,739	8,431,739
\$ 399,065	\$ 10,031,210	\$ 10,653,561	\$ 47,377,718
	\$	\$	\$ 499,532
			98,007
			1,021
			57,024
\$ 53,462			68,240
			72,860
			339,222
			150,000
			2,790,000
		9,325,000	9,325,000
		705,000	705,000
			92,041
		623,561	694,372
			1,055,942
53,462		10,653,561	15,948,261
			10,467,760
	10,031,210		10,031,210
			1,505,120
			1,421,389
325,202			325,202
			117,656
			198,462
			2,221,822
20,401			1,621,355
			3,519,481
345,603			10,930,487
345,603	10,031,210		31,429,457
\$ 399,065	\$ 10,031,210	\$ 10,653,561	\$ 47,377,718

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

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, 1996, the City of Hammond has \$837,145 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$737,145 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

**Note 4 - INVESTMENTS**

Investments held at June 30, 1996, of \$9,732,158, 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, 1996, 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.

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

**City of Hammond**

For the year ended June 30, 1996

	Governmental Fund Types				Fiduciary Fund Type Expendable Trusts	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
<b>Revenues</b>						
Taxes	\$ 2,025,875	\$ 8,309,906				\$ 10,335,781
Licenses and permits	1,425,864					1,425,864
Court witness fees		42,426				42,426
Fines and forfeitures	303,226					303,226
Sanitation service fees	420,514					420,514
Intergovernmental	86,242	24,738		\$ 29,279		140,259
Parks and recreation	84,774					84,774
Airport	49,574					49,574
Interest		121,511	\$ 113,138	68,937	\$ 1,518	305,104
Special assessments			234			234
Miscellaneous	344,752	7,460			64,446	416,658
<b>Total revenues</b>	<b>4,740,821</b>	<b>8,506,041</b>	<b>113,372</b>	<b>98,216</b>	<b>65,964</b>	<b>13,524,414</b>
<b>Expenditures</b>						
General government	2,036,148	434,118			10,884	2,481,150
Public safety:						
Police	2,566,478	329,317			72,477	2,968,272
Fire	1,943,700	58,377				2,002,077
Highways and streets	795,298	54,947				850,245
Cemeteries and municipal grounds	514,244					514,244
Sanitation	429,140					429,140
Parks and recreation	229,956	233,510				463,466
Airport	180,721					180,721
Capital projects				971,767		971,767
Debt Service:						
General obligation bonds:						
Principal retirement			906,000			906,000
Interest and charges			667,301			667,301
Paying agent fees			3,111			3,111
Special assessment certificates:						
Principal retirement			9,282			9,282
Interest and charges			3,182			3,182
<b>Total expenditures</b>	<b>8,695,685</b>	<b>1,110,269</b>	<b>1,588,876</b>	<b>971,767</b>	<b>83,361</b>	<b>12,449,958</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,954,864)</b>	<b>7,395,772</b>	<b>(1,475,504)</b>	<b>(873,551)</b>	<b>(17,397)</b>	<b>1,074,456</b>
<b>Other Financing Sources (Uses)</b>						
Sales of fixed assets	1,717					1,717
Operating transfers in	5,203,247	393,442	1,518,900	1,106,800		8,222,389
Operating transfers out	(996,260)	(7,406,265)		(17,724)		(8,420,249)
<b>Total other financing sources (uses)</b>	<b>4,208,704</b>	<b>(7,012,823)</b>	<b>1,518,900</b>	<b>1,089,076</b>		<b>(196,143)</b>
<b>Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>253,840</b>	<b>382,949</b>	<b>43,396</b>	<b>215,525</b>	<b>(17,397)</b>	<b>878,313</b>
Fund balances, beginning of year, as restated	1,141,684	2,995,060	2,287,761	338,160	37,798	6,800,463
<b>Fund balances, end of year</b>	<b>\$ 1,395,524</b>	<b>\$ 3,378,009</b>	<b>\$ 2,331,157</b>	<b>\$ 553,685</b>	<b>\$ 20,401</b>	<b>\$ 7,678,776</b>

See notes to financial statements.

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

**n. Interfund Transactions**

Interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**o. Compensated Absences**

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, 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.

**p. Total Columns on Combined Statement**

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.

**q. New Accounting Standards**

For the year ended June 30, 1996, the City has implemented GASB Statement No. 10 entitled "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." The new standard requires a liability for claims reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements. Disclosure as required can be found in Note 21.

For the year ended June 30, 1996, the City also has implemented GASB Statement No. 22 entitled "Accounting for Taxpayer - Assessed Tax Revenues". The new standards requires revenue from taxpayer - assessed taxes, such as sales taxes, to be recognized in governmental funds in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. The effect of the change increased the beginning fund balance of the Special Revenue Sales Tax Fund by \$720,564. Additional information concerning the financial statement presentation of this pronouncement can be found in Note 22.

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 following methods (and useful lives):

	<u>Water and Sewer</u>
Buildings	25 years
Improvements	25 - 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, 1996 was \$301,816.

**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)**

**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)**

**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, 1996.

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)**

**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)**

**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)**

**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)**

**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, 1996	2
City Marshal	June 30, 1996	2
Section 8 Housing	December 31, 1995	2
Mortgage Authority	June 30, 1996	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.

**NOTES TO FINANCIAL STATEMENTS**

**City of Hammond**

June 30, 1996

**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.

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

**City Of Hammond**

For the year ended June 30, 1996

	Proprietary Fund Types		Fiduciary Fund Type - Pension Trust	Total (Memorandum Only)
	Enterprise	Internal Service		
<b>Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ 686,138	\$ (193,538)	\$ (22,642)	\$ 469,958
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	577,734			577,734
Amortization	12,472			12,472
Provision for bad debt	51,358			51,358
Change in current assets - (increase) decrease:				
Accounts receivable	(264,363)			(264,363)
Insurance deposits		88,497		88,497
Due to other Governments	156,492			156,492
Change in current liabilities - increase (decrease):				
Accounts payable	2,381	96,419	(405)	98,395
Other payables	(11,908)			(11,908)
Due to other funds	(50,000)			(50,000)
Due from other governments	(213,524)			(213,524)
Customer deposits	33,851			33,851
Workers' compensation claims		(31,711)		(31,711)
Health insurance claims payable		68,240		68,240
Total adjustments	294,493	221,445	(405)	515,533
Net cash provided by (used for) operating activities	980,631	27,907	(23,047)	985,491
<b>Cash Flows From Noncapital Financing Activities</b>				
Operating transfer in		555,260		555,260
Operating transfer out	(57,400)		(300,000)	(357,400)
Net cash provided by (used for) noncapital financing activities	(57,400)	555,260	(300,000)	197,860
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal repayments	(222,233)			(222,233)
Capital contributions	226,168			226,168
Interest expense	(177,572)			(177,572)
Payment for capital assets	(893,365)			(893,365)
Net cash used for capital and related financing activities	(1,067,002)	-	-	(1,067,002)
<b>Cash Flows From Investing Activities</b>				
Interest income	104,152	17,329	25,336	146,817
Purchase of investments	(21,799)	(559,371)		(581,170)
Sale of investments			149,671	149,671
Cash surrender value on life insurance			145,648	145,648
Net cash provided by (used for) investing activities	82,353	(542,042)	320,655	(139,034)
<b>Net Increase (Decrease) In Cash</b>	(61,418)	41,125	(2,392)	(22,685)
<b>Cash</b>				
Beginning of year	130,321	20,082	3,377	153,780
End of year	\$ 68,903	\$ 61,207	\$ 985	\$ 131,095

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, 1996

	Proprietary Fund Types Enterprise	Internal Service	Fiduciary Fund Type - Pension Trust	Total (Memorandum Only)
<b>Operating Revenues</b>				
Sewer charge	\$ 1,654,566			\$ 1,654,566
Water sales	1,116,478			1,116,478
Tap-In and reconnect fees	51,710			51,710
Insurance charges		\$ 450,617		450,617
Insurance reimbursement		49,286		49,286
Miscellaneous	2,805		\$ 7,037	9,842
Total operating revenues	2,825,559	499,903	7,037	3,332,499
<b>Operating Expenses</b>				
Insurance		693,441		693,441
Pension			29,679	29,679
Personnel services	731,650			731,650
Contractual services, supplies, materials and other	817,565			817,565
Depreciation and amortization	590,206			590,206
Total operating expenses	2,139,421	693,441	29,679	2,862,541
<b>Operating Income (Loss)</b>	686,138	(193,538)	(22,642)	469,958
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	104,152	17,329	25,336	146,817
Interest expenses	(177,572)			(177,572)
Total non-operating revenues (expenses)	(73,420)	17,329	25,336	(30,755)
<b>Income (Loss) Before Operating Transfers</b>	612,718	(176,209)	2,694	439,203
<b>Operating Transfers In (Out)</b>				
Operating transfers in		555,260		555,260
Operating transfers outs	(57,400)		(300,000)	(357,400)
Total operating transfers in (out)	(57,400)	555,260	(300,000)	197,860
Net income (loss)	555,318	379,051	(297,306)	637,063
Cumulative effect on prior years for a change in accounting principle	1,902,736			1,902,736
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	301,816			301,816
Increase (decrease) in retained earnings / fund balances	2,759,870	379,051	(297,306)	2,841,615
<b>Retained Earnings / Fund Balances (Deficit)</b>				
Beginning of year, as restated	(777,268)	564,856	622,508	410,096
End of year	\$ 1,982,602	\$ 943,907	\$ 325,202	\$ 3,251,711

See notes to financial statements.



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

Following is a combined schedule of annual requirements to retire all long-term debt as of June 30, 1996:

**General Obligations**

Year Ending June 30,	General Obligations Bonds		Certificates of Indebtedness		Totals
	Principal	Interest	Principal	Interest	
1997	\$ 811,000	\$ 563,836	\$ -	\$ 25,458	\$ 1,400,294
1998	836,000	516,813	145,000	45,768	1,543,581
1999	871,000	466,619	170,000	34,500	1,542,119
2000	901,000	413,253	180,000	21,855	1,516,108
2001	966,000	356,540	210,000	7,665	1,540,205
2002	1,030,000	294,666	-	-	1,324,666
2003	1,100,000	227,650	-	-	1,327,650
2004	770,000	167,593	-	-	937,593
2005	825,000	115,234	-	-	940,234
2006	375,000	74,494	-	-	449,494
2007	405,000	46,219	-	-	451,219
2008	435,000	15,769	-	-	450,769
Totals	<u>\$9,325,000</u>	<u>\$3,258,686</u>	<u>\$705,000</u>	<u>\$135,246</u>	<u>\$13,423,932</u>

**Proprietary Funds Obligations**

Year Ending June 30,	Principal	Interest	Totals
1997	\$ 150,000	\$ 126,310	\$ 276,310
1998	205,000	157,757	362,757
1999	215,000	147,280	362,280
2000	225,000	135,871	360,871
2001	240,000	123,503	363,503
2002	250,000	110,268	360,268
2003	260,000	96,222	356,222
2004	275,000	81,258	356,258
2005	295,000	65,051	360,051
2006	310,000	47,578	357,578
2007	90,000	35,228	125,228
2008	95,000	28,313	123,313
2009	100,000	21,000	121,000
2010	110,000	13,125	123,125
2011	120,000	4,500	124,500
Totals	<u>\$2,940,000</u>	<u>\$1,193,264</u>	<u>\$4,133,264</u>

**Note 5 - ESTIMATED UNCOLLECTIBLE RECEIVABLES**

Receivable and the applicable allowance at June 30, 1996 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	\$101,252	\$ -	\$101,252
Other	579	-	579
Special revenue funds:			
Notes	198,240	32,126	166,114
Proprietary fund types:			
Enterprise funds:			
Customers	852,268	42,000	810,268
Special assessments	24,531	-	24,531
Other	6,239	-	6,239

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$72,860	\$ -
Special revenue funds	-	13,458
Debt service funds	-	5,940
Fiduciary funds	-	<u>53,462</u>
Totals	<u>\$72,860</u>	<u>\$72,860</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$5,203,247	\$ 996,260
Special revenue funds	393,442	7,406,265
Debt service funds	1,518,900	-
Capital projects funds	1,106,800	17,724
Enterprise funds	-	57,400
Internal service fund	555,260	-
Fiduciary funds	-	<u>300,000</u>
Totals	<u>\$8,777,649</u>	<u>\$8,777,649</u>

## STATEMENT OF CASH FLOWS

## ENTERPRISE FUNDS

## WATER AND SEWER FUND

## City of Hammond

For the year ended June 30, 1996

<b>Cash Flows From Operating Activities</b>	
Operating income	\$ 686,138
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	577,734
Amortization	12,472
Provision for bad debt	51,358
Change in current assets - (increase) decrease:	
Accounts receivable	(264,363)
Due from other Governments	156,492
Change in current liabilities - increase (decrease):	
Accounts payables	2,381
Other payables	(11,908)
Due to other funds	(50,000)
Due to other governments	(213,524)
Customer deposits	33,851
Total adjustments	294,493
Net cash provided by operating activities	980,631
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating transfer out	(57,400)
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal repayments	(222,233)
Capital contributions	226,168
Interest expense	(177,572)
Payment for capital assets	(893,365)
Net cash used for capital and related financing activities	(1,067,002)
<b>Cash Flows From Investing Activities</b>	
Interest income	104,152
Purchases of investments	(21,799)
Net cash provided by investing activities	82,353
<b>Net Decrease In Cash</b>	(61,418)
<b>Cash</b>	
Beginning of year	130,321
End of year	\$ 68,903

# NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

## City of Hammond

June 30, 1996

**Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-128, 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-128, Single Audit Act of 1984. The United States Department of Housing and Urban Development is the City's cognizant federal audit agency.

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

The accompanying Schedule of Federal Financial Assistance 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 \$324,282 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, 1996 was \$166,114.

**Note 4 - FINDINGS OF NONCOMPLIANCE**

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

**BALANCE SHEET**  
**ENTERPRISE FUND**  
**WATER AND SEWER FUND**

**City of Hammond**

June 30, 1996

**ASSETS**

Cash	\$	67,258
Investments, at cost		993,053
Receivables:		
Customers (net of allowances for doubtful accounts of \$42,000)		810,268
Special assessments:		
Current receivable		16,872
Delinquent receivable		7,659
Due from other governments		213,524
Other receivables		<u>6,239</u>
Total assets		<u>2,114,873</u>

**RESTRICTED ASSETS**

Customers' deposits:		
Cash		1,645
Investments, at cost		337,577
Bond sinking fund		110,827
Bond reserve fund		129,000
Bond contingency fund		<u>285,837</u>
Total restricted assets		<u>864,886</u>

<b>PROPERTY, PLANT AND EQUIPMENT</b>		(net of accumulated depreciation)	<u>13,326,387</u>
--------------------------------------	--	-----------------------------------	-------------------

**OTHER ASSETS**

Bond discount (net)		<u>43,019</u>
---------------------	--	---------------

Total assets			<u>\$ 16,349,165</u>
--------------	--	--	----------------------

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

Accounts payable	\$ 79,178
Retainages payable	48,754
Payroll taxes payable	656
Notes payable - current portion	150,000
Salaries payable	9,774
Accumulated leave payable	70,811
Due to other governments	<u>410,408</u>

Total current liabilities payable from current assets	769,581
---	---------

**CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Customers' deposits	339,222
---------------------	---------

**LONG-TERM LIABILITIES**

Notes payable - long-term portion	<u>2,790,000</u>
-----------------------------------	------------------

Total liabilities	<u>3,898,803</u>
-------------------	------------------

**FUND EQUITY**

Contributed capital - contributions to aid in construction	<u>10,467,760</u>
---	-------------------

Retained earnings:	
Reserved	561,213
Unreserved - undesignated	<u>1,421,389</u>

Total related earnings	<u>1,982,602</u>
------------------------	------------------

Total fund equity	<u>12,450,362</u>
-------------------	-------------------

Total liabilities and fund equity	<u>\$ 16,349,165</u>
-----------------------------------	----------------------

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

**ENTERPRISE FUND**

**WATER AND SEWER FUND**

**City of Hammond**

For the year ended June 30, 1996

<b>Operating Revenues</b>	
Sewer charges	\$ 1,654,566
Water sales	1,116,478
Tap-in and reconnect fees	51,710
Miscellaneous	2,805
	<u>2,825,559</u>
Total operating revenues	
<b>Operating Expenses</b>	
Personnel services	731,650
Contractual services, supplies, materials, and other	817,565
Depreciation and amortization	590,206
	<u>2,139,421</u>
Total operating expenses	
<b>Operating Income</b>	<u>686,138</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	104,152
Interest expense	<u>(177,572)</u>
Total non-operating revenues (expenses)	<u>(73,420)</u>
<b>Income Before Operating Transfers</b>	612,718
<b>Operating Transfers Out</b>	<u>(57,400)</u>
Net income	555,318
Cumulative effect on prior years for a change in accounting principle	1,902,736
Add depreciation on fixed assets acquired by capital contributions that reduces contributed capital	<u>301,816</u>
Increase in retained earnings	2,759,870
<b>Retained Earnings (Deficit)</b>	
Beginning of year	<u>(777,268)</u>
End of year	<u>\$ 1,982,602</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.



**STATEMENT OF GENERAL FIXED ASSETS - BY SOURCES****City of Hammond**

June 30, 1996

<b>General Fixed Assets, at Cost</b>	
Land	\$ 534,617
Building	5,428,373
Vehicles	2,763,706
Equipment	<u>1,304,514</u>
Total general fixed assets	<u>\$ 10,031,210</u>
<b>Investments in General Fixed Assets From</b>	
General fund	\$ 9,191,823
Sales tax	837,785
Downtown development	<u>1,602</u>
Total investment in general fixed assets	<u>\$ 10,031,210</u>

## **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, 1996

	Pension	Expendable Trust		Total
	Trust	Project	Library	
	Fireman's	M.O.T.I.O.N.	Trust	
	Pension			
<b>ASSETS</b>				
Cash	\$ 985	\$ 167	\$ 1	\$ 1,153
Investments, at cost	324,217		21,001	345,218
Due from other Governments		52,694		52,694
Total assets	<u>\$ 325,202</u>	<u>\$ 52,861</u>	<u>\$ 21,002</u>	<u>\$ 399,065</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 53,462	\$ -	\$ 53,462
<b>FUND EQUITY</b>				
Retained earnings:				
Reserved for employee retirement	325,202			325,202
Fund balances				
Designated:				
Law enforcement		(601)		(601)
Library			21,002	21,002
Total fund balance		(601)	21,002	20,401
Total fund equity	<u>325,202</u>	<u>(601)</u>	<u>21,002</u>	<u>345,603</u>
Total liabilities and fund balance	<u>\$ 325,202</u>	<u>\$ 52,861</u>	<u>\$ 21,002</u>	<u>\$ 399,065</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, 1996

<b>Operating Revenues</b>	
Insurance benefits	\$ 7,037
<b>Operating Expenses</b>	
Benefit payments	27,531
Insurance premiums	1,812
Administration	336
Total expenses	29,679
Operating loss	(22,642)
<b>Non-Operating Revenues</b>	
Interest earned on investments	25,336
<b>Income Before Operating Transfers</b>	2,694
<b>Operating Transfers Out</b>	(300,000)
Net loss	(297,306)
<b>Retained Earnings</b>	
Beginning of year, as restated	622,508
End of year	\$ 325,202

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

For the year ended June 30, 1996

<b>Cash Flows From Operating Activities</b>	
Operating loss	\$ (22,642)
Adjustments to reconcile net operating loss to net cash used for operating activities:	
Changes in accounts payable	(405)
Net cash used for operating activities	(23,047)
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating transfers out	(300,000)
<b>Cash Flows From Investing Activities</b>	
Interest income	25,336
Sale of investments	149,671
Cash surrender value on life insurance	145,648
Net cash provided by investing activities	320,655
<b>Net Decrease In Cash</b>	(2,392)
<b>Cash</b>	
Beginning of year	3,377
End of year	\$ 985

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

**EXPENDABLE TRUST FUNDS**

**City of Hammond**

For the year ended June 30, 1996

	Project M.O.T.I.O.N.	Library Trust	Total
<b>Revenues</b>			
Federal grant	\$ 63,072		\$ 63,072
Interest	48	\$ 1,470	1,518
Seized assets	1,374		1,374
	<hr/>	<hr/>	<hr/>
Total revenues	64,494	1,470	65,964
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Police equipment	72,477		72,477
General government		10,884	10,884
	<hr/>	<hr/>	<hr/>
Total expenditures	72,477	10,884	83,361
	<hr/>	<hr/>	<hr/>
<b>Deficiency of Revenues Over Expenditures</b>	(7,983)	(9,414)	(17,397)
	<hr/>	<hr/>	<hr/>
<b>Fund Balance (Deficit)</b>			
Beginning of year	7,382	30,416	37,798
	<hr/>	<hr/>	<hr/>
End of year	\$ (601)	\$ 21,002	\$ 20,401
	<hr/>	<hr/>	<hr/>

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

**EXPENDABLE TRUST  
PROJECT M.O.T.I.O.N. FUND**

**City of Hammond**

For the year ended June 30, 1996

<b>Revenues</b>	
Federal grant	\$ 63,072
Interest	48
Seized assets	<u>1,374</u>
Total revenues	64,494
<b>Expenditures</b>	
Police equipment	<u>72,477</u>
<b>Deficiency of Revenues Over Expenditures</b>	(7,983)
<b>Fund Balance (Deficit)</b>	
Beginning of year	<u>7,382</u>
End of year	<u>\$ (601)</u>

**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.



**GENERAL FIXED ASSETS ACCOUNT GROUP**

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

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

For the year ended June 30, 1996

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

## Amount available in:

General obligation bond fund	\$ 40,000
Sales tax bond fund	2,060,420
Certificates of indebtedness fund	121,402

## Amount to be provided in future years from:

1% sales and use tax	7,224,580
Certificates of indebtedness fund	583,598
Amount to be provided - accumulated unpaid leave	<u>623,561</u>

Total amount available and to be provided \$ 10,653,561

**General Long-Term Debt Payable**

Accumulated unpaid leave	\$ 623,561
1973 public improvement bonds	40,000
Sales Tax #3 - #5	120,000
Sales Tax #2B - #2D	9,165,000
Certificates of indebtedness	<u>705,000</u>

Total general long-term debt payable \$ 10,653,561

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

For the year ended June 30, 1996

<b>Cash Flows From Operating Activities</b>	
Operating income (loss)	\$(193,538)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Changes in current asset - (increase) decrease:	
Insurance deposits	88,497
Change in current liabilities - increase (decrease):	
Accounts payable	96,419
Workers' compensation claims payable	(31,711)
Health insurance claims payable	68,240
Total adjustments	221,445
Net cash provided by operating activities	27,907
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating transfer in	555,260
<b>Cash Flows From Investing Activities</b>	
Interest income	17,329
Purchase of investments	(559,371)
Net cash used by investing activities	(542,042)
<b>Net Cash Increase</b>	41,125
<b>Cash</b>	
Beginning of year	20,082
End of year	\$ 61,207

**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	<u>106,028</u>	<u>582,010</u>	<u>303,148</u>	<u>439,323</u>	<u>1,430,509</u>
Small tools and equipment		6,575	6,651	1,654	14,880
Computer mapping system	437				437
Electronic water well monitoring		8,800			8,800
Travel and education		962	1,172	714	2,848
State fees and permits				12,753	12,753
Consultant / inspection fees		517			517
Cash short / over	179				179
Amortization expense		12,472			12,472
Depreciation expense		143,699	434,035		577,734
Bad debt expense		51,358			51,358
Beeper fees		634	234	162	1,030
Paying agent fees		886	1,104		1,990
Meters		13,830			13,830
Miscellaneous expenses	<u>2,234</u>		<u>7,850</u>		<u>10,084</u>
Totals	<u>\$ 108,878</u>	<u>\$ 821,743</u>	<u>\$ 754,194</u>	<u>\$ 454,606</u>	<u>\$ 2,139,421</u>

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE****EXPENDABLE TRUST  
LIBRARY TRUST FUND**

City of Hammond

For the year ended June 30, 1996

<b>Revenues</b>	
Interest	\$ 1,470
<b>Expenditures</b>	
General government	<u>10,884</u>
<b>Deficiency of Revenues Over Expenditures</b>	(9,414)
<b>Fund Balance</b>	
Beginning of year	<u>30,416</u>
End of year	<u>\$ 21,002</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, 1996

**ASSETS**

Cash	\$ 61,207
Investments	891,480
Prepaid insurance	<u>212,903</u>
Total assets	<u>\$ 1,165,590</u>

**LIABILITIES**

Accounts payable	\$ 96,419
Workers' compensation claims payable	57,024
Health insurance claims payable	<u>68,240</u>
Total liabilities	221,683

**FUND EQUITY**

Retained earnings - reserved	<u>943,907</u>
Total liabilities and fund equity	<u>\$ 1,165,590</u>

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

**INTERNAL SERVICE FUND**

**City of Hammond**

For the year ended June 30, 1996

<b>Operating Revenues</b>	
Insurance charges	\$ 450,617
Insurance reimbursement	49,286
Total operating revenues	<u>499,903</u>
<b>Operating Expenses</b>	
Insurance and administration	191,647
Workers' compensation claims	1,328
Fire and casualty insurance	23,741
Performance fidelity bond	1,189
Auto liability insurance	189,708
General liability insurance	133,038
Public officials liability insurance	66,030
Insurance deductible	86,760
Total operating expenses	<u>693,441</u>
<b>Net Operating Loss</b>	(193,538)
<b>Non-Operating Revenues</b>	
Interest income	<u>17,329</u>
<b>Income (Loss) Before Operating Transfers</b>	(176,209)
<b>Operating Transfers In</b>	<u>555,260</u>
Net income	379,051
<b>Retained Earnings</b>	
Beginning of year, as restated	<u>564,856</u>
End of year	<u>\$ 943,907</u>