CITY OF HAMMOND, LOUISIANA

ANNUAL FINANCIAL REPORT

June 30, 2019

CITY OF HAMMOND, LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 14
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25-26
Component Unit Financial Statements: Statements of Fiduciary Net Position – Fiduciary Funds	27
NOTES TO FINANCIAL STATEMENTS	28-87

CITY OF HAMMOND, LOUISIANA

TABLE OF CONTENTS (Continued)

JUNE 30, 2019

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules	
General Fund	89
Sales Tax Fund	90
Schedule of Employer's Proportionate Share of the Net Pension Liability	91
Schedule of Employer's Pension Contributions	92
Schedule of Changes in Total OPEB Liability and Related Ratios and Notes to the Schedule	93
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Compensation Paid to the City Council Members	95
Schedule of Compensation, Benefits and Other Payments to Agency Head	96
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	97-98
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	99-100
Schedule of Expenditures of Federal Awards	101-102
Notes to Schedule of Expenditures of Federal Awards	103
Schedule of Findings and Questioned Costs	104-105
Schedule of Prior Year Findings	106

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INDEPENDENT AUDITORS' REPORT

To the Honorable Pete Panepinto, Mayor
Members of the City Council
City of Hammond, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hammond, Louisiana (the City of Hammond), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Hammond's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units discretely presented in the financial statements which account for 100% of the assets and 100% of the revenues of the governmental activities of the component units. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hammond, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer's Pension Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios and Notes to the Schedule, found on pages 4-14 and pages 89, 90, 91, 92 and 93, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hammond's basic financial statements. The accompanying schedule of expenditures of federal awards, schedule of compensation paid to city council members and schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis. The schedule of federal awards is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

The schedule of expenditures of federal awards, schedule of compensation paid to city council members and schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the schedule of expenditures of federal awards, schedule of compensation paid to city council members and the schedule of compensation, benefits, and other payments to agency heads are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated November 26, 2019, on our consideration of the City of Hammond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hammond's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
November 26, 2019

CITY OF HAMMOND, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

The Management's Discussion and Analysis (MD&A) of the City of Hammond, Louisiana's (the City) financial performance provides an overview and an objective, narrative analysis of the City's financial activities for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read it in conjunction with the City's financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City's Governmental Activities exceeded the liabilities and deferred inflows at the close of the most recent year by $33,428,632.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of $12,522,009, an increase of $870,811 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was $2,514,218.
- The City's total liabilities in the Statement of Net Position at the end of the current fiscal year were $55,596,018 in comparison to $56,364,236 in the prior year.
- The City received $822,550 in gaming revenue from Video Bingo. The City's General Fund received 100% of the gross proceeds.
- The City's sales tax revenue increased by $218,937 in comparison to the prior year. The City of Hammond collected $20,876,600 for the year ended June 30, 2019.
- The City's enterprise fund experienced a decrease in net position of $2,035,275 in comparison to the prior year.
- The $6 million rehabilitation of the runway intersection at the Hammond Northshore Regional Airport was completed, which was the first upgrade to the runway intersection since World War II.
- The first phase of a $675,000 Louisiana Community Development Block Grant to correct sewer inflow and infiltration began and will be completed in the next fiscal year.
- After three years since the Zemurray Pool was closed because it was beyond repair, construction for the new half-Olympic size pool began. This is a $2 million project that will allow for swimming programs to continue and for new competitions to begin. This replaces a pool built in the 1970s.
- The fire department used its millage funds to purchase a new pumper truck for Central Station.
- Over $1 million in drainage improvements was completed for the Iowa District, Lincoln Park, Blackburn and Whitmar neighborhoods.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The business-type activities of the City include one enterprise activity – a water and sewer system.

The government-wide financial statements include not only the City itself (known as the primary government), but also three component units: The Hammond Downtown Development District, City Court of Hammond, and Marshal's Office - City Court of Hammond. Financial information for the Hammond Downtown Development District is blended with the financial information for the City. Financial information for City Court of Hammond and Marshal's Office - City Court of Hammond is reported separately from the financial information presented for the primary government itself. Complete financial statements of these entities can be obtained directly from their respective administrative offices.

The government-wide financial statements can be found on pages 16 - 17 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a variety of funds, which are grouped for management purposes into special revenue, debt service and capital projects fund groups. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Sales Tax Fund, which are considered major funds. Data from all the other governmental funds are combined into a single aggregated presentation.

At June 30, 2019, the City's governmental funds reported combined fund balances of $12,522,009, an increase of $870,811 in comparison with the prior year. Approximately 20.1% of this amount, $2,514,218, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form ($468,338) 2) restricted for particular purposes ($3,927,844), 3) committed for particular purposes ($5,149,565), or 4) assigned for particular purposes ($462,044).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,514,218. The Fund balance increased $998,061. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 9.9% of total general fund expenditures.

The Sales Tax Fund, a major fund, had a $1,516,974 decrease in fund balance during the current fiscal year which put the overall fund balance at $928,926 as of June 30, 2019. The entire fund balance has been committed for particular purposes by the City.

The Airport Capital Projects Fund, a major fund, had a $101,791 increase in fund balance during the current fiscal year which put the overall fund balance at $145,397 as of June 30, 2019. The entire fund balance has been restricted for capital projects at the City's Airport.

The Capital Projects Fund, a major fund, had a $378,288 increase in fund balance during the current fiscal year which put the overall fund balance at $2,954,233 as of June 30, 2019. The entire fund balance has been committed for capital projects within the City.

Proprietary Funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally for general liability, worker's compensation self-insurance and health insurance. The services provided by these funds benefit the governmental and business-type functions. They have been included within business-type and governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for water and sewer systems.

Proprietary fund financial statements can be found on pages 23 - 26 of this report.

Notes to Financial Statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 87 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hammond, assets and deferred outflows of governmental and business-type activities exceeded liabilities and deferred inflows by $48,366,271 at the close of the most recent fiscal year.

In accordance with GASB Statement No. 68, the City records the net pension liability of the three retirement plans that service the City. This has caused a deficit unrestricted amount. By far the largest portion of the City's net position reflects the investment in capital assets net of any related outstanding debt used to acquire those assets. The City of Hammond uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For more detailed information refer to page 16, Statement of Net Position.

An additional portion of the City of Hammond's net position represents resources that are subject to external restrictions on how they may be used.

Effective June 30, 2018 the City implemented GASB Statement No. 75 in which, the City recorded its total OPEB liability. This was recorded retrospectively and resulted in a prior period adjustment to net position of $1,759,306 as of June 30, 2018.

Net Position. The following table reflects condensed information on the City's net position:

City of Hammond, Louisiana
Net Position

	Governmental Activities 2019	Governmental Activities 2018	Business-Type Activities 2019	Business-Type Activities 2018	Total 2019	Total 2018
ASSETS:						
Current and other assets	$ 15,542,679	$ 14,475,856	$ 2,909,423	$ 3,527,897	$ 18,452,102	$ 18,003,753
Land	5,340,737	5,115,805	158,047	158,047	5,498,784	5,273,852
Construction in progress	7,229,393	3,576,291	772,550	427,878	8,001,943	4,004,169
Capital assets (net of accumulated depreciation)	46,913,757	49,653,341	18,888,825	19,551,335	65,802,582	69,204,676
TOTAL ASSETS	75,026,566	72,821,293	22,728,845	23,665,157	97,755,411	96,486,450
DEFERRED OUTFLOWS OF RESOURCES:	7,623,739	7,582,325	1,175,692	408,578	8,799,431	7,990,903
LIABILITIES:						
Other liabilities	4,346,795	4,032,637	1,391,730	1,717,234	5,738,525	5,749,871
Noncurrent liabilities	42,447,268	45,314,735	7,410,225	5,299,630	49,857,493	50,614,365
TOTAL LIABILITIES	46,794,063	49,347,372	8,801,955	7,016,864	55,596,018	56,364,236
DEFERRED INFLOWS OF RESOURCES:	2,427,610	2,242,807	164,943	83,957	2,592,553	2,326,764
NET POSITION:						
Net investment in capital assets	47,551,489	44,670,741	19,819,422	20,137,260	67,370,911	64,808,001
Restricted for:						
Debt service	2,932,329	2,794,655	-	-	2,932,329	2,794,655
Capital Projects	2,501,291	1,288,113	-	-	2,501,291	1,288,113
Unrestricted	(19,556,477)	(19,940,070)	(4,881,783)	(3,164,346)	(24,438,260)	(23,104,416)
TOTAL NET POSITION	$ 33,428,632	$ 28,813,439	$ 14,937,639	$ 16,972,914	$ 48,366,271	$ 45,786,353

Capital Assets

There was a net decrease in Capital Assets of $3,402,094 for the year ended June 30, 2019. This decrease is primarily the result of depreciation.

Long Term Debt

The following table reflects information on the City's Bonds Payable.

Governmental Funds:

	Balance 06/30/2019	Balance 06/30/2018
Limited Tax Revenue Bonds, Series 2011	$ 1,755,000	$ 2,165,000
Sales Tax Bonds, Series 2015	8,689,936	10,060,405
Limited Tax Certificates, Series 2018	250,000	-
TOTAL GOVERNMENTAL FUNDS	$ 10,694,936	$ 12,225,405

At year-end, the City of Hammond had $10,694,936 in bonds outstanding, which was a decrease of 13% over the prior year, as shown in the Table above. More information about the City of Hammond's long-term liabilities is provided in notes 9, 10, 11, 19 and 20.

Proprietary Funds:

	Balance 06/30/2019	Balance 06/30/2018
Revenue Bonds, Series 2013	$ 3,646,770	$ 3,642,465
TOTAL PROPRIETARY FUNDS	$ 3,646,770	$ 3,642,465

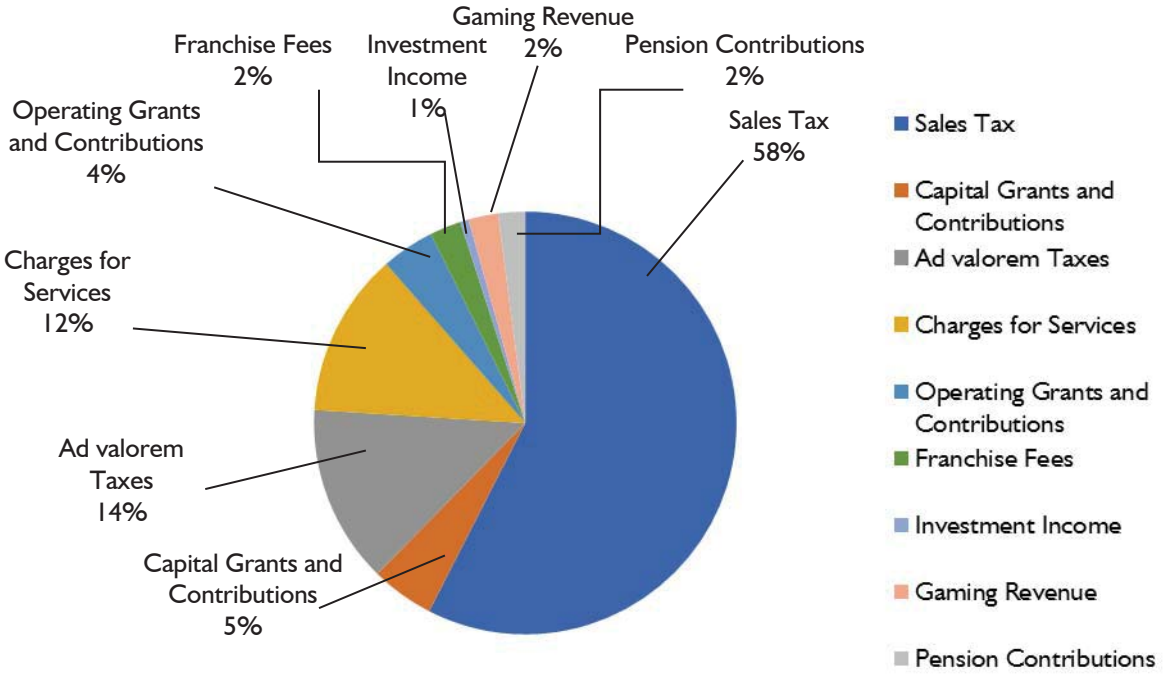
CHANGES IN NET POSITION. The City's total revenues and expenses for governmental and business-type activities are reflected in the following table of condensed information:

City of Hammond, Louisiana

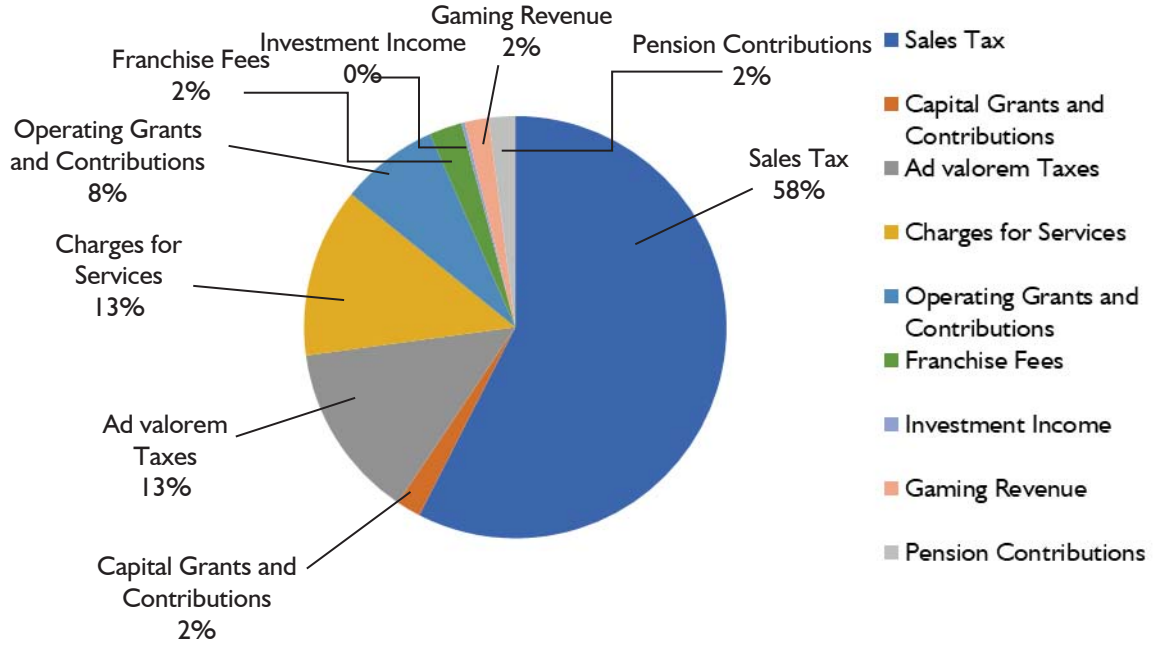
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES:						
Program revenues:						
Charges for services	$ 4,557,696	$ 4,665,923	$ 4,409,484	$ 4,695,796	$ 8,967,180	$ 9,361,719
Operating grants and contributions	1,478,242	2,700,612	-	-	1,478,242	2,700,612
Capital grants and contributions	1,744,776	666,444	87,614	24,504	1,832,390	690,948
General revenues:						
Sales tax	20,876,600	20,657,663	-	-	20,876,600	20,657,663
Ad valorem taxes	4,947,297	4,842,863	-	-	4,947,297	4,842,863
Franchise fees	869,662	904,305	-	-	869,662	904,305
Investment earnings	234,570	93,812	44,253	25,739	278,823	119,551
Gaming revenues	822,550	657,087	-	-	822,550	657,087
Transfers	90,000	244,183	(90,000)	(244,183)	-	-
Pension contributions from non-employer contributing entities	733,054	725,694	17,800	17,800	750,854	743,494
Total revenues	36,354,447	36,158,586	4,469,151	4,519,656	40,823,598	40,678,242
EXPENSES:						
General government	4,660,729	4,511,234	-	-	4,660,729	4,511,234
Economic development	333,778	311,504	-	-	333,778	311,504
Urban redevelopment	200	44,015	-	-	200	44,015
Public safety - police/fire	16,219,838	18,148,038	-	-	16,219,838	18,148,038
Public works	5,646,415	5,494,433	-	-	5,646,415	5,494,433
Health and sanitation	1,265,687	1,174,160	-	-	1,265,687	1,174,160
Culture and recreation	989,192	938,015	-	-	989,192	938,015
Airport	1,101,573	895,567	-	-	1,101,573	895,567
Cemeteries and municipal grounds	1,266,063	1,314,372	-	-	1,266,063	1,314,372
Water and sewer operating expenses	-	-	6,504,426	4,907,304	6,504,426	4,907,304
Paying agent fees on long-term debt	2,245	1,550	-	-	2,245	1,550
Interest on long-term debt	253,534	291,486	-	-	253,534	291,486
Total expenses	31,739,254	33,124,374	6,504,426	4,907,304	38,243,680	38,031,678
Increase (decrease) in net position	4,615,193	3,034,212	(2,035,275)	(387,648)	2,579,918	2,646,564
Net position – beginning of year (originally stated)	28,813,439	27,322,535	16,972,914	17,576,560	45,786,353	44,899,095
Prior period adjustment	-	(1,543,308)	-	(215,998)	-	(1,759,306)
Net position – beginning of year (restated)	28,813,439	25,779,227	16,972,914	17,360,562	45,786,353	43,139,789
Net position - end of year	$ 33,428,632	$ 28,813,439	$ 14,937,639	$ 16,972,914	$ 48,366,271	$ 45,786,353

Revenues by Source – Governmental Activities June 30, 2019



Revenues by Source – Governmental Activities June 30, 2018



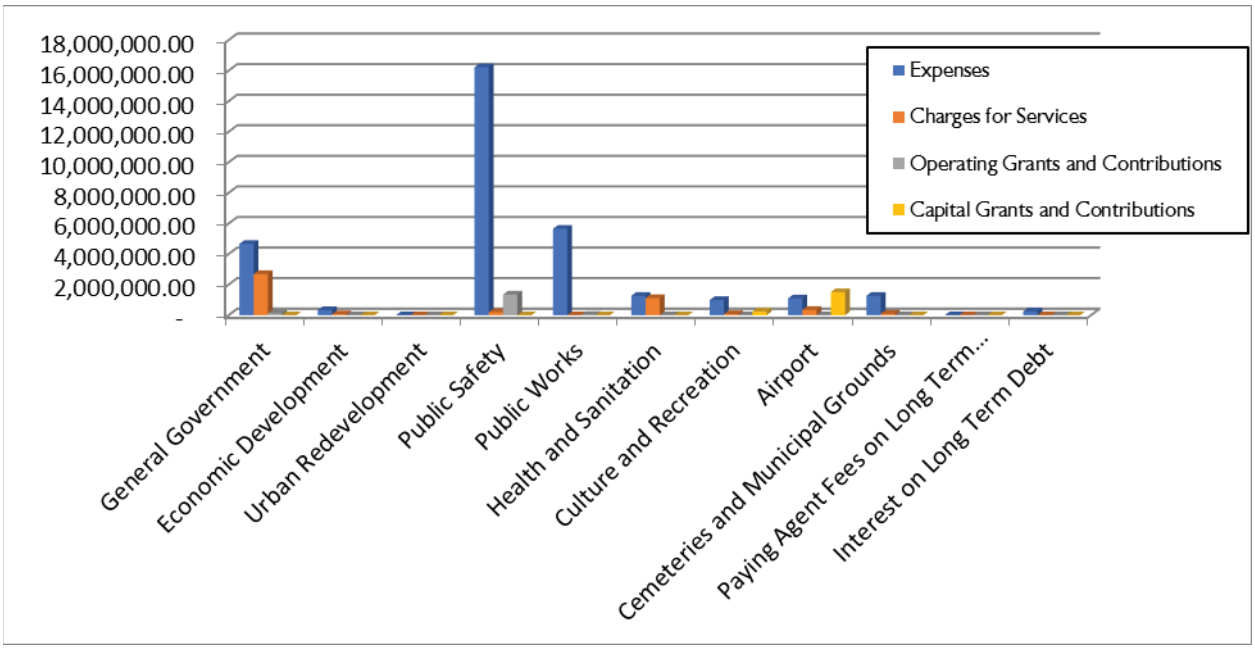
The following chart reflects the City's revenues for the years ended June 30, 2019 and 2018:

Revenues	June 30, 2019	June 30, 2018	Difference
Sales Tax	$ 20,876,600	$ 20,657,663	$ 218,937
Capital Grants and Contributions	1,744,776	666,444	1,078,332
Ad valorem Taxes	4,947,297	4,842,863	104,434
Charges for Services	4,557,696	4,665,923	(108,227)
Operating Grants and Contributions	1,478,242	2,700,612	(1,222,370)
Franchise Fees	869,662	904,305	(34,643)
Investment Earnings	234,570	93,812	140,758
Gaming Revenue	822,550	657,087	165,463
Pension Contributions from non-employer contributing entities	733,054	725,694	7,360
Total Revenues	$ 36,264,447	$ 35,914,403	$ 350,044

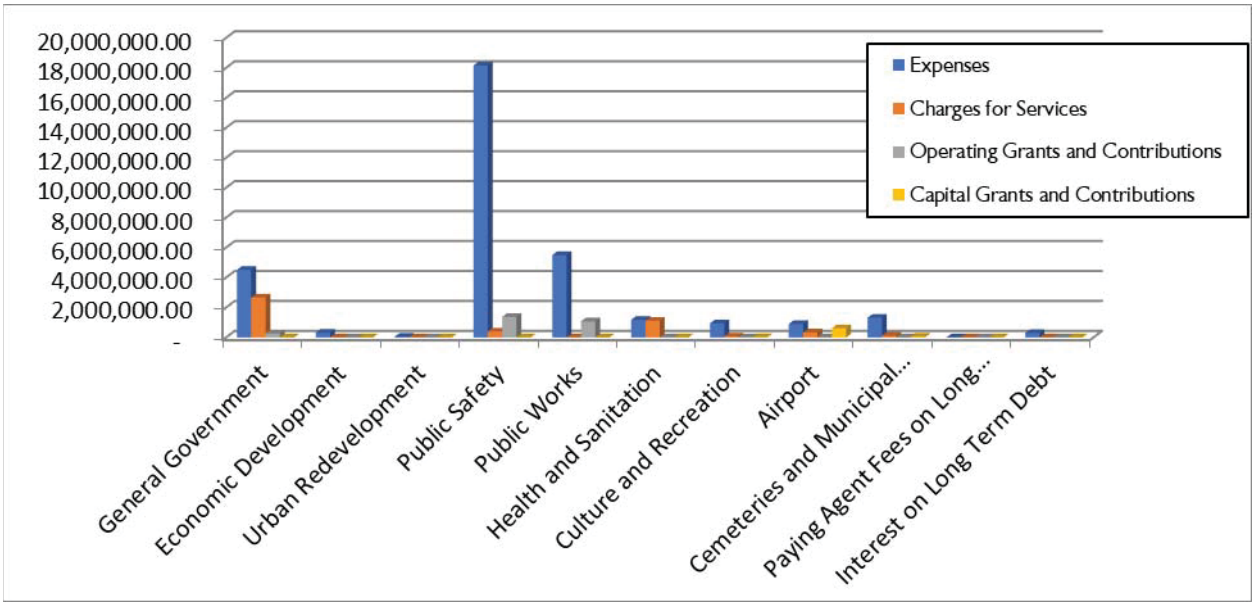
The cost of all governmental activities for the year ended June 30, 2019 was $31,739,254. The Statement of Activities for the year ended June 30, 2019 on page 17 shows that those who use the services financed $4,557,696 and $3,223,018 was financed by grants and contributions with the City's general revenues financing $28,573,733.

The City's largest programs are public safety, public works, and general government. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenue – Governmental Activities
For the Year Ended June 30, 2019



Expenses and Program Revenue – Governmental Activities
For the Year Ended June 30, 2018



Request for Information

Questions concerning any financial information provided or request for additional financial information should be addressed to Syeda Naeem, Director of Finance, City of Hammond, P.O. Box 2788, 310 East Charles, Hammond, Louisiana 70404-2788, (985) 277-5624.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY OF HAMMOND, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	City Court of Hammond	Marshal of City Court of Hammond
ASSETS					
Cash and cash equivalents	$ 8,646,517	$ 976,425	$ 9,622,942	$ 351,027	$ 280,206
Investments at cost	-	-	-	599,510	235,604
Receivables					
Customers (net of allowance for doubtful accounts of $50,000)	-	949,354	949,354	-	-
Franchise taxes receivable	198,483	-	198,483	-	-
Notes receivable	468,338	-	468,338	-	-
Other receivable	271,794	-	271,794	-	1,574
Prepaid insurance	575,386	-	575,386	-	11,766
Due from other governments	4,381,089	117,433	4,498,522	34,526	31,867
Restricted assets					
Cash and cash equivalents	822,537	866,211	1,688,748	41,613	-
Internal balances	-	-	-	72,741	19,172
Due from business-type activities	178,535	-	178,535	-	-
Land	5,340,737	158,047	5,498,784	-	-
Construction in progress	7,229,393	772,550	8,001,943	-	-
Capital assets (net of accumulated depreciation)	46,913,757	18,888,825	65,802,582	163,872	1,983
TOTAL ASSETS	75,026,566	22,728,845	97,755,411	1,263,289	582,172
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	7,559,270	1,166,458	8,725,728	258,485	173,368
Deferred outflows related to OPEB	64,469	9,234	73,703	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,623,739	1,175,692	8,799,431	258,485	173,368
LIABILITIES					
Accounts payable	827,902	70,511	898,413	17,494	11,981
Payroll taxes payable	63,171	-	63,171	-	-
Salaries payable	183,525	-	183,525	-	-
Claims payable	740,258	-	740,258	-	-
Claims incurred but not reported	5,011	-	5,011	-	-
Due to other governments	-	11,592	11,592	-	-
Interest payable	31,686	-	31,686	-	-
Retainage payable	300,013	-	300,013	-	-
Other payable	450,229	52,881	503,110	30,060	3,742
Due to governmental activities	-	178,535	178,535	-	-
Payable from restricted assets					
Customers' deposits	-	866,211	866,211	-	-
Bonds payable - current portion	1,745,000	212,000	1,957,000	-	-
Noncurrent liabilities					
Other post-employment benefits (OPEB) payable	1,828,330	261,864	2,090,194	-	-
Bonds payable	8,949,936	3,434,770	12,384,706	-	-
Accumulated leave payable	4,349,650	406,691	4,756,341	61,891	9,058
Net pension liability	27,319,352	3,306,900	30,626,252	387,798	569,376
TOTAL LIABILITIES	46,794,063	8,801,955	55,596,018	497,243	594,157
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	2,425,910	164,700	2,590,610	55,762	155,528
Deferred inflows related to OPEB	1,700	243	1,943	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,427,610	164,943	2,592,553	55,762	155,528
NET POSITION					
Net investment in capital assets	47,551,489	19,819,422	67,370,911	163,872	1,983
Restricted for:					
Debt Service	2,932,329	-	2,932,329	-	-
Capital projects	2,501,291	-	2,501,291	-	-
Judicial building fund	-	-	-	48,179	-
Unrestricted	(19,556,477)	(4,881,783)	(24,438,260)	756,718	3,872
TOTAL NET POSITION	$ 33,428,632	$ 14,937,639	$ 48,366,271	$ 968,769	$ 5,855

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenue			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government								
Governmental activities:								
General government	$ 4,660,729	$ 2,688,025	$ 112,157	$ -	$ (1,860,547)	$ -	$ (1,860,547)	
Economic development	333,778	56,465	-	-	(277,313)	-	(277,313)	
Urban redevelopment	200	-	-	-	(200)	-	(200)	
Public safety: police	9,774,773	193,131	571,458	-	(9,010,184)	-	(9,010,184)	
Public safety: fire	6,445,065	-	775,397	-	(5,669,668)	-	(5,669,668)	
Public works	5,646,415	-	19,230	-	(5,627,185)	-	(5,627,185)	
Health and sanitation	1,265,687	1,114,883	-	-	(150,804)	-	(150,804)	
Culture and recreation	989,192	71,642	-	242,640	(674,910)	-	(674,910)	
Airport	1,101,573	341,765	-	1,502,136	742,328	-	742,328	
Cemeteries and municipal grounds	1,266,063	91,785	-	-	(1,174,278)	-	(1,174,278)	
Paying agent fees on long-term debt	2,245	-	-	-	(2,245)	-	(2,245)	
Interest on long-term debt	253,534	-	-	-	(253,534)	-	(253,534)	
Total governmental activities	31,739,254	4,557,696	1,478,242	1,744,776	(23,958,540)	-	(23,958,540)	
Business-type activities:								
Water and sewer	6,504,426	4,409,484	-	87,614	-	(2,007,328)	(2,007,328)	
Total business-type activities	6,504,426	4,409,484	-	87,614	-	(2,007,328)	(2,007,328)	
Total primary government	$ 38,243,680	$ 8,967,180	$1,478,242	$ 1,832,390	(23,958,540)	(2,007,328)	(25,965,868)	
Component units:								
City Court of Hammond	$ 1,917,748	$ 809,095	$ 824,757	$ -	-	-	-	$ (283,896)
Marshall of City Court of Hammond	570,873	241,652	482,429	-	-	-	-	153,208
Total component units	$ 2,488,621	$ 1,050,747	$1,307,186	$ -	-	-	-	(130,688)
General revenues:								
Taxes:								
Sales taxes					20,876,600	-	20,876,600	-
Ad valorem taxes, levied for general purposes					4,064,013	-	4,064,013	-
Ad valorem taxes, levied for fire and police					883,284	-	883,284	-
Franchise fees					869,662	-	869,662	-
Gaming revenues					822,550	-	822,550	-
Unrestricted investment earnings					234,570	44,253	278,823	6,189
Transfers					90,000	(90,000)	-	-
Pension contributions from non-employer contributing entities					733,054	17,800	750,854	18,881
Total general revenues and transfers					28,573,733	(27,947)	28,545,786	25,070
Change in net position					4,615,193	(2,035,275)	2,579,918	(105,618)
Net position – beginning of year					28,813,439	16,972,914	45,786,353	1,080,242
Net position – end of year					$ 33,428,632	$ 14,937,639	$ 48,366,271	$ 974,624

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

CITY OF HAMMOND, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Sales Tax Fund	Airport Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 292,519	$ 42,591	$ 52,997	$ 2,801,759	$ 5,532,571	$ 8,722,437
Franchise taxes receivable	198,483	-	-	-	-	198,483
Due from other funds	2,997,834	-	-	550,000	-	3,547,834
Due from other governments	82,679	3,679,634	515,432	62,248	41,096	4,381,089
Other receivables	267,120	-	-	-	4,674	271,794
Notes receivable	-	-	-	-	468,338	468,338
TOTAL ASSETS	$ 3,838,635	$ 3,722,225	$ 568,429	$ 3,414,007	$ 6,046,679	$ 17,589,975
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts payable	$ 467,750	$ -	$ -	$ 332,793	$ 24,236	$ 824,779
Due to other funds	300,000	2,793,299	250,000	-	26,000	3,369,299
Other payables	309,971	-	-	-	17,208	327,179
Salaries payble	183,525	-	-	-	-	183,525
Payroll taxes payable	63,171	-	-	-	-	63,171
Retainage payable	-	-	173,032	126,981	-	300,013
TOTAL LIABILITIES	1,324,417	2,793,299	423,032	459,774	67,444	5,067,966
Fund balances:						
Nonspendable amounts						
Not in spendable form	-	-	-	-	468,338	468,338
Restricted	-	-	145,397	-	3,782,447	3,927,844
Committed	-	928,926	-	2,954,233	1,266,406	5,149,565
Assigned	-	-	-	-	462,044	462,044
Unassigned	2,514,218	-	-	-	-	2,514,218
TOTAL FUND BALANCES	2,514,218	928,926	145,397	2,954,233	5,979,235	12,522,009
TOTAL LIABILITIES AND FUND BALANCES	$ 3,838,635	$ 3,722,225	$ 568,429	$ 3,414,007	$ 6,046,679	$ 17,589,975

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances, Governmental Funds	$ 12,522,009
Capital assets net of accumulated depreciation at June 30, 2019	59,483,887
In the Statement of Net Position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(31,686)
Internal service fund's assets and liabilities (governmental activities)	450,561
Long term liabilities at June 30, 2019:	
General obligation bonds payable	(10,694,936)
Other post-employment benefits payable	(1,828,330)
Accumulated leave payable	(4,349,650)
Net pension liability	(27,319,352)
Deferred outflows of resources:	
Changes in proportion and difference between contributions and proportionate share of contributions	717,919
Difference between expected and actual experience	58,363
Contributions subsequent to the measurement date	3,027,402
Net difference between projected and actual earning on pension plan investments	2,194,072
Change in assumptions related to pensions	1,561,514
Change in assumptions related to OPEB	64,469
Deferred inflows of resources:	
Changes in proportion and differences between contributions and proportionate share of contributions	(962,954)
Differences between expected and actual experience related to pension	(1,461,826)
Differences between expected and actual experience related to OPEB	(1,700)
Change in assumptions	(1,130)
Net position of governmental activities	$ 33,428,632

CITY OF HAMMOND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Sales Tax Fund	Airport Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 5,522,682	$ 20,876,600	$ -	$ -	$ 294,277	$ 26,693,559
Licenses and permits	2,138,892	-	-	-	-	2,138,892
Federal grants	-	-	1,231,906	242,640	92,408	1,566,954
State grants	8,067	-	270,230	-	-	278,297
Cemeteries and municipal grounds	91,785	-	-	-	-	91,785
Highways and streets	19,230	-	-	-	-	19,230
Public safety						
Police	131,077	-	-	-	-	131,077
Fire	410,426	-	-	-	-	410,426
Gaming revenue	822,550	-	-	-	-	822,550
Fines and forfeitures	374,135	-	-	-	-	374,135
Sanitation service fee	1,114,883	-	-	-	-	1,114,883
Court awards	-	-	-	-	42,706	42,706
State supplemental pay	820,737	-	-	-	-	820,737
Court witness fee	-	-	-	-	18,647	18,647
Department of motor vehicles fee	-	-	-	-	62,550	62,550
Parks and recreation	71,642	-	-	-	-	71,642
Donations	13,750	-	-	-	113,624	127,374
Interest	55,045	8,489	812	32,051	113,720	210,117
Miscellaneous	451,713	-	-	-	59,666	511,379
TOTAL REVENUES	12,046,614	20,885,089	1,502,948	274,691	797,598	35,506,940
EXPENDITURES						
General government	4,138,280	-	-	-	38,824	4,177,104
Public safety						
Police	8,826,510	-	-	-	199,661	9,026,171
Fire	5,597,886	-	-	-	-	5,597,886
Buildings	708,962	-	-	-	-	708,962
Highways and streets	2,364,554	-	-	-	-	2,364,554
Economic development	-	-	-	-	269,390	269,390
Cemeteries and municipal grounds	1,152,876	-	-	-	-	1,152,876
Urban redevelopment	-	-	-	-	200	200
Sanitation	1,265,687	-	-	-	-	1,265,687
Airport	338,817	-	-	-	-	338,817
Parks and recreation	996,540	-	-	-	-	996,540
Capital outlay	36,694	327,316	1,690,111	3,082,299	282,750	5,419,170
Miscellaneous	-	-	-	1,314	84,417	85,731
Debt Service						
Principal retirement	-	-	-	-	1,685,000	1,685,000
Paying agent fees	-	-	-	-	2,245	2,245
Bond issuance costs	-	-	-	-	5,186	5,186
Interest and charges	-	-	-	-	400,610	400,610
TOTAL EXPENDITURES	25,426,806	327,316	1,690,111	3,083,613	2,968,283	33,496,129
Excess (deficiency) of revenues over expenditures	(13,380,192)	20,557,773	(187,163)	(2,808,922)	(2,170,685)	2,010,811
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	300,000	300,000
Operating transfers in	18,329,347	-	288,954	3,187,210	3,333,786	25,139,297
Operating transfers (out)	(3,951,094)	(22,074,747)	-	-	(553,456)	(26,579,297)
Total other financing sources (uses)	14,378,253	(22,074,747)	288,954	3,187,210	3,080,330	(1,140,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	998,061	(1,516,974)	101,791	378,288	909,645	870,811
Fund balances, beginning	1,516,157	2,445,900	43,606	2,575,945	5,069,590	11,651,198
Fund balances, ending	$ 2,514,218	$ 928,926	$ 145,397	$ 2,954,233	$ 5,979,235	$ 12,522,009

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	$ 870,811
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay $5,084,852 exceeded depreciation $3,676,553 in the current period.	1,408,299
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,239,531
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	(9,753)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the change in accrued interest from the prior year.	1,607
In accordance with Governmental Accounting Standards Board the net pension liability related to pension plans is not required to be reported in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities:	
Net change in pension expense	321,009
Contributions from non-employer contributing entities	733,054
The net effect of certain transactions, such as compensated absences, other post-employment benefits and prepaids, are reported with governmental activities.	50,635
Change in Net Position of Governmental Activities	$ 4,615,193

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS		
Cash and cash equivalents	$ 976,425	$ 746,617
Receivables		
Customers (net of allowance for doubtful accounts of $50,000)	949,354	-
Due from other governments	117,433	-
Prepaid Insurance	-	575,386
Total current assets	2,043,212	1,322,003
RESTRICTED ASSETS		
Customers' deposits		
Cash and cash equivalents	866,211	-
Total restricted assets	866,211	-
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	19,819,422	-
TOTAL ASSETS	22,728,845	1,322,003
DEFERRED OUTFLOWS OF RESOURCES		
Changes in proportion and differences between contributions and proportionate share of contributions	167,081	-
Changes in assumptions related to pensions	99,548	-
Changes in assumptions related to OPEB	9,234	-
Net difference between projected and actual earnings on pension plan investments	506,761	-
Contributions subsequent to the measurement date	393,068	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,175,692	-
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	70,511	3,123
Claims payable	-	740,258
Claims incurred but not reported	-	5,011
Due to other funds	178,535	-
Due to other governments	11,592	-
Current portion of bonds payable	212,000	-
Other payables	52,881	123,050
Total current liabilities (payable from current assets)	525,519	871,442
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customers' deposits	866,211	-
Total current liabilities (payable from restricted assets)	866,211	-
LONG-TERM LIABILITIES		
Other post employment benefits payable	261,864	-
Accumulated leave payable	406,691	-
Bonds payable	3,434,770	-
Net pension liability	3,306,900	-
Total long-term liabilities	7,410,225	-
TOTAL LIABILITIES	8,801,955	871,442
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience related to pension	117,575	-
Differences between expected and actual experience related to OPEB	243	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,125	-
TOTAL DEFERRED INFLOWS OF RESOURCES	164,943	-
NET POSITION		
Net investment in capital assets	19,819,422	-
Unrestricted	(4,881,783)	450,561
TOTAL NET POSITION	$ 14,937,639	$ 450,561

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Sewer charges	$ 2,304,325	$ -
Water sales	1,151,103	-
Tap-in and reconnect fees	33,092	-
Monthly user fees	573,850	-
Other fees	99,659	-
Insurance charges	-	2,660,320
Insurance reimbursements	-	42,520
Miscellaneous	247,455	-
Total operating revenues	4,409,484	2,702,840
OPERATING EXPENSES		
Insurance	-	4,267,046
Personnel services	3,401,939	-
Contractual services, supplies, materials and other	1,469,907	-
Depreciation	1,541,692	-
Total operating expenses	6,413,538	4,267,046
Operating income (loss)	(2,004,054)	(1,564,206)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	44,253	24,453
Miscellaneous expense	(74,278)	-
Federal grant	86,841	-
State grant	773	-
Pension contributions from non-employer contributing entities	17,800	-
Interest expense	(16,610)	-
Total non-operating revenues (expenses)	58,779	24,453
Loss before operating transfers	(1,945,275)	(1,539,753)
TRANSFERS IN	240,000	1,530,000
TRANSFERS OUT	(330,000)	-
Total operating transfers	(90,000)	1,530,000
Change in net position	(2,035,275)	(9,753)
TOTAL NET POSITION - beginning	16,972,914	460,314
TOTAL NET POSITION - ending	$ 14,937,639	$ 450,561

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 4,509,886	$ 2,660,320
Payments to suppliers	(1,822,137)	(4,386,295)
Payments to employees	(1,450,798)	-
Receipts from claim settlements	-	42,520
Payments to other funds	(155,768)	-
Net cash provided by (used in) operating activities	1,081,183	(1,683,455)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,223,854)	-
Miscellaneous expenses	(56,478)	-
Interest paid	(16,610)	-
Grant expenses	(126,691)	-
Operating transfers out	(330,000)	-
Operating transfers in	240,000	1,530,000
Net cash provided by (used in) capital and related financing activities	(1,513,633)	1,530,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	44,253	24,453
Net cash provided by investing activities	44,253	24,453
Net decrease in cash and cash equivalents	(388,197)	(129,002)
Cash and cash equivalents, beginning	2,230,833	875,619
Cash and cash equivalents, ending	$ 1,842,636	$ 746,617

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating loss	$ (2,004,054)	$ (1,564,206)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,541,692	-
Decrease in accounts receivable	76,058	-
Increase in prepaid insurance	-	(19,151)
Decrease in due from other governments	154,219	-
Increase in deferred outflows	(767,114)	-
Decrease in accounts payable	(11,607)	(1,135)
Increase in customer deposits	22,294	-
Increase in due to other governments	2,050	-
Decrease in due to other funds	(155,768)	-
Increase in accumulated leave	17,930	-
Increase (decrease) in other payables	16,832	(11,570)
Decrease in claims payable	-	(87,393)
Increase in bonds payable	4,305	-
Increase in net pension liability	2,097,085	-
Increase in net OPEB liability	6,275	-
Increase in deferred inflows	80,986	-
Total adjustments	3,085,237	(119,249)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,081,183	$ (1,683,455)

The accompanying notes are an integral part of this statement.

CITY OF HAMMOND, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS
STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Marshal's Office City Court of Hammond	City Court of Hammond
ASSETS:		
Cash on hand and in banks	$ 46,540	$ 405,961
Accounts receivable	-	350
TOTAL ASSETS	46,540	406,311
LIABILITIES:		
Accounts Payable	-	101,945
Due to General Fund	19,172	66,102
Due to Judicial Building Fund	-	6,639
Due to Others	27,368	231,625
TOTAL LIABILITIES	46,540	406,311
NET POSITION	-	-
TOTAL NET POSITION	$ -	$ -

The accompanying notes are an integral part of this statement.

INTRODUCTION:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY:

As the municipal governing authority, the City is considered a separate entity for reporting purposes. 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 the 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 as amended by GASB Statement No. 61 and GASB Statement No. 80, establishes criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
   a. The ability of the municipality to impose its will on that organization and/or
   b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent and provide the potential for specific financial benefits to, or impose specific financial burdens on the municipality.
3. Organizations for which the reporting entity’s financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.
4. Organizations that are organized as not-for-profit corporations in which the primary government is the sole corporate member, as identified in the component unit’s articles of incorporation or bylaws.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. REPORTING ENTITY: (Continued)

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

Component Unit	Year End	Criteria Used
City Court	June 30, 2019	2
Marshal's Office - City Court	June 30, 2019	2
Hammond Downtown Development District	June 30, 2019	1

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units.

Blended Component Unit

Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City has one blended component unit which is reported as if it were part of or blended with the City's operations. The Hammond Downtown Development District (the District) was created to formulate and implement a redevelopment plan for the central business district of the City. The City's governing authority appoints the District's board members and approves the redevelopment plan. The District is reported as a Special Revenue Fund of the City. No separate financial statements for the District have been issued.

Discretely Presented Component Units

Component units that are legally separate from the City, but are financially accountable to the City or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete, are discretely presented. The Component Unit columns of the combined financial statements include the financial data of the discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. REPORTING ENTITY: (Continued)

Discretely Presented Component Units: (Continued)

Funding for the following state constitutionally defined agencies is included in the City's General Fund. These agencies, however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's financial statements:

City Court of Hammond - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities. In addition, the City assists in funding the operations of the Court. The City's financial statements discretely present the City Court of Hammond's financial statements for the year ended June 30, 2019.

Marshal's Office - City Court of Hammond - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities. In addition, the City assists in funding the operations of the Marshal's office. The City's financial statements discretely present the Marshal's financial statements for the year ended June 30, 2019.

Related Organizations

The Hammond Section 8 Housing Authority (the Authority) is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City's governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the City. This organization is not a component unit of the City's reporting entity. It is classified as a related organization. The City's accountability does not extend beyond making the appointments.

The Hammond-Tangipahoa Home Mortgage Authority is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Tangipahoa Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The City has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. REPORTING ENTITY: (Continued)

Related Organizations: (Continued)

manner for the debt issues of this agency. This agency is classified as a related organization.

Complete financial statements for each of the City's component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana; 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agency's administrative offices.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

In accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, included in the City's Annual Financial Report are the Management's Discussion and Analysis (MD&A), government-wide financial statements which include the Statement of Net Position and the Statement of Activities and fund financial statements which include the Balance Sheet, Reconciliation of the Balance Sheet to the Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

The Statement of Net Position and the Statement of Activities include the governmental and business-type activities of the City and also the component units for which the City is financially accountable. These government-wide statements for the governmental activities begin with the governmental funds financial statements balances and are adjusted to incorporate the City's capital assets, long-term debt and internal service funds. These adjustments are detailed in the financial statements in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Changes in Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities. For the most part, the effect of interfund activity has been removed from the government-wide statements. The Statement of Activities presents financial information in a manner that shows the income and expenses generated by each individual governmental function or unit. Taxes are reported as general revenues along with other items that cannot be properly included in program revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

Fund financial statements report major individual governmental funds in a separate column. Separate financial statements are provided for governmental funds, proprietary funds and component units.

Governmental funds are used to account for the majority of government's general activities, including the collection and disbursement of earmarked monies, (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds account for assets held in a trustee or agency capacity on behalf of others. The City has no fiduciary funds except those employed by its component units.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

Government-Wide Financial Statements:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interest income and intergovernmental revenues derived from providing services to entities outside the primary government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Government-Wide Financial Statements: (Continued)

Amounts reported as program revenues include:

1. Charges to customers or applicants for goods, services or privileges provided,
2. Operating grants and contributions and
3. Capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers ad valorem (property) taxes revenue in the year for which they are levied. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are franchise taxes, licenses, fines, interest revenue and charges for services. In accordance with GASB Statement No. 33, sales taxes collected and held by merchants and the intermediary collecting governments at year end on behalf of the City are recognized as revenue. Permits are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Fund Financial Statements: (Continued)

The City government reports the following major governmental funds:

- General Fund – the General Fund is the City's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

- Sales Tax Fund – the Sales Tax Fund is used to account for sales and use tax collected and its subsequent disbursement in accordance with sales tax dedication.

- Capital Projects Fund – the Capital Projects Fund is used to account for the proceeds of grants and other funding that are received primarily to assist in capital projects throughout the City of Hammond.

- Airport Capital Projects Fund – the Airport Capital Projects Fund is used to account for the proceeds of grants that are received primarily to assist in capital projects at the Hammond Airport.

The City government reports the following major proprietary fund:

- Water and Sewer Fund – the Water and Sewer Fund is used to account for the provisions of water and sewer services to residents of the City and certain residents outside of City limits. The fund also accounts for the maintenance of the water and sewer system, including capital outlay for the system. 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include personnel services, contractual services, supplies, materials, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Fund Financial Statements: (Continued)

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

The reporting focus of fiduciary funds is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not available to support City programs.

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying basic financial statements of the City have been prepared in conformity with such principles.

During the year ended June 30, 2019, the City adopted GASB Statement No. 83 – "Certain Asset Retirement Obligations". This statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported.

The City has identified two capital assets with potential AROs.

- The South Wastewater Treatment Plant has served the city's primary plant since 2006 and is comprised of a pre-treatment area and three aerated lagoons with disinfection via chlorine. Its operations and obligations are governed by federal and state laws, namely the United State Environmental Protection Agency and the Louisiana Department of Environmental Quality.

- Since November 2006, the South Slough Wetland is the city's wetland assimilation site that receives dechlorinated, treated wastewater from the south plant and uses that effluent to grow new wetlands and to buffer existing wetlands from saltwater intrusion. The structure is comprised of a 24" diameter aerial pipe that is 3600 linear feet with discharge nozzles. It's operations and obligations are governed by federal and state laws, namely the United State Environmental Protection Agency and the Louisiana Department of Environmental Quality.

The City has not yet recognized the obligation. It is in the process of assessing and analyzing costs to determine a reasonable estimate for the ARO.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Budgets:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. By May 15, 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. By June 30, 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.

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 accounting principles generally accepted in the United States of America as applied to governmental units.

Budgetary data for the discretely presented component units are not presented in these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Compensated Absences:

The City accrues accumulated unpaid vacation and sick leave and associated employee related costs when earned by the employee. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental funds financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. In the government-wide financial statements, the entire compensated absences liability is reported. Substantially all employees of the City government earn from one week to four weeks of annual leave each year depending on length of service. Each year any unused annual leave may be accumulated up to a maximum of 280 hours. Upon termination, an employee shall be paid a value of his accrued annual leave up to 280 hours.

All employees except Fire and Police earn 12 days a year of sick leave regardless of the length of service. All civil service employees of the Police and Fire Departments are given, in accordance with civil service requirements, with full pay, a sick leave aggregating not less than fifty-two weeks during any calendar year when the conditions actually warrant. Each year any unused sick leave may accumulate. Upon retirement an employee shall be paid up to 1,440 hours of accrued sick leave. Upon termination, an employee is not paid for accrued sick leave.

Sales and Use Tax:

The City has a two-percent sales and use tax. The Tangipahoa Parish School Board is authorized to collect and remit this tax to the City for a stipulated fee. The City's sales tax ordinances provide that the proceeds can be used for debt service payments and general governmental operations of the City.

Long-Term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond payables are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Long-Term Obligations: (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets:

Included in restricted assets of the governmental activities in the Statement of Net Position are:

1) The "Capital Project Fund", which is used to segregate those resources accumulated through sale of bond or state financing to be used for capital projects, 2) the "Debt Service Fund" account, which is used to pay principal and interest on the City's general obligation, and sales tax bonds and 3) the "Airport Capital Projects Fund", which is used to segregate those resources accumulated to be used for capital projects at the airport.

Included in restricted assets of the business-type activities in the Statement of Net Position are:

The "Customers' Deposits" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service.

Governmental Fund Balances:

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* fund balances are classified as follows:

1) Non-Spendable Fund Balances – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

2) Restricted Fund Balance – amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Governmental Fund Balances: (Continued)

3) Committed Fund Balance – amounts that can be used only for specific purposes determine by a formal action by City Council ordinance or resolution.

4) Assigned Fund Balance – amounts that are constrained by the City's intent that they will be used for specific purposes.

5) Unassigned Fund Balance – all amounts not included in the other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

Allowance for Doubtful Accounts:

The City has established an allowance for doubtful accounts for write-off of delinquent accounts. The City's allowance is based on management's best estimate of uncollectible amounts. The allowance for doubtful accounts at June 30, 2019 is $50,000.

Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts.

Advance To/From Other Funds:

Non-current portions of long-term interfund loans on receivables are reported as advances.

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 to or from other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables or payables or due to or from other funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items in the government-wide financial statements and fund financial statements.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than $500 for equipment, $100,000 for water and sewer infrastructure, $250,000 for general infrastructure, and $50,000 for buildings. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was incurred by the City during the current fiscal year.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	Life
Buildings	10-40 years
Lines and mains	20-50 years
Equipment and vehicles	5-20 years
Infrastructure	20-40 years

Intangible Assets:

Intangible assets include easements, computer software, patent, copyrights, trademarks and goodwill. The City does not currently have any reportable intangible assets that meet the capitalization threshold for intangible assets in accordance with GASB Statement No. 51 "Accounting and Reporting for Intangible Assets."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: (Continued)

Interfund Transactions:

On fund financial statements, long-term interfund loans are classified as "due to/from other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Use of Estimates:

The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. 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.

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 9.04 mills of assessed valuation for general operating purposes. In 2011, the City passed an ordinance to allow part of the 9.04 mills to support debt service payments for Limited Tax Revenue Bonds issued in 2011. In addition, voters renewed a ten-year millage in 2008 of two (2) mills to be used for public improvements upkeep. The total is for general government services. No

2. AD VALOREM TAXES: (Continued)

assessment was required for payment of long-term debt. On October 2, 2010, the voters of the City renewed a ten (10) mill property tax for a period of ten (10) years, beginning with the year 2011, for the purpose of operating, maintaining and acquiring police and fire protection services, facilities and equipment and paying Police and Fire Department salaries.

The Hammond Downtown Development District (the District) is permitted by state law to levy taxes up to fifteen (15) mills on all property subject to taxation by the District for the purpose of constructing, acquiring, operating or maintaining public facilities contemplated by the redevelopment plan and for the operating expenses of the District.

For the year ended June 30, 2019, taxes were levied for the City (21.04 mills) and the District (15 mills) on property. The total tax levied was $4,994,314. Tax collections for the year ended June 30, 2019 were 98.9% of the tax levy.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS:

A. Primary Government

Cash and cash equivalents include amounts in demand deposits and interest-bearing demand deposits. Under state law, the City 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 primary government had no long-term investments as of June 30, 2019. All monies are invested in short term cash equivalents.

At June 30, 2019, the City had cash (book balances) totaling $11,311,690 as follows:

Governmental Funds:	
Petty cash	$ 1,500
Demand deposits	9,309
Interest bearing demand deposits	8,711,628
	8,722,437

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

A. Primary Government: (Continued)

Proprietary Funds:	
Enterprise Fund	
Interest bearing demand deposit	1,842,636
Internal Service Fund	
Interest bearing demand deposit	696,697
Cash with agent	49,920
	746,617
Total	$ 11,311,690

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 City in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the City had $11,746,919 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities.

B. Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of $11,746,919 at June 30, 2019 is secured by pledged collateral held in joint custody. The City has no formal policy regarding custodial credit risk.

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3), under the provision of GASB Statement No. 40. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the governmental entity that the fiscal agent has failed to pay deposited funds upon demand.

C. Discretely Presented Component Units

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and certificates of deposit) at June 30, 2019, are as follows:

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

C. Discretely Presented Component Units: (Continued)

City Court of Hammond

The City Court of Hammond reported on the government-wide financial statements cash and cash equivalents in the amount of $392,640 in deposits (book balances), of which $41,613 is restricted, at June 30, 2019. Total cash (book balances) from fiduciary responsibilities was $405,961 at June 30, 2019. The City Court of Hammond reported on the government-wide financial statements investments (book balance) of $599,510 at June 30, 2019. Bank balances at June 30, 2019 totaled $1,384,189 of which $815,641 was insured by FDIC Insurance and $568,548 was collateralized with investments held by pledging bank's trust department not in the City Court's name.

Certificates of deposit with a maturity of 90 days or more are classified on the government-wide financial statements, fund financial statements and statement of fiduciary net position as "Investments".

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The City Court does not have a deposit policy for custodial risk. At June 30, 2019, $568,548 was exposed to custodial credit risk.

Deposits collateralized by pledged securities are considered to be exposed to credit risk under the provision of GASB Statement No. 40. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the governmental entity that the fiscal agent has failed to pay deposited funds upon demand.

At June 30, 2019, the City Court was in compliance with state law, which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

Marshal's Office - City Court of Hammond

At June 30, 2019, the Marshal's Office reported on the government-wide financial statements cash and cash equivalents (book balances) in the amount of $280,206. Total cash (book balances) from fiduciary responsibilities not reported on the government-wide financial statements was $46,540 at June 30, 2019. The Marshal's Office reported

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

C. Discretely Presented Component Units: (Continued)

Marshal's Office - City Court of Hammond: (Continued)

on the government-wide financial statements investments (book balance) of $235,604 at June 30, 2019. The bank balances at June 30, 2019 totaled $615,884, of which $17,394 was uninsured and collateralized with the remaining $598,490 insured by FDIC Insurance.

Custodial credit risk – Deposits. Custodial credit risk is defined as the risk that, in the event of a bank failure, the entity's deposits and collateral securities that are in the possession of an outside party may not be recovered. At June 30, 2019, $17,394 was exposed to custodial credit risk. The Marshal's Office has no formal policy regarding custodial credit risk.

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3), under the provision of GASB Statement No. 40. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Marshal's Office that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES:

Receivables at June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Proprietary Funds				
	General	Other Governmental Funds	Total	Enterprise	Internal Service	Total Primary Government	Total Component Units	Reporting Entity
Receivables:								
Taxes:								
Ad valorem	$ 120,130	$ -	$ 120,130	$ -	$ -	$ 120,130	$ -	$ 120,130
Franchise	198,483	-	198,483	-	-	198,483	-	198,483
Notes receivables	-	468,338	468,338	-	-	468,338	-	468,338
Accounts receivables	-	-	-	999,354	-	999,354	-	999,354
Other receivables	267,120	4,674	271,794	-	-	271,794	1,574	273,368
Gross receivables	585,733	473,012	1,058,745	999,354	-	2,058,099	1,574	2,059,673
Less: Allowance for uncollectibles	(120,130)	-	(120,130)	(50,000)	-	(170,130)	-	(170,130)
Net Receivables	$ 465,603	$ 473,012	$ 938,615	$ 949,354	$ -	$ 1,887,969	$ 1,574	$ 1,889,543

5. INTERFUND RECEIVABLES, PAYABLES, TRANSFERS IN, TRANSFERS OUT:

Governmental Funds:	Interfund Receivables	Interfund Payables
General fund	$ 2,997,834	$ 300,000
Sales tax fund	-	2,793,299
Airport Capital Projects Fund	-	250,000
Capital Projects Fund	550,000	-
Enterprise Fund	-	178,535
Other governmental funds	-	26,000
Total Primary Government	$ 3,547,834	$ 3,547,834

Governmental Funds:	Transfers In	Transfers Out
General fund	$ 18,329,347	$ 3,951,094
Sales tax fund	-	22,074,747
Airport Capital Projects Fund	288,954	-
Capital Projects Fund	3,187,210	-
Other governmental funds	3,333,786	553,456
Total Governmental Funds	25,139,297	26,579,297
Proprietary Funds:		
Enterprise fund	240,000	330,000
Internal service fund	1,530,000	-
Total Proprietary Funds	1,770,000	330,000
Total Primary Government	$ 26,909,297	$ 26,909,297

The principal purpose of transfers between funds is to fund expenditures associated with those funds.

6. DUE FROM OTHER GOVERNMENTS:

	Governmental Funds					Proprietary Fund			
	General	Airport Capital Projects	Capital Projects	Sales Tax	Other Governmental Funds	Enterprise Fund	Total Primary Government	Component Units	Total Reporting Entity
State of Louisiana:									
Beer tax	$ 12,088	$ -	$ -	$ -	$ -	$ -	$ 12,088	$ -	$ 12,088
State grants	-	87,547	-	-	-	86,841	174,388	-	174,388
Tangipahoa Parish Council Water District	1,528	-	-	-	-	26,657	28,185	-	28,185
Tangipahoa Parish School Board – sales tax	-	-	-	3,679,634	-	-	3,679,634	-	3,679,634
Tangipahoa Parish Government	-	-	-	-	-	-	-	6,474	6,474
City Court of Hammond	39,855	-	-	-	2,002	-	41,857	12,394	54,251
City of Hammond	-	-	-	-	-	-	-	46,787	46,787
Louisiana Dept. of Public Safety	11,825	-	-	-	-	-	11,825	-	11,825
Federal grants	6,509	427,885	62,248	-	24,963	3,935	525,540	-	525,540
Other agencies	10,874	-	-	-	14,131	-	25,005	738	25,743
Total	$ 82,679	$ 515,432	$ 62,248	$ 3,679,634	$ 41,096	$ 117,433	$ 4,498,522	$ 66,393	$ 4,564,915

7. CAPITAL ASSETS:

A. Governmental Funds:

The following is a summary of governmental fund-type capital assets at June 30, 2019.

	Balance 7/01/2018	Additions	Deletions	Completed Construction	Balance 6/30/2019
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 5,115,805	$ 224,932	$ -	$ -	$ 5,340,737
Construction in progress	3,576,291	4,101,139	(252,784)	(195,253)	7,229,393
Total capital assets not being depreciated	8,692,096	4,326,071	(252,784)	(195,253)	12,570,130
Capital assets being depreciated:					
Buildings	12,093,412	-	(25,024)	195,253	12,263,641
Vehicles	9,608,863	216,860	(135,515)	-	9,690,208
Equipment	5,643,370	107,978	(6,194)	-	5,745,154
Infrastructure	61,949,483	433,943	-	-	62,383,426
Total capital assets being depreciated	89,295,128	758,781	(166,733)	195,253	90,082,429
Less accumulated depreciation	(39,641,787)	(3,676,553)	149,668	-	(43,168,672)
Total capital assets being depreciated, net	49,653,341	(2,917,772)	(17,065)	195,253	46,913,757
Governmental activities capital assets, net	$ 58,345,437	$ 1,408,299	$ (269,849)	$ -	$ 59,483,887

Depreciation expense was charged to functions as follows:

General government	$ 140,106
Public safety:	
Police	505,465
Fire	365,180
Culture and recreation	133,754
Buildings	34,020
Grounds	44,208
Airport	513,400
Streets	1,881,149
Economic development	59,271
Total governmental activities depreciation expense	$ 3,676,553

7. CAPITAL ASSETS: (Continued)

The following is a summary of capital assets of the Component Units at June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Changes in Accumulated Depreciation	Balance 6/30/2019
City Court of Hammond	$ 239,113	$ 21,680	$ (2,274)	$ (94,647)	$ 163,872
Marshal's Office - City Court of Hammond	7,715	921	(107,704)	101,051	1,983
Total Component Units	$ 246,828	$ 22,601	$ (109,978)	$ 6,404	$ 165,855

B. Proprietary Fund:

The following is a summary of proprietary fund-type capital assets at June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Completed Construction	Balance 6/30/2019
Business-Type Activities:					
Capital assets not being depreciated:					
Land	$ 158,047	$ -	$ -	$ -	$ 158,047
Construction in progress	427,878	994,218	-	(649,546)	772,550
Total capital assets not being depreciated	585,925	994,218	-	(649,546)	930,597
Capital assets being depreciated:					
Water:					
Buildings	493,499	-	-	-	493,499
Equipment	715,012	-	-	-	715,012
Vehicles	620,771	167,756	(21,372)	-	767,155
Lines and Mains	7,102,358	-	-	-	7,102,358
Sewer:					
Buildings	84,908	-	-	-	84,908
Equipment	1,600,025	25,550	-	-	1,625,575
Vehicles	544,637	36,330	-	-	580,967
Lines and Mains	38,526,674	-	-	649,546	39,176,220
Total capital assets being depreciated	49,687,884	229,636	(21,372)	649,546	50,545,694
Less: accumulated depreciation	(30,136,549)	(1,541,692)	21,372	-	(31,656,869)
Total capital assets being depreciated, net	19,551,335	(1,312,056)	-	649,546	18,888,825
Business-type activities capital assets, net	$ 20,137,260	$ (317,838)	$ -	$ -	$ 19,819,422

7. CAPITAL ASSETS: (Continued)

B. Proprietary Fund (Continued):

There were no transfers of capital assets from Proprietary Funds to Governmental Funds for the year ended June 30, 2019.

Depreciation expense was as follows:

Business-type activities:	
Water	$ 178,422
Sewer	1,363,270
Total business-type activities depreciation expense	$ 1,541,692

8. RESTRICTED ASSETS:

Restricted assets for the City were applicable to the following at June 30, 2019:

Governmental Activities:	
Unexpended Bond Proceeds	$ 529,530
Bond Sinking Fund	293,007
Total	$ 822,537
Business-type Activities:	
Meter Deposit Accounts	$ 866,211
Component Unit	
City Court of Hammond – Judicial Building Fund	$ 41,613

9. GENERAL LONG-TERM DEBT OBLIGATIONS:

The following is a summary of general long-term debt transactions for the year ended June 30, 2019.

	7/1/2018	Additions	Deletions	6/30/2019	Amounts Due Within One Year
Government Funds:					
Limited tax revenue bonds	$ 2,165,000	$ -	$ (410,000)	$ 1,755,000	$ 420,000
Limited tax certificates	-	300,000	(50,000)	250,000	50,000
Sales tax refunding bonds	9,030,000	-	(1,225,000)	7,805,000	1,275,000
Premium	1,030,405	-	(145,469)	884,936	-
Accumulated leave	4,341,699	7,951	-	4,349,650	-
Total Governmental Funds	$ 16,567,104	$ 307,951	$ (1,830,469)	$ 15,044,586	$ 1,745,000
Proprietary Funds:					
Bonds	$ 3,642,465	$ 214,305	$ (210,000)	$ 3,646,770	$ 212,000
Accumulated leave	388,761	17,930	-	406,691	-
Total Proprietary Funds	$ 4,031,226	$ 232,235	$ (210,000)	$ 4,053,461	$ 212,000

9. GENERAL LONG-TERM DEBT OBLIGATIONS: (Continued)

Governmental Funds

The following is a summary of the bonds of the City at June 30, 2019:

$4,390,000 Limited Tax Revenue Bonds, Series 2011, due in annual installments of principal and semi-annual installments of interest through December 1, 2022; interest on $420,000 at 2.54%, on $435,000 at 2.54%, on $445,000 at 2.54%, and on $455,000 at 2.54%.	$ 1,755,000
$11,000,000 Sales Tax Refunding Bonds, Series 2015, due in annual installments of principal starting December 1, 2015, and semi-annual installments of interest starting December 1, 2015, through December 1, 2026; on $1,275,000 at 4%, on $815,000 at 3%, on $850,000 at 3%, on $885,000 at 4%, on $920,000 at 4%, on $965,000 at 5%, on $1,020,000 at 5%, and on $1,075,000 at 5%.	7,805,000
$300,000 Limited Tax Certificates, Series 2018, due in annual installments of principal and semi-annual installments of interest starting September 1, 2018 through March 1, 2024; on $50,000 at 3.525%; on $50,000 at 3.575%; on $50,000 at 3.6%; on $50,000 at 3.625%; and on $50,000 at 3.675%.	250,000
Total Bonds Payable	$ 9,810,000

9. GENERAL LONG-TERM DEBT OBLIGATIONS: (Continued)

Governmental Funds: (Continued)

A combined schedule of the outstanding Limited Tax Revenue Series 2011, Sales Tax Series 2015 and Limited Tax Certificates Series 2018 bonds and the interest and principal requirements by dates is as follows:

	Limited Tax Certificates Series 2018		Limited Tax Revenue Series 2011		Sales Tax Refunding Series 2015		
DUE DATE	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTALS
September 1, 2019	$ -	$ 4,375	$ -	$ -	$ -	$ -	$ 4,375
December 1, 2019	-	-	420,000	22,288	1,275,000	163,075	1,880,363
March 1, 2020	50,000	4,406	-	-	-	-	54,406
June 1, 2020	-	-	-	16,955	-	137,575	154,530
September 1, 2020	-	3,525	-	-	-	-	3,525
December 1, 2020	-	-	435,000	16,955	815,000	137,575	1,404,530
March 1, 2021	50,000	3,575	-	-	-	-	53,575
June 1, 2021	-	-	-	11,430	-	125,350	136,780
September 1, 2021	-	2,681	-	-	-	-	2,681
December 1, 2021	-	-	445,000	11,430	850,000	125,350	1,431,780
March 1, 2022	50,000	2,700	-	-	-	-	52,700
June 1, 2022	-	-	-	5,778	-	112,600	118,378
September 1, 2022	-	1,800	-	-	-	-	1,800
December 1, 2022	-	-	455,000	5,778	885,000	112,600	1,458,378
March 1, 2023	50,000	1,813	-	-	-	-	51,813
June 1, 2023	-	-	-	-	-	94,900	94,900
September 1, 2023	-	906	-	-	-	-	906
December 1, 2023	-	-	-	-	920,000	94,900	1,014,900
March 1, 2024	50,000	919	-	-	-	-	50,919
June 1, 2024	-	-	-	-	-	76,500	76,500
December 1, 2024	-	-	-	-	965,000	76,500	1,041,500
June 1, 2025	-	-	-	-	-	52,375	52,375
December 1, 2025	-	-	-	-	1,020,000	52,375	1,072,375
June 1, 2026	-	-	-	-	-	26,875	26,875
December 1, 2026	-	-	-	-	1,075,000	26,875	1,101,875
TOTAL	$ 250,000	$ 26,700	$ 1,755,000	$ 90,614	$ 7,805,000	$ 1,415,425	$ 11,342,739

In 2011, the City issued $4,390,000 of Limited Tax Revenue Bonds to refund the Series 2002 Sales Tax Revenue Bonds. The Limited Tax Bonds are supported by the 9.04 mill Ad Valorem tax.

In the year ended June 30, 2019, the City issued $300,000 of Limited Tax Certificates to fund the construction, renovation and/or acquisition of facilities contemplated by the Downtown Development District's redevelopment plan. The Limited Tax Certificates are supported by a 14.16 mill Ad Valorem Tax.

9. GENERAL LONG-TERM DEBT OBLIGATIONS: (Continued)

Governmental Funds: (Continued)

Sales Tax Refunding, Series 2015

During the year ended June 30, 2015, the City issued $11,000,000 in sales tax bonds with interest rates ranging from 2% to 5%. The proceeds were used to advance refund $12,105,000 of outstanding 2005 and 2006 sales tax bonds which had interest rates ranging from 4% to 5.25%. The net proceeds of $12,321,826 (including a $1,527,424 premium and after payment of $205,597 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2005 sales tax bond was considered defeased and the liability for those bonds has been removed from the statement of net position while the 2006 sales tax bond has a remaining balance of $1,475,000. During the year ended June 30, 2019, $145,469 of this premium was amortized.

Accumulated Leave

At June 30, 2019, employees of the City have accumulated and vested $4,349,650 of leave benefits for all governmental funds.

Proprietary Fund Types:

Accumulated Leave

At June 30, 2019, employees of the City who work in the Water and Sewer Departments have accumulated and vested $406,691 of leave benefits for the proprietary funds.

Public Improvement Revenue Bonds

In November of 2013, the City entered into a loan agreement with the Louisiana Department of Environmental Quality (LDEQ) for the purpose of issuing Taxable Sewer Revenue Bonds, Series 2013 for an amount not to exceed $5,000,000. The Taxable Sewer Revenue Bonds, Series 2013 are secured by and payable from a pledge and dedication of revenues derived from the sewerage system and user fees of the Proprietary Fund. Loan proceeds of $214,305 were drawn down and $210,000 were retired in 2019. As of June 30, 2019, $3,646,770 of such bonds remained outstanding.

In addition, the City also owes the State and local governmental districts $11,592 as of June 30, 2019.

10. 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 restricted cash and cash equivalents of the Enterprise Fund specifically for meter deposits. At June 30, 2019, meter deposits amounted to $866,211 and the balance of cash and cash equivalents in the Enterprise Fund restricted for meter deposits totaled $866,211.

11. PENSION PLANS:

Substantially all employees of the City of Hammond are members of three statewide, public employee retirement systems, the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS). All three plans are administered by separate boards of trustees and are cost-sharing, multiple-employer defined benefit pension plans. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. The reports for MERS, MPERS and FRS may be obtained at www.mersla.com, www.lampers.org and www.lafirefightersret.com, respectively.

Plan Descriptions

Municipal Employees' Retirement System (MERS)

The MERS System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which do not have their own retirement system and which elect to become members of the System.

Municipal Police Employees' Retirement System (MPERS)

Membership in the MPERS System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

11. PENSION PLANS: (Continued)

Plan Descriptions: (Continued)

Firefighters' Retirement System (FRS)

Membership in the FRS System is a condition of employment for any full-time firefighters who earn more than $375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272.

Benefits Provided

MERS

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the City are not eligible for membership in the System with exceptions as outlined in the statutes. All of the City of Hammond's employees fall within Plan A.

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

MERS: (Continued)

2. Age 62 with ten (10) or more years of creditable service.

3. Age 55 with thirty (30) or more years of creditable service.

4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

5. Survivor's benefits require five or more years of credible service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits - Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse, will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits - In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

MERS: (Continued)

DROP Benefits: (Continued) - Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits - For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Cost of Living Increases - The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

MERS: (Continued)

Deferred Benefits – Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

MPERS

Membership prior to January 1, 2013 - A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or $200 per month, whichever is greater.

Membership commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

MPERS: (Continued)

Membership commencing January 1, 2013: (Continued) - Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or $200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of living adjustments - The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan - A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

MPERS: (Continued)

Deferred Retirement Option Plan: (Continued) - The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan - In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

FRS

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

FRS: (Continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits – Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual benefit benefits equal to 3.333%j of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

Disability Benefits – A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits und the provisions of R.S. 11:2258(B).

Death Benefits – Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan - After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

FRS: (Continued)

Deferred Retirement Option Plan (Continued)

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan - Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions

MERS

Contribution rates for employees are established by Louisiana Revised Statute 11:1786 and employer contribution rates are actuarially determined each year by the System's Board of Trustees. During the year ended June 30, 2019, employees were required to contribute 9.50% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2019, was 26.00% of annual payroll. Contributions to the System from the City were $1,253,839 for the year ended June 30, 2019.

MPERS

Contribution rates for employees are established by state statutes and employer contribution rates are actuarially determined each year by the System's Board of Trustees. During the year ended June 30, 2019, employees were required to contribute 10.00% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2019, was 32.25% of annual payroll. Contributions to the System from the City were $1,393,961 for the year ended June 30, 2019.

11. PENSION PLANS: (Continued)

Contributions - Continued

FRS

Contribution rates for employees are established by state statutes and employer contribution rates are actuarially determined each year by the System's Board of Trustees. During the year ended June 30, 2019, employees were required to contribute 10.00% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2019, was 26.50% of annual payroll. Contributions to the System from the City were $772,670 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City of Hammond reported a liability for MERS, MPERS and FRS of $10,548,600, $12,946,600 and $7,131,052, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City's proportion of the net pension liability for each retirement system was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2019, the City's proportion for MERS, MPERS and FRS was 2.547554%, 1.531406% and 1.239735%, respectively. This reflects an increase for MERS and MPERS of 0.235321% and 0.052542%, respectively, and a decrease for FRS of 0.020034% from their proportions measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense, for which there were no forfeitures, as follows:

	Pension Expense
MERS	$ 1,707,917
MPERS	1,736,747
FRS	1,130,156
Total	$ 4,574,820

11. PENSION PLANS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	MERS	MPERS	FRS	TOTAL	MERS	MPERS	FRS	TOTAL
Changes in proportions	$ 532,968	$ 304,886	$ 47,146	$ 885,000	$ 150,323	$ 503,938	$ 355,818	$ 1,010,079
Contributions subsequent to the measurement date	1,253,839	1,393,961	772,670	3,420,470	-	-	-	-
Differences between expected and actual experience	-	58,363	-	58,363	375,050	661,598	542,753	1,579,401
Net difference between projected and actual earnings on pension plan investments	1,616,506	620,631	463,696	2,700,833	-	-	-	-
Changes of assumptions	317,547	846,053	497,462	1,661,062	-	-	1,130	1,130
Total	$ 3,720,860	$ 3,223,894	$ 1,780,974	$ 8,725,728	$ 525,373	$ 1,165,536	$ 899,701	$ 2,590,610

During the year ended June, 30, 2019, employer contributions totaling $1,253,839, $1,393,961 and $772,670 were made subsequent to the measurement date for MERS, MPERS and FRS, respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	MERS	MPERS	FRS
Year ended June 30:			
2020	$ 758,338	$ 292,624	$ 40,513
2021	142,577	(250,789)	(240,242)
2022	46,198	22,546	21,385
2023	-	-	(12,562)
2024	-	-	(12,231)
TOTAL	$ 947,113	$ 64,381	$ (203,137)

Actuarial Assumptions

The total pension liabilities for MERS, MPERS and FRS in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

11. PENSION PLANS: (Continued)

Actuarial Assumptions (Continued)

	MERS	MPERS	FRS
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal
Amortization approach:	Closed	Closed	Closed
Actuarial assumptions:			
Expected remaining service lives:	3 years	4 years	7 years
Investment rate of return:	7.275%	7.2%, net of investment expense	7.3% per annum
Inflation rate:	2.6%	2.6%	2.7% per annum
Projected salary increases:	5.0%	Vary from 9.75% in the first year of service to 4.25% after 23 years	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost-of-living adjustments:	Only those previously granted	Only those previously granted	Only those previously granted

	MERS	MPERS	FRS
Mortality:	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA for annuitants and beneficiaries.
	RP-2000 Employee Sex Distinct Table set back 2 years for both males and females.	RP-2000 Employee Table set back 4 years for males and set back 3 year for females for active members.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA for employees.
	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

11. PENSION PLANS: (Continued)

The target allocation and best estimates of arithmetic (MERS and MPERS) and geometric (FRS) real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

	Target Allocation			Long-Term Expected Real Rate of Return		
Asset Class	MERS	MPERS	FRS	MERS	MPERS	FRS
Public equity	50%	52%	54%	2.20%	3.58%	6.78%
Public fixed income	35%	22%	26%	1.50%	0.46%	1.76%
Alternatives	15%	20%	10%	0.60%	1.07%	6.56%
Other	0%	6%	10%	0%	0.17%	4.60%
Totals	100%	100%	100%	4.3%	5.28%	19.70%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.275%, for FRS was 7.3%, and for MPERS was 7.2%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following tables present the employer's proportionate share of the net pension liability using the discount rates of 7.275% for MERS, 7.3% for FRS and the discount rate of 7.2% for MPERS, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
MERS (7.275%)	$ 13,550,639	$ 10,548,600	$ 7,986,255
MPERS (7.2%)	18,193,557	12,946,600	8,544,605
FRS (7.3%)	10,405,891	7,131,052	4,379,061
TOTAL	$ 42,150,087	$ 30,626,252	$ 20,909,921

11. PENSION PLANS: (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued MERS, MPERS and FRS audit reports at www.mersla.com, www.lampers.org and www.lafirefightersret.com, respectively.

Payables to the Pension Plan

At June 30, 2019, payables to MERS, MPERS and FRS were $165,644, $36,720 and $22,728, respectively, for June 2019 employee and employer legally-required contributions.

Discretely Presented Component Units

City Court of Hammond
The employees of City Court of Hammond participate in the System and the judge participates in LASERS.

A. Parochial Employees' Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the City Court are eligible for participation in the Parochial Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 205 of the 1952 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.persla.org. The report may also be obtained by writing to the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.0% 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 above and receive the benefit accrued to their date of termination.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

The System also provides death and disability benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions – Per Act 765 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 3.00% of their annual pay. The City Court's contribution rate was 7.5% for the period July 1, 2018 to June 30, 2019. Contributions to the System from the City Court were $62,197 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City Court reported a liability of $212,185 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension asset was based on a projection of the City Court's June 30, 2019 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the City Court's proportion was 0.785389%, which was an increase of 0.013133% from its proportion measured as of December 31, 2017. For the year ended June 30, 2019, the City Court recognized pension expense of $116,375. At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 47,276
Changes in Assumptions	58,959	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	145,296	-
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	557	290
City Court Contributions Subsequent to the Measurement Date	30,722	-
	$ 235,534	$ 47,566

11. PENSION PLANS: (Continued)

Discretely Presented Component Units (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$30,732 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending:

December 31, 2019	$ 49,876
December 31, 2020	22,536
December 31, 2021	20,863
December 31, 2022	63,596

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.40%
Salary Increases	4.25% (2.40% Inflation, 1.85% Merit)
Investment Rate of Return	6.50%, Net of investment expense including Inflation
Expected Remaining Service Lives	4 years

Mortality rates were based on the RP-2000 Employee Sex Distinct Table for employees, the RP-2000 Healthy Annuitant Sex Distinct Table for annuitants and beneficiaries, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants.

The mortality rate assumption used in the December 31, 2018, valuation was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions: (Continued)

The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disables Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.22%
Equity	52.00%	3.45%
Alternatives	11.00%	0.65%
Real Assets	2.00%	0.11%
Total	100.00%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with the relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions, the System's fiduciary net

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions: (Continued)

Discount Rate: (Continued)

position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset / liability.

Sensitivity of the City Court's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City Court's proportionate share of the net pension asset / liability calculated using the discount rate of 6.50%, as well as what the City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
City Court's Proportionate Share of the Net Pension Asset / (Liability)	$ 558,240	$ 97,166	$ (76,926)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan – As of June 30, 2019, the City Court owed $21,800 to the System for the City Court's 2nd quarter 2019 payroll contribution.

B. Louisiana State Employees Retirement System

General Information about the Pension Plan

Plan Description – The Judge of the City Court is the only employee eligible for participation in the Louisiana State Employees' Retirement System ("LASERS") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Title 11, Section 401 of the Louisiana Revised Statutes of 1950. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org. The report may also obtained by writing to the Louisiana Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

General Information about the Pension Plan: (Continued)

Benefits Provided – The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and may vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age, upon completing thirty years of service, to age sixty, upon completing ten years of service.

The basic annual retirement benefit for substantially all members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member's average annual earned compensation for the highest thirty-six consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest sixty consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Members are eligible for disability benefits under age 60 with 10 or more years of credited service. Survivor's benefits are available upon the death of a member who has credit for five or more years of service who is not eligible for normal retirement benefits. As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases that are funded through investment earnings when recommended by the Board of Trustees and approved by the State.

Contributions – Contribution rates are established annually under LRS 11:101 – 11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of LASER's actuary. Rates are different for each class of members; however, the City Court's contractually required contribution rate for the year ended June 30, 2019, was 40.10%. Members are required to contribute 11.50% of their annual pay. Contributions to LASERS from the City Court were $18,887 for the year ended June 30, 2019.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City Court reported a liability of $175,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's June 30, 2019, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City Court's proportion was 0.002575%, which was an increase of 0.002575% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City Court recognized pension expense of $14,337. At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,969
Changes of assumptions	1,787	-
Net difference between projected and actual earnings on pension plan investments	2,277	-
Changes in proportion and differences between City Court contributions and proportionate share of contributions	-	6,227
City Court contributions subsequent to the measurement date	18,887	-
	$ 22,951	$ 8,196

$18,887 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Years Ending:

June 30, 2019	$ 4,986
June 30, 2020	2,043
June 30, 2021	(4,292)
June 30, 2022	(643)

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Life	3-Years
Investment Rate of Return	7.65% per annum, net of investment expenses
Inflation Rate	2.75% per annum
Mortality	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvements projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvements.
Termination, Disability, and Retirements	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions: (Continued)

Salary Increases

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.80%	12.80%
Judges	2.80%	5.30%
Corrections	3.40%	14.30%
Hazardous Duty	3.40%	14.30%
Wildlife	3.40%	14.30%

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 5.40% for 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions: (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Cash	(0.48%)
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total	5.40%

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the PRSAC taking into consideration the recommendation of LASERS's actuary. Based on those assumptions, LASERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City Court's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City Court's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
City Court's Proportionate Share of the Net Pension Liability	$ 221,635	$ 175,613	$ 135,977

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS financial report.

Payables to the Pension Plan – As of June 30, 2019, the City Court did not have any payables due to LASERS.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Marshal's Office - City Court of Hammond

C. Employees' Pension Plan (Municipal Employees' Retirement System)

General Information about the Pension Plan

Plan Description – Employees of the Marshal are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports.

The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809, or by calling (225) 925-4810.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are generally determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits under age 60 with 5 years of service. Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions – Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 9.50% of their annual pay. The Marshal's contractually required contribution rate for the year ended June 30, 2019, was 26.00% of annual payroll. Contributions to the System from the Marshal were $69,032 for the year ended June 30, 2019.

11. PENSION PLANS: (Continued)

Discretely Presented Component Units (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Marshal reported a liability of $569,376 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Marshal's proportion of the net pension liability was based on a projection of the Marshal's June 30, 2019, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Marshal's proportion was 0.137508%, which was a decrease of 0.048257% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Marshal recognized pension benefit of $36,438. At June 30, 2019, the Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 20,243
Changes in Assumptions	17,140	-
Net Difference Between Projected and Actual Earnings On Pension Plan Investments	87,254	-
Changes in Proportion and Differences Between Marshal Contributions and Proportionate Share of Contributions	-	135,285
Marshal Contributions Subsequent to the Measurement Date	68,974	-
	$ 173,368	$ 155,528

$68,974 reported as deferred outflows of resources related to pensions resulting from the Marshal's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending:	
June 30, 2019	$ (33,043)
June 30, 2020	(28,099)
June 30, 2021	7,696
June 30, 2022	2,494

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Life	3-Years
Inflation	2.775%
Investment Rate of Return	7.275%, Net of Investment Expense
Salary Increases	5.00% (2.775% Inflation, 2.225% Merit)

Mortality rates were based on the RP-2000 Employee Sex Distinct Table set back 2 years for both males and females for active members, the RP-2000 Healthy Annuitant Sex Distinct Table set forward 2 years for males and 1 year for females projected to 2028 using scale AA for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females for disabled annuitants, as appropriate.

The actuarial assumptions used in the June 30, 2018 valuation were verified by combining data from the System with three other Louisiana statewide pension plans which have similar compositions in order to produce a credible experience. The data collected for this study covered the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

11. PENSION PLANS: (Continued)

Discretely Presented Component Units: (Continued)

Actuarial Assumptions: (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	2.20%
Public Fixed Income	35.00%	1.50%
Alternatives	15.00%	.60%
Total	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

Discount Rate – The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee ("PRSAC") taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Marshal's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Marshal's proportionate share of the net pension liability calculated using the discount rate of 7.275%, as well as what the Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate:

	1.0% Decrease (6.275%)	Current Discount Rate (7.275%)	1.0% Increase (8.275%)
Marshal's Proportionate Share of the Net Pension Liability	$ 761,416	$ 569,376	$ 431,070

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan – As of June 30, 2019, the Marshal owed $0 to the System for the Marshall's June 2019 payroll.

12. FUND BALANCES:

Governmental Funds:

Description:	Major Funds					
	General Fund	Sales Tax Fund	Airport Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Long-term receivable	$ -	$ -	$ -	$ -	$ 468,338	$ 468,338
Restricted for:						
Debt service	-	-	-	-	1,426,553	1,426,553
Public safety: police	-	-	-	-	671,331	671,331
Public safety: fire	-	-	-	-	778,635	778,635
Downtown development	-	-	-	-	770,358	770,358
Capital projects	-	-	145,397	-	135,570	280,967
Committed to:						
Sales taxes	-	928,926	-	-	-	928,926
Emergency reserves	-	-	-	-	1,248,795	1,248,795
Public safety: police	-	-	-	-	17,611	17,611
Capital projects	-	-	-	2,954,233	-	2,954,233
Assigned to:						
Public safety: police	-	-	-	-	64,664	64,664
Culture and recreation	-	-	-	-	4,700	4,700
Downtown development	-	-	-	-	175,818	175,818
Other purposes	-	-	-	-	216,862	216,862
Unassigned:	2,514,218	-	-	-	-	2,514,218
Total Fund Balances	$ 2,514,218	$ 928,926	$ 145,397	$ 2,954,233	$ 5,979,235	$ 12,522,009

13. EMERGENCY RESERVE FUND

With Ordinance No. 06-4048, The Hammond City Council (the Council) established a Disaster Emergency Fund for the purpose of maintaining funds that will be available in the time of emergency to assist with recovery efforts for the City. These amounts may be spent on necessary expenses to expedite the return of the City to normalcy following a nature or man-made disaster. The Fund may be abolished or reduced for use for non-emergency disaster purposes only by regular ordinance and only upon a two-thirds vote of the Council. The fund had a Fund Balance of $1,248,795 at June 30, 2019.

14. RISK MANAGEMENT:

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risk of loss, the City has established an Insurance Fund (an internal service fund). Under this program, the Insurance Fund provides coverage for up to a maximum of $350,000 for each worker's compensation claim and $100,000 for each general liability claim. The City also purchases commercial insurance for claims in excess of coverage provided by the fund.

The General Fund and Enterprise Fund participate in the program and make payments to the fund based on management's estimates of the amounts needed to pay prior and current year claims. These interfund "premiums" related to workers' compensation, general liability and property insurance coverage are reported as quasi-external transactions. At June 30, 2019, the outstanding claims liability was $745,269, which includes estimated liability for incurred but not reported claims. The liability is based on the requirements of GASB Statement 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. Estimated claims liability is determined using specific claims information obtained from the City's claims administrator.

Changes in the general liability and workers' compensation claims liability amount for the years ended June 30, 2019, 2018 and 2017 were:

	Beginning of Year Liability	Current Year Claims and Estimates	Claim Payments	Balance at Year End
2019	$ 832,662	$ 796,598	$ 883,991	$ 745,269
2018	870,714	1,296,985	1,335,037	832,662
2017	600,996	1,268,486	998,768	870,714

The City has established a Health Insurance Fund (an internal service fund) to account for a partially self-insured health insurance plan that the City provides to its employees. Under this program, the Health Insurance Fund provides partial coverage for employee deductibles. For a single employee, the deductible is $2,500, of which the City is responsible for $1,800. For a family, the deductible is $5,000, of which the City is responsible for $3,600. Any claims in excess of the above stated deductible amounts are covered by a commercial insurance company.

15. SUPPLEMENTAL PAY:

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

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

As per Louisiana Revised Statute 33:2219.2, any employee who devotes his or her full working time to law enforcement and who is hired after March 31, 1986 and who has completed a council certified training program as provided in Louisiana Revised Statute 40:2405 and is paid a salary of not less than three hundred fifty dollars per month shall be paid by the state extra compensation. A police officer entitled to additional pay out of state funds includes any person employed on a full-time basis who works as a duly commissioned law enforcement officer for the performance of primary duties which encompass the enforcement of state laws, supervisory police work, provides necessary services to the officers, desk sergeant or identification technician or a full-time radio dispatcher. Any person who received additional pay out of state funds shall continue to receive said additional state pay during any period of disability resulting from any injury sustained in the line of duty. The additional pay out of state funds shall continue to be paid to such person until the time that said person is determined to be permanently disabled and no longer able to return to work.

As of June 30, 2019, the City has recognized $820,737 in revenues (intergovernmental) and expenditures (public safety) that the State of Louisiana has paid directly to the City's employees.

16. LITIGATION AND CLAIMS:

At June 30, 2019, the City is a defendant in several lawsuits seeking damages. Possible liabilities arising from these claims and legal actions are immaterial and will not have a significant effect on the financial statements.

17. LEASES:

The City entered into an operating lease agreement for the lease of its land. The lease term is for five years, which commenced March 1998, with an option to renew for four five-year periods beginning March 2003. The monthly rent beginning March 1998 was $1,000, with an annual adjustment in accordance with the Consumer Price Index, All Urban Consumers. Rent income for the year ended June 30, 2019 was $90,443.

The City entered into an operating lease agreement for the office space used as the City's Office of Motor Vehicles. The lease term is for five years, which commenced April 2011, with the option to renew for two additional terms of five years each. The monthly rent beginning April 2011 was $6,244, starting April 2016 was $3,122, then starting April 2021 will be $1. Rent expense for the year ended June 30, 2019 was $37,464. The City's future minimum lease commitment under this operating lease as of June 30, 2019 is as follows:

June 30	Amount Due
2020	$ 37,464
2021	28,101
2022	12
2023	12
2024	12
Thereafter	21
TOTAL	$ 65,622

18. NOTES RECEIVABLE:

Other Governmental Funds

The City received federal funds to enter into low interest loans with various businesses throughout the City. The terms of the loans range from five to ten years with interest rates ranging from 0.75% to 5.00%. As the loans are paid off, the City enters into other low interest loans with businesses in the City. All loans are secured with property, inventory, land or certificates of deposit. The amount due to the City over the next five years and beyond is as follows:

June 30	Amount Due
2020	$ 76,414
2021	75,636
2022	62,520
2023	63,353
2024	56,847
Thereafter	133,568
TOTAL	$ 468,338

19. COMMITMENTS:

The City has entered into various construction contracts. The original amount of the contracts was $10,118,722, of which $8,013,874 has been expended as of June 30, 2019.

20. OTHER POSTEMPLOYMENT BENEFITS:

General Information about the OPEB Plan

Plan description – The City of Hammond (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Hammond's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

20. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

General Information about the OPEB Plan (Continued)

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	283
	317

Total OPEB Liability

The City's total OPEB liability of $2,090,194 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.87% annually (beginning of year to determine ADC)
	3.50% annually (as of end of year measurement date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

20. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Total OPEB Liability (Continued)

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Changes in the Total OPEB Liability

Balance at June 30, 2018	$	2,043,075
Changes for the year:		
Service cost		36,335
Interest		76,304
Differences between expected and actual experience		(2,093)
Changes of assumptions		79,373
Benefit payments and net transfers		(142,800)
Net changes		47,119
Balance at June 30, 2019	$	2,090,194

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.0% Decrease (2.50%)	**Current Discount Rate (3.50%)**	**1.0% Increase (4.50%)**
Total OPEB liability	$ 2,327,653	$ 2,090,194	$ 1,884,970

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The total OPEB liability of the City of $2,090,194, will not change if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates. The City's premium is capped at $350 and does not fluctuate. Any increase in the premium over the $350 is the responsibility of the employee.

20. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Changes in the Total OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of $116,888. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,943
Change of assumptions	73,703	-
	$ 73,703	$ 1,943

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending:	
June 30, 2020	$ 4,249
June 30, 2021	4,249
June 30, 2022	4,249
June 30, 2023	4,249
June 30, 2024	4,249
Thereafter	33,992

21. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 26, 2019, which is the date the financial statements were available to be issued.

No other material subsequent events have occurred since June 30, 2019 that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMMOND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 5,519,000	$ 5,519,000	$ 5,522,682	$ 3,682
Licenses and permits	2,109,500	2,109,500	2,138,892	29,392
State grant revenue	10,000	10,000	8,067	(1,933)
Cemeteries and municipal grounds	107,000	107,000	91,785	(15,215)
Highways and streets	19,230	19,230	19,230	-
Public safety: police	23,000	23,000	131,077	108,077
Public safety: fire	450,000	450,000	410,426	(39,574)
Gaming revenues	650,000	650,000	822,550	172,550
Fines and forfeitures	440,000	440,000	374,135	(65,865)
Sanitation service fees	1,000,000	1,000,000	1,114,883	114,883
State supplemental pay	852,000	852,000	820,737	(31,263)
Parks and recreation	53,500	53,500	71,642	18,142
Donations	1,000	1,000	13,750	12,750
Interest	7,000	7,000	55,045	48,045
Miscellaneous	406,800	406,800	451,713	44,913
TOTAL REVENUES	11,648,030	11,648,030	12,046,614	398,584
EXPENDITURES				
General government	4,470,510	4,474,599	4,138,280	336,319
Public Safety				
Police	9,074,115	9,095,984	8,826,510	269,474
Fire	5,724,600	5,825,983	5,597,886	228,097
Buildings	857,300	888,577	708,962	179,615
Highways and streets	2,461,500	2,533,431	2,364,554	168,877
Cemeteries and municipal grounds	1,257,106	1,271,026	1,152,876	118,150
Sanitation	1,200,000	1,200,000	1,265,687	(65,687)
Airport	379,233	383,862	338,817	45,045
Parks and recreation	859,849	867,478	996,540	(129,062)
Capital outlay	748,500	111,094	36,694	74,400
TOTAL EXPENDITURES	27,032,713	26,652,034	25,426,806	1,225,228
Excess (deficiency) of revenues over expenditures	(15,384,683)	(15,004,004)	(13,380,192)	1,623,812
OTHER FINANCING SOURCES (USES)				
Operating transfers in	18,259,347	18,329,347	18,329,347	-
Operating transfers (out)	(2,769,600)	(3,755,260)	(3,951,094)	(195,834)
Total other financing sources (uses)	15,489,747	14,574,087	14,378,253	(195,834)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	105,064	(429,917)	998,061	1,427,978
Fund balances, beginning	1,775,000	1,516,286	1,516,157	(129)
Fund balances, ending	$ 1,880,064	$ 1,086,369	$ 2,514,218	$ 1,427,849

CITY OF HAMMOND
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use tax	$ 20,500,000	$ 20,500,000	$ 20,876,600	$ 376,600
Interest	5,000	5,000	8,489	3,489
TOTAL REVENUES	20,505,000	20,505,000	20,885,089	380,089
EXPENDITURES				
Capital outlay	2,180,700	2,379,442	327,316	2,052,126
TOTAL EXPENDITURES	2,180,700	2,379,442	327,316	2,052,126
Excess (deficiency) of revenues over expenditures	18,324,300	18,125,558	20,557,773	2,432,215
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(19,847,247)	(20,077,247)	(22,074,747)	(1,997,500)
Total other financing sources (uses)	(19,847,247)	(20,077,247)	(22,074,747)	(1,997,500)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,522,947)	(1,951,689)	(1,516,974)	434,715
Fund balances, beginning	1,592,611	2,445,901	2,445,900	(1)
Fund balances, ending	$ 69,664	$ 494,212	$ 928,926	$ 434,714

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
MERS:					
06/30/19	2.547554%	$ 10,548,600	$ 4,813,570	219.1%	63.94%
06/30/18	2.312233%	$ 9,673,046	$ 4,651,112	208.0%	63.49%
06/30/17	2.455715%	$ 10,065,265	$ 4,199,499	239.7%	63.34%
06/30/16	2.514572%	$ 8,982,445	$ 4,468,956	201.0%	66,18%
06/30/15	2.699160%	$ 6,927,245	$ 4,275,923	162.0%	73.99%
06/30/14	2.611295%	$ 8,093,470	$ 4,444,204	182.0%	67.97%
MPERS:					
06/30/19	1.531406%	$ 12,946,600	$ 4,322,211	299.5%	71.89%
06/30/18	1.478864%	$ 12,911,108	$ 4,523,736	285.4%	70.08%
06/30/17	1.608744%	$ 15,078,464	$ 4,402,969	342.5%	66.04%
06/30/16	1.613473%	$ 12,639,874	$ 4,494,371	281.2%	72.45%
06/30/15	1.632231%	$ 10,211,371	$ 4,196,926	243.3%	75.10%
06/30/14	1.481807%	$ 7,094,023	$ 4,145,038	171.1%	66.71%
FRS:					
06/30/19	1.239735%	$ 7,131,052	$ 2,909,157	245.1%	74.76%
06/30/18	1.259769%	$ 7,220,806	$ 2,951,609	244.6%	73.55%
06/30/17	1.282697%	$ 8,389,998	$ 2,939,516	285.4%	68.16%
06/30/16	1.266194%	$ 6,833,791	$ 2,892,198	236.3%	70.73%
06/30/15	1.312037%	$ 5,838,451	$ 2,701,872	216.1%	76.02%
06/30/14	1.367605%	$ 11,837,312	$ 2,790,409	424.2%	70.73%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
MERS:					
06/30/19	$ 1,253,839	$ 1,253,839	$ -	$ 4,813,570	26.05%
06/30/18	$ 866,509	$ 866,509	$ -	$ 4,651,112	18.63%
06/30/17	$ 945,884	$ 945,884	$ -	$ 4,199,499	22.52%
06/30/16	$ 842,921	$ 842,921	$ -	$ 4,468,956	18.86%
06/30/15	$ 848,818	$ 848,818	$ -	$ 4,275,923	19.85%
06/30/14	$ 833,288	$ 833,288	$ -	$ 4,444,204	18.75%
MPERS:					
06/30/19	$ 1,393,961	$ 1,393,961	$ -	$ 4,322,211	32.25%
06/30/18	$ 1,391,796	$ 1,391,796	$ -	$ 4,523,736	30.77%
06/30/17	$ 1,381,609	$ 1,381,609	$ -	$ 4,402,969	31.38%
06/30/16	$ 1,293,167	$ 1,293,167	$ -	$ 4,494,371	28.77%
06/30/15	$ 1,345,133	$ 1,345,133	$ -	$ 4,196,926	32.05%
06/30/14	$ 1,284,962	$ 1,284,962	$ -	$ 4,145,038	31.00%
FRS:					
06/30/19	$ 772,670	$ 772,670	$ -	$ 2,909,157	26.56%
06/30/18	$ 781,743	$ 781,743	$ -	$ 2,951,609	26.48%
06/30/17	$ 746,071	$ 746,071	$ -	$ 2,939,516	25.38%
06/30/16	$ 765,146	$ 765,146	$ -	$ 2,892,198	26.46%
06/30/15	$ 788,781	$ 788,781	$ -	$ 2,701,872	29.20%
06/30/14	$ 788,291	$ 788,291	$ -	$ 2,790,409	28.25%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS AND NOTES TO THE SCHEDULE FOR THE YEAR ENDED JUNE 30, 2018 and 2019

	2018	2019
Total OPEB Liability		
Service cost	$ 35,824	$ 36,335
Interest	78,157	76,304
Differences between expected and actual experience	(19,070)	(2,093)
Changes of assumptions	-	79,373
Benefit payments	(142,800)	(142,800)
Net change in total OPEB liability	(47,889)	47,119
Total OPEB liability – beginning	2,090,964	2,043,075
Total OPEB liability – ending	$ 2,043,075	$ 2,090,194
Covered-employee payroll	$ 11,043,850	$ 12,044,938
Net OPEB liability as a percentage of covered-employee payroll	18.50%	17.35%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The actuarial valuation date differs from the financial reporting date. The actuarial valuations are as of the beginning of the fiscal year. An actuarial valuation is only required biennially.

Notes to Schedule:

Benefit changes – There were no changes of benefit terms for the year ended June 30, 2019.

Changes of assumptions – Changes of assumptions reflect changes in the discount rate from 3.87% to 3.50%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO THE CITY COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2019

Name	Title	Amount
Johnny Blount	City Council – District 1	$ 6,450
Kiplyn Andrews*	City Council – District 1	6,450
Jason Hood	City Council – District 2	6,450
Carlee Gonzales*	City Council – District 2	6,450
Janice Beard	City Council – District 3	6,450
Devon Wells*	City Council – District 3	6,450
Lemar Marshall	City Council – District 4	6,450
Sam Divittorio*	City Council – District 4	6,450
Michael Williams	City Council – District 5	6,450
Steven Leon*	City Council – District 5	6,450
		$ 64,500

**Newly elected council member who took office January 1, 2019.*

The schedule of compensation paid to the City Council members was prepared in compliance with the Hammond City Charter, Section 2-04 Compensation. According to the City Charter, the compensation for Council members is $1,000 per month as well as a $75 cell phone allowance.

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

	Mayor Pete Panepinto
Purpose:	
Salary	$ 75,500
Benefits – Health Insurance	6,615
Benefits – Retirement	19,630
Benefits – Life Insurance	72
Benefits – Dental	332
Benefits – Long-term Disability	480
Car allowance	6,000
Cell phone	900
Registration fees	30
Total	$ 109,559

Kushner LaGraize, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Pete Panepinto, Mayor
and Members of the City Council
City of Hammond, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hammond, Louisiana (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2019. Our report includes a reference to other auditors who audited the financial statements of the Marshal's Office – City Court of Hammond, Louisiana and the City Court of Hammond, Louisiana, as described in our report of the City of Hammond's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
November 26, 2019

Kushner LaGraize, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Pete Panepinto, Mayor
and Members of the City Council
City of Hammond, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Hammond, Louisiana's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
November 26, 2019

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Federal CFDA Number	Grant Number		Expenditures
		MAJOR FEDERAL AWARDS	
U.S. Department of Transportation			
Direct Program:			
20.106	3-22-0018-019-2016	Airport Improvement Program	$ 1,094,590
20.106	3-22-0018-020-2017	Airport Improvement Program	137,316
		Total Department of Transportation	1,231,906
		TOTAL MAJOR FEDERAL AWARD EXPENDITURES	**1,231,906**
		NONMAJOR FEDERAL AWARDS	
U.S. Department of Interior			
Passed through the State of Louisiana Department of Culture, Recreation, and Tourism:			
15.916	22-00944	Outdoor Recreation_Acquisition, Development and Planning	250,000
		Total Department of Interior	250,000
U.S. Department of Housing and Urban Development			
Passed through the State of Louisiana Division of Administration, Office of Community Development:			
14.228	FY 2018 LCDBG-18-DC-22-0001	Community Developments Block Grants/State's Program and Non-entitlement Grants in Hawaii	86,841
		Total Department of Housing and Urban Development	86,841
U.S. Department of Justice			
Direct Program:			
16.607	BA-2000S-SX01	Bulletproof Vest Partnership Program	6,203
16.607	BA-2000S-SX02	Bulletproof Vest Partnership Program	6,943
16.738	DJ-BX-0476	Edward Byrne Memorial Justice Assistance Grant Program	17,992
		Total Department of Justice	31,138

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2019

Federal CFDA Number	Grant Number		Expenditures
U.S. Department of Transportation			
Passed through the State of Louisiana Highway Safety Commission:			
Highway Safety Cluster:			
20.600	2018-30-25	State and Community Highway Safety	6,455
20.616	2019-30-25	National Priority Safety Programs	9,763
	Total Highway Safety Cluster		16,218
20.608	2018-30-25	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	8,740
		Total Department of Transportation	24,958
U.S. Executive Office of the President			
Direct Program:			
95.001	G19GC0001A	High Intensity Drug Trafficking Areas Program	18,603
95.001	G18GC0001A	High Intensity Drug Trafficking Areas Program	17,489
95.001	G17GC0001A	High Intensity Drug Trafficking Areas Program	220
	Total Executive Office of the President		36,312
		TOTAL NONMAJOR FEDERAL AWARD EXPENDITURES	**429,249**
		TOTAL FEDERAL AWARD EXPENDITURES	**$ 1,661,155**

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF HAMMOND, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION:

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position and changes in net position of the City. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. DETERMINATION OF TYPE A AND TYPE B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended June 30, 2019, Type A programs consist of the federal programs that expended over $750,000 and Type B programs are the programs that expended under $750,000.

3. LOAN ASSISTANCE:

The City had an outstanding loan with continuing compliance requirements at June 30, 2019 with the state of Louisiana Clean Water State Revolving Fund, CFDA number 66.458. During the year ended June 30, 2019, the City satisfied the federal portion of the net loan balance.

4. DE MINIMIS COST RATE:

During the year ended June 30, 2019, the City did not elect to use the 10% de minimis cost rate as covered in Section 200.414 of the Uniform Guidance.

5. SUBRECIPIENTS:

The City did not pass-through any of its federal awards to a subrecipient during the year ended June 30, 2019.

6. NON-CASH ASSISTANCE:

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2019.

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified? ___ Yes _X_ None reported

Noncompliance material to financial statements noted? ___ Yes _X_ No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified? ___ Yes _X_ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? __ Yes _X_ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee Qualified as Low-Risk Auditee? _X_ Yes ___ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None noted.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None noted.

SECTION III - MANAGEMENT LETTER

None issued.

Kushner LaGraize, L.L.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Pete Panepinto, Mayor
Members of the City Council
City of Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City of Hammond, Louisiana, on the Schedule of Net Position and the Schedule of Revenues, Expenses and Changes in Net Position for the Southwest Hammond Sewer Rehabilitation Project 31813 as of and for the year ended June 30, 2019. The City of Hammond is responsible for the presentation of the Schedule of Net Position and the Schedule of Revenues, Expenses and Changes in Net Position for the Southwest Hammond Sewer Rehabilitation Project 31813 as of and for the year ended June 30, 2019 in accordance with accounting standards generally accepted in the United States of America. The sufficiency of these procedures is solely the responsibility of the City of Hammond, Louisiana. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Trace balances per the Schedule of Net Position and the Schedule of Revenues, Expenses and Changes in Net Position for the Southwest Hammond Sewer Rehabilitation Project 31813 as of and for the year ended June 30, 2019 to the underlying records used in the audit of the financial statements of the City of Hammond, Louisiana as of and for the year ended June 30, 2019.

   No exceptions were noted.

2. Verify the mathematical accuracy of the Schedule of Net Position and the Schedule of Revenues, Expenses and Changes in Net Position for the Southwest Hammond Sewer Rehabilitation Project 31813 as of and for the year ended June 30, 2019.

   No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller

General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the Schedule of Net Position and the Schedule of Revenues, Expenses and Changes in Net Position for the Southwest Hammond Sewer Rehabilitation Project 31813 as of and for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Hammond, Louisiana and is not intended to be and should not be used for any other purpose.

Kushner LaGraize, L.L.C.

January 16, 2020

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF NET POSITION

June 30, 2019

Southwest Hammond Sewer Rehabilitation Project 31813

Assets		
Cash	$	41,152
Grant Receivable -LCDBG		86,841
Total Assets		127,993
Liabilities		
Due to Water & Sewer fund		82,499
Retainage payables		4,342
Total Liabilities		86,841
Net Position	$	41,152

UNAUDITED

CITY OF HAMMOND, LOUISIANA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2019

Southwest Hammond Sewer Rehabilitation Project 31813

Revenues		
LCDBG Program	$	86,841
LCDBG Program Income		0
Local Contribution		0
Other		0
Interest		0
Total Revenues		86,841
Expenses		
Administration		0
Acquisition		0
Engineering		43,278
Construction		86,841
Laboratory Services		0
Construction Inspection		5,570
Construction Contingencies		0
Total Expenses		135,689
Excess (Deficiency) of Revenues over Expenses		(48,848)
Other Financing Sources (Uses)		
Operating Transfers In		0
Operating Transfers Out		0
Total Other Financing Sources (Uses)		0
Excess Revenues and Other Sources Over (Under) Expenses and Other Uses		(48,848)
Net Position		
Beginning of the Year		90,000
Residual Equity Transfer		0
End of the Year	$	41,152

UNAUDITED