

**CITY OF HAMMOND, LOUISIANA**

*ANNUAL FINANCIAL REPORT*

*June 30, 2025*

**CITY OF HAMMOND, LOUISIANA**

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*INDEPENDENT AUDITORS' REPORT*

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

**Report on the Audit of the Financial Statements**

***Opinions***

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), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, as of June 30, 2025, 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.

We did not audit the financial statements of the component units discretely presented in the financial statements, which represent 100 percent of the assets, net position, and revenues of the governmental activities of the component units as of June 30, 2025, and the respective changes in financial position. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it related to the amounts included for the City, are based on the report of the other auditors.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, 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 5-15 and pages 92-93, 94, 95 and 96, respectfully, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of compensation paid to city council members, schedule of compensation, benefits, and other payments to agency head and the justice system funding schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. 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 and the justice system funding schedules 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 also issued our report dated December 19, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2025

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2025*

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, 2025. 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 17.

**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 \$57,326,997.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$16,382,624, a decrease of \$1,982,029 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,488,935.
- The City's total liabilities in the Statement of Net Position at the end of the current fiscal year were \$60,187,726 in comparison to \$69,478,429 in the prior year.
- The City received \$791,349 in gaming revenue from Video Bingo. The City's General Fund received 100% of the gross proceeds. Video Bingo funds are committed for capital projects per ordinance.
- The City's sales tax revenue increased by \$1,600,311 in comparison to the prior year. The City of Hammond collected \$30,313,222 for the year ended June 30, 2025.
- The City's enterprise fund experienced an increase in net position of \$1,739,644 in comparison to the prior year.
- The City completed an additional \$1.6 million in sewer system evaluation and rehabilitation work funded by a \$5-million State Water Sector Program grant and \$1.7 million in federal American Rescue Plan Act (ARPA) funds.
- The City completed \$4.3 million in lift station/force main, South Wastewater Treatment Plant, and historic downtown Hammond sewer system improvements funded in part by nearly \$1.1 million in ARPA funds.
- The City completed rehabilitation work on Runway 18/36 at Hammond Northshore Regional Airport—expending the \$2.2-million remainder of \$5.3 million in FAA and \$533,000 State DOTD grant funds. The City also completed the first \$777,000 in rehabilitation work on the Airport's Terminal Apron and Taxiways A and E funded by \$1.1 million in FAA and \$121,000 in State DOTD grant funds.
- The City completed \$1.6 million in pedestrian bridge, sidewalk, street, and miscellaneous concrete improvements.
- The City invested nearly \$1.1 million in drainage improvements, including design for the "Woodbridge South Outfall" project, expected to be completed in early 2026.

**CITY OF HAMMOND, LOUISIANA**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED*  
*June 30, 2025*

- The City continued work on Phase 2 of improvements to Mooney Avenue Park. Funded by a \$300,000 Land and Water Conservation Fund grant and \$300,000 in City matching funds, planned improvements include a covered playground, a splash pad, an event pavilion, picnic pavilions, a multipurpose sports field, a walking trail, site furniture (e.g. picnic tables, park benches, bench swings), and landscaping including nearly 50 trees. The covered playground has been completed. Site clearing for the splash pad, pavilions, and multisport field has been completed—with the splash pad slated for completion in the fall of 2025 and the pavilions slated for installation in early 2026. Most site furniture has been installed. A dozen new trees have been planted—including 2 Live Oaks.
- The City completed nearly \$10,000 in beautification projects in historic downtown Hammond funded by 2 grants from Keep Louisiana Beautiful. The City was also awarded a grant of 100 trees through the Apache Tree Grant Program; the trees were distributed to Hammond residents during a tree giveaway held on Louisiana Arbor Day, January 17, 2025.

## **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, liabilities, deferred inflows, and deferred outflows, with the difference between the four 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.

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

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 17 - 18 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.

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.

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

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, Airport Capital Projects Fund, Capital Projects 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, 2025, the City's governmental funds reported combined fund balances of \$16,382,624, a decrease of \$1,607,029 in comparison with the prior year. Approximately 9% of this amount, \$1,488,935, 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 (\$166,951) 2) restricted for particular purposes (\$2,146,498), 3) committed for particular purposes (\$11,190,426), or 4) assigned for particular purposes (\$1,389,814).

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 \$1,488,935, the committed fund balance of the general fund was \$14,557, and the nonspendable fund balance of the general fund was \$32,801. The Fund balance decreased \$1,536,293. 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 97% of total general fund expenditures.

The Sales Tax Fund, a major fund, had a \$650,251 decrease in fund balance during the current fiscal year which put the overall fund balance at \$3,366,125 as of June 30, 2025. The entire fund balance has been committed for particular purposes by the City.

The Airport Capital Projects Fund, a major fund, had a \$22,496 increase in fund balance during the current fiscal year which put the overall fund balance at \$47,822 as of June 30, 2025. The entire fund balance has been restricted for capital projects at the City's Airport.

The Capital Projects Fund, a major fund, had a \$138,739 decrease in fund balance during the current fiscal year which put the overall fund balance at \$4,376,322 as of June 30, 2025. The entire fund balance has been committed for capital projects within the City.

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

**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 24 - 27 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 29 - 90 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 \$75,477,327 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 17, 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.

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

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

City of Hammond, Louisiana  
Net Position

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>	Business-Type Activities <u>2025</u>	Business-Type Activities <u>2024</u>	Total <u>2025</u>	Total <u>2024</u>
<b>ASSETS:</b>						
Current and other assets	\$ 21,355,631	\$ 25,472,747	\$ 6,908,768	\$ 10,040,688	\$ 28,264,399	\$ 35,512,815
Land	6,412,947	6,412,947	158,047	158,047	6,570,994	6,570,994
Construction in progress	8,841,676	6,847,789	5,819,621	905,720	14,661,297	7,753,509
Capital assets (net of accumulated depreciation)	<u>57,509,983</u>	<u>54,763,138</u>	<u>18,731,295</u>	<u>18,420,349</u>	<u>76,241,278</u>	<u>73,183,487</u>
<b>TOTAL ASSETS</b>	<u>94,120,237</u>	<u>93,496,621</u>	<u>31,617,731</u>	<u>29,524,804</u>	<u>125,737,968</u>	<u>123,020,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
	<u>12,551,564</u>	<u>18,294,878</u>	<u>1,094,661</u>	<u>1,824,582</u>	<u>13,646,225</u>	<u>20,119,460</u>
<b>LIABILITIES :</b>						
Other liabilities	5,253,339	6,056,700	4,638,564	3,936,936	9,891,903	9,993,636
Noncurrent liabilities	<u>40,641,869</u>	<u>48,704,500</u>	<u>9,653,954</u>	<u>10,780,293</u>	<u>50,295,823</u>	<u>59,484,793</u>
<b>TOTAL LIABILITIES</b>	<u>45,895,208</u>	<u>54,761,200</u>	<u>14,292,518</u>	<u>14,717,229</u>	<u>60,187,726</u>	<u>69,478,429</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
	<u>3,449,597</u>	<u>2,900,936</u>	<u>269,544</u>	<u>221,471</u>	<u>3,719,141</u>	<u>3,122,407</u>
<b>NET POSITION:</b>						
Net investment in capital assets	70,657,484	63,690,815	18,192,963	12,799,116	88,850,447	76,489,931
Restricted for:						
Debt service	1,690,429	1,739,321	-	-	1,690,429	1,739,321
Capital projects	1,559,934	1,467,723	-	-	1,559,934	1,467,723
Unrestricted	<u>(16,580,850)</u>	<u>(12,768,496)</u>	<u>(42,633)</u>	<u>3,611,570</u>	<u>(16,623,483)</u>	<u>(9,156,926)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 57,326,997</u>	<u>\$ 54,129,363</u>	<u>\$ 18,150,330</u>	<u>\$ 16,410,686</u>	<u>\$ 75,477,327</u>	<u>\$ 70,540,049</u>

**Capital Assets**

There was a net increase in Capital Assets of \$3,057,791 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED  
June 30, 2025

**Long Term Debt**

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

Governmental Funds:

	<u>Balance</u> <u>06/30/2025</u>	<u>Balance</u> <u>06/30/2024</u>
Sales Tax Bonds, Series 2015	\$ <u>2,107,122</u>	\$ <u>3,217,591</u>
TOTAL GOVERNMENTAL FUNDS	\$ <u>2,107,122</u>	\$ <u>3,217,591</u>

Proprietary Funds:

	<u>Balance</u> <u>06/30/2025</u>	<u>Balance</u> <u>06/30/2024</u>
Revenue Bonds, Series 2013	\$ 2,781,000	\$ 3,045,000
Revenue Bonds, Series 2020	<u>1,815,000</u>	<u>1,920,000</u>
TOTAL PROPRIETARY FUNDS	\$ <u>4,596,000</u>	\$ <u>4,965,000</u>

At year-end, the City of Hammond had \$6,703,122 in bonds outstanding, which was a decrease of 18% 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.

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

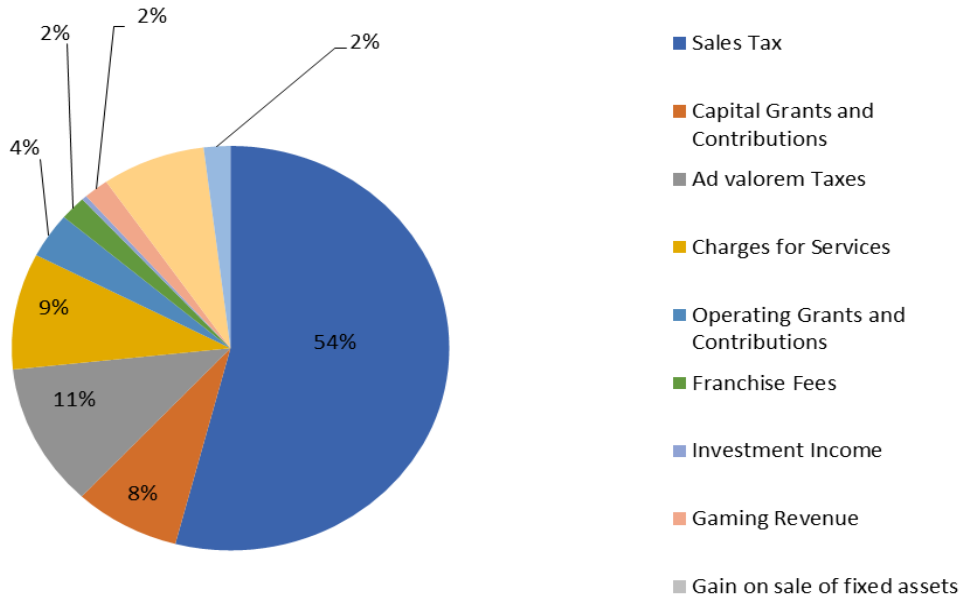
**CHANGES IN NET POSITION.** The City's total revenues and expenses for governmental and business-type activities are reflected in the following table of condensed information:

**City of Hammond, Louisiana**  
**Changes in Net Position**

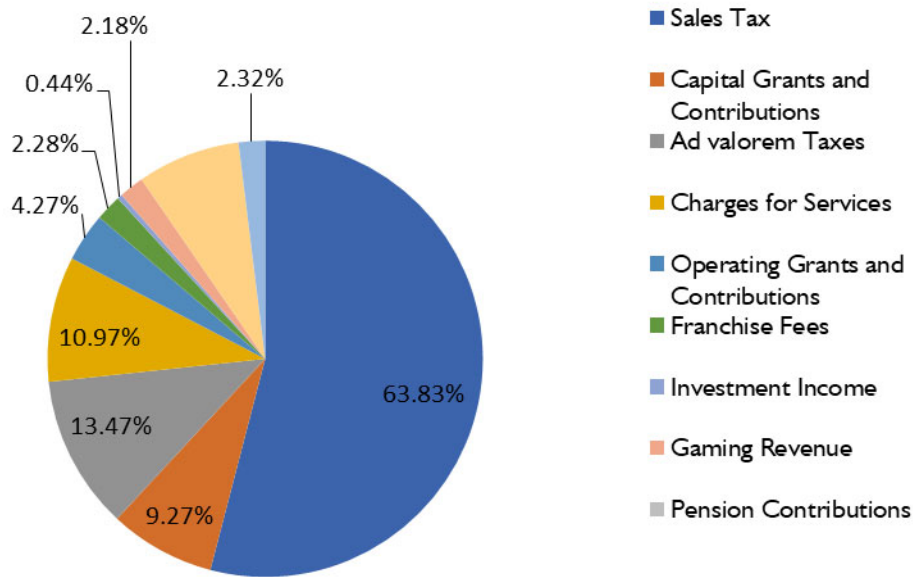
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 4,788,626	\$ 4,935,761	\$ 4,556,390	\$ 4,672,132	\$ 9,345,016	\$ 9,607,893
Operating grants and contributions	2,322,146	1,921,376	-	1,353,092	2,322,146	3,274,468
Capital grants and contributions	4,202,061	4,170,011	2,824,186	747,211	7,026,247	4,917,222
General revenues:						
Sales tax	30,313,222	28,712,911	-	-	30,313,222	28,712,911
Ad valorem taxes	6,278,724	6,060,411	-	-	6,278,724	6,060,411
Franchise fees	1,075,250	1,027,273	-	-	1,075,250	1,027,273
Investment earnings	162,428	200,082	39,931	49,824	202,359	249,906
Gaming revenues	791,349	979,880	-	-	791,349	979,880
Transfers	(791,000)	(4,065,000)	791,000	4,065,000	-	-
Gain on sale of fixed assets	46,832	793	-	-	46,832	793
Pension contributions from non-employer contributing entities	1,149,436	1,041,804	76,455	67,883	1,225,891	1,109,687
<b>Total revenues</b>	<b>50,339,074</b>	<b>44,985,302</b>	<b>8,287,962</b>	<b>10,955,142</b>	<b>58,627,036</b>	<b>55,940,444</b>
<b>EXPENSES:</b>						
General government	7,617,831	7,266,065	-	-	7,617,831	7,266,065
Economic development	534,653	437,012	-	-	534,653	437,012
Public safety - police/fire	27,028,722	25,581,535	-	-	27,028,722	25,581,535
Public works	7,031,100	7,925,222	-	-	7,031,100	7,925,222
Health and sanitation	1,730,726	1,631,678	-	-	1,730,726	1,631,678
Culture and recreation	2,244,503	2,556,224	-	-	2,244,503	2,556,224
Airport	1,287,597	1,226,368	-	-	1,287,597	1,226,368
Cemeteries and municipal grounds	169,338	157,525	-	-	169,338	157,525
Water and sewer operating expenses	-	-	6,548,318	8,583,971	6,548,318	8,583,971
Paying agent fees on long-term debt	400	866	-	-	400	866
Interest on long-term debt	-	22,369	-	-	-	22,369
<b>Total expenses</b>	<b>47,644,870</b>	<b>46,804,864</b>	<b>6,548,318</b>	<b>8,583,971</b>	<b>54,193,188</b>	<b>55,388,835</b>
Increase (decrease) in net position	2,694,204	(1,819,562)	1,739,644	2,371,171	4,433,848	551,609
Net position – beginning of year as originally reported	54,129,363	55,948,925	16,410,686	14,039,515	70,540,049	69,988,440
Change in accounting principle	(503,430)	-	-	-	(503,430)	-
Net position – beginning of year as restated	53,625,933	55,948,925	16,410,686	14,039,515	70,036,619	69,988,440
<b>Net position - end of year as restated</b>	<b>\$ 57,326,997</b>	<b>\$ 54,129,363</b>	<b>\$ 18,150,330</b>	<b>\$ 16,410,686</b>	<b>\$ 75,477,327</b>	<b>\$ 70,540,049</b>

**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

**Revenues by Source – Governmental Activities June 30, 2025**



**Revenues by Source – Governmental Activities June 30, 2024**



**CITY OF HAMMOND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED**  
*June 30, 2025*

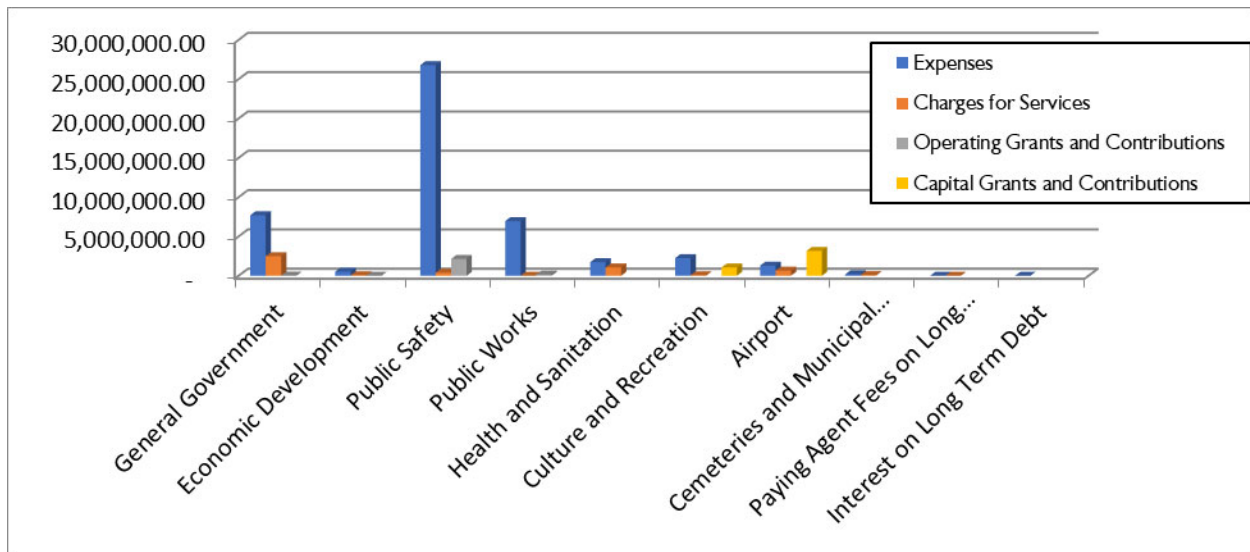
The following chart reflects the City's revenues for the years ended June 30, 2025 and 2024:

<u>Revenues</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Difference</u>
Sales Tax	\$ 30,313,222	\$ 28,712,911	\$ 1,600,311
Capital Grants and Contributions	4,202,061	4,170,011	32,050
Ad valorem Taxes	6,278,724	6,060,411	218,313
Charges for Services	4,788,626	4,935,761	(147,135)
Operating Grants and Contributions	2,322,146	1,921,376	400,770
Franchise Fees	1,075,250	1,027,273	47,977
Investment Earnings	162,428	200,082	(37,654)
Gaming Revenue	791,349	979,880	(188,531)
Transfers	(791,000)	(4,065,000)	3,274,000
Gain on sale of fixed assets	46,832	793	46,039
Pension Contributions from non-employer contributing entities	1,149,436	1,041,804	107,632
<b>Total Revenues</b>	<b>\$ 50,339,074</b>	<b>\$ 44,985,302</b>	<b>\$ 5,353,772</b>

The cost of all governmental activities for the year ended June 30, 2025 was \$47,644,870. The Statement of Activities for the year ended June 30, 2025 on page 18 shows that those who use the services financed \$4,788,626 and \$6,524,207 was financed by grants and contributions with the City's general revenues financing \$39,026,241.

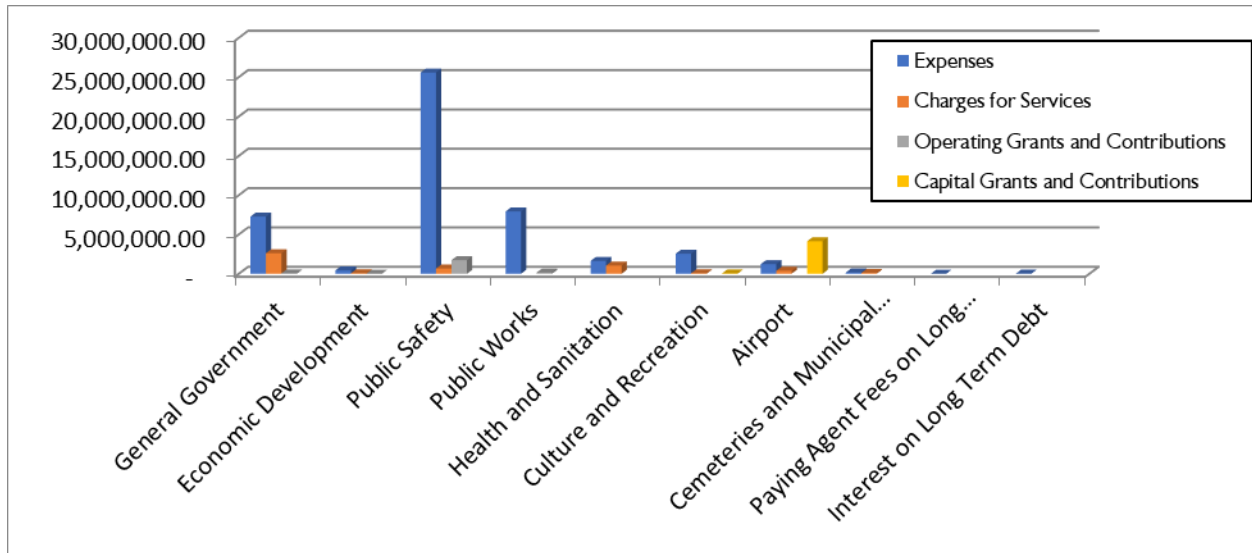
The City's largest programs are public safety, public works, and general government. The graph below shows the expenses and program revenues generated by governmental activities.

**Expenses and Program Revenue – Governmental Activities  
For the Year Ended June 30, 2025**



**CITY OF HAMMOND, LOUISIANA**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED  
 June 30, 2025

**Expenses and Program Revenue – Governmental Activities  
 For the Year Ended June 30, 2024**



**Budget**

During the course of the year, the City revises its budget to take into consideration significant changes in revenues and expenditures. Louisiana Revised Statute 39:1311 requires that the budget be revised if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by 5% or more.

The City adopted a conservative approach to budgeting in fiscal year 2026, asking departments to anticipate all costs and projects and to budget within current revenues where reasonable.

**Request for Information**

Questions concerning any financial information provided or request for additional financial information should be to Charles Borchers IV, Director of Administration, at City of Hammond, PO Box 2788, 310 E Charles St, Hammond LA 70404-2788, borchers\_cw@hammond.org, or 985-277-5647.

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

**CITY OF HAMMOND, LOUISIANA**

STATEMENT OF NET POSITION  
JUNE 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	City Court of Hammond	Marshal of City Court of Hammond
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,824,867	\$ 3,280,242	\$ 13,105,109	\$ 370,144	\$ 514,679
Investments at cost	-	-	-	805,460	234,369
Receivables					
Customers (net of allowance for doubtful accounts of \$59,364)	-	1,233,135	1,233,135	-	-
Franchise taxes receivable	261,392	-	261,392	-	-
Notes receivable	134,150	-	134,150	-	-
Other receivable	288,503	-	288,503	-	-
Prepaid expenses	1,309,179	-	1,309,179	-	13,849
Due from other governments	7,635,824	1,334,164	8,969,988	35,219	45,776
Restricted assets					
Cash and cash equivalents	-	939,985	939,985	108,640	-
Lease receivables	1,901,716	121,242	2,022,958	-	-
Internal balances	-	-	-	94,992	23,007
Net pension asset	-	-	-	124,035	-
Land	6,412,947	158,047	6,570,994	-	-
Construction in progress	8,841,676	5,819,621	14,661,297	-	-
Capital assets (net of accumulated depreciation)	57,509,983	18,731,295	76,241,278	59,428	141,752
<b>TOTAL ASSETS</b>	<b>94,120,237</b>	<b>31,617,731</b>	<b>125,737,968</b>	<b>1,597,918</b>	<b>973,432</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Asset retirement obligations	-	280,000	280,000	-	-
Deferred outflows related to pensions	11,704,542	708,265	12,412,807	102,689	216,962
Deferred outflows related to OPEB	847,022	106,396	953,418	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>12,551,564</b>	<b>1,094,661</b>	<b>13,646,225</b>	<b>102,689</b>	<b>216,962</b>
<b>LIABILITIES</b>					
Accounts payable	1,920,153	2,134,933	4,055,086	34,938	4,848
Payroll taxes payable	174,591	-	174,591	-	-
Salaries payable	551,968	-	551,968	23,540	16,513
Claims payable	829,163	-	829,163	-	-
Claims incurred but not reported	1,000	-	1,000	-	-
Due to other governments	-	21,958	21,958	-	-
Interest payable	6,604	-	6,604	-	-
Retainage payable	211,477	346,239	557,716	-	-
Unavailable income	1,200	823,449	824,649	-	-
Other payable	537,183	-	537,183	-	-
Payable from restricted assets					
Customers' deposits	-	939,985	939,985	-	-
Bonds payable - current portion	1,020,000	372,000	1,392,000	-	-
Noncurrent liabilities					
Other post-employment benefits (OPEB) payable	2,265,220	284,540	2,549,760	-	-
Bonds payable	1,087,122	4,224,000	5,311,122	-	-
Asset retirement obligations	-	2,200,000	2,200,000	-	-
Accrued leave	5,635,706	316,631	5,952,337	113,246	22,220
Right-of-use (ROU) lease liability	-	-	-	-	5,197
Net pension liability	31,653,820	2,628,783	34,282,603	117,302	699,267
<b>TOTAL LIABILITIES</b>	<b>45,895,207</b>	<b>14,292,518</b>	<b>60,187,725</b>	<b>289,026</b>	<b>748,045</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to leases	1,901,716	121,242	2,022,958	-	-
Deferred inflows related to pensions	1,183,583	102,541	1,286,124	70,438	27,408
Deferred inflows related to OPEB	364,298	45,761	410,059	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,449,597</b>	<b>269,544</b>	<b>3,719,141</b>	<b>70,438</b>	<b>27,408</b>
<b>NET POSITION</b>					
Net investment in capital assets	70,657,484	18,192,963	88,850,447	59,428	136,555
Restricted for:					
Debt service	1,690,429	-	1,690,429	-	-
Capital projects	1,559,934	-	1,559,934	-	-
Judicial building fund	-	-	-	103,535	-
Unrestricted	(16,580,850)	(42,633)	(16,623,483)	1,178,180	278,386
<b>TOTAL NET POSITION</b>	<b>\$ 57,326,997</b>	<b>\$ 18,150,330</b>	<b>\$ 75,477,327</b>	<b>\$ 1,341,143</b>	<b>\$ 414,941</b>

**CITY OF HAMMOND, LOUISIANA**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position			Component Units
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ 7,617,831	\$ 2,487,182	\$ 25,596	\$ -	\$ (5,105,053)	\$ -	\$ (5,105,053)	
Economic development	534,653	57,649	8,078	-	(468,926)	-	(468,926)	
Public safety - police	16,307,922	388,322	1,187,785	-	(14,731,815)	-	(14,731,815)	
Public safety - fire	10,720,800	-	951,597	-	(9,769,203)	-	(9,769,203)	
Public works	7,031,100	-	149,090	-	(6,882,010)	-	(6,882,010)	
Health and sanitation	1,730,726	1,051,218	-	-	(679,508)	-	(679,508)	
Culture and recreation	2,244,503	65,188	-	1,050,661	(1,128,654)	-	(1,128,654)	
Airport	1,287,597	647,662	-	3,151,400	2,511,465	-	2,511,465	
Cemeteries and municipal grounds	169,338	91,405	-	-	(77,933)	-	(77,933)	
Paying agent fees on long-term debt	400	-	-	-	(400)	-	(400)	
Total governmental activities	<u>47,644,870</u>	<u>4,788,626</u>	<u>2,322,146</u>	<u>4,202,061</u>	<u>(36,332,037)</u>	<u>-</u>	<u>(36,332,037)</u>	
Business-type Activities:								
Water and sewer	<u>6,548,318</u>	<u>4,556,390</u>	<u>-</u>	<u>2,824,186</u>	<u>-</u>	<u>832,258</u>	<u>832,258</u>	
Total business-type activities	<u>6,548,318</u>	<u>4,556,390</u>	<u>-</u>	<u>2,824,186</u>	<u>-</u>	<u>832,258</u>	<u>832,258</u>	
Total primary government	<u>\$ 54,193,188</u>	<u>\$ 9,345,016</u>	<u>\$ 2,322,146</u>	<u>\$ 7,026,247</u>	<u>(36,332,037)</u>	<u>832,258</u>	<u>(35,499,779)</u>	
Component Units:								
City Court of Hammond	\$ 1,949,885	\$ 984,641	\$ 1,120,517	\$ -	-	-	-	\$ 155,273
Marshal of City Court of Hammond	<u>1,117,006</u>	<u>498,809</u>	<u>657,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,223</u>
Total component units	<u>\$ 3,066,891</u>	<u>\$ 1,483,450</u>	<u>\$ 1,777,937</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,496</u>
General Revenues:								
Taxes:								
Sales taxes					30,313,222	-	30,313,222	-
Ad valorem taxes, levied for general purposes					5,170,884	-	5,170,884	-
Ad valorem taxes, levied for fire and police					1,107,840	-	1,107,840	-
Franchise fees					1,075,250	-	1,075,250	-
Gaming revenues					791,349	-	791,349	-
Unrestricted investment earnings					162,428	39,931	202,359	26,018
Transfers					(791,000)	791,000	-	-
Gain on sale of fixed assets					46,832	-	46,832	-
Pension contributions from non-employer contributing entities					1,149,436	76,455	1,225,891	34,129
Total general revenues and transfers					<u>39,026,241</u>	<u>907,386</u>	<u>39,933,627</u>	<u>60,147</u>
Change in net position					2,694,204	1,739,644	4,433,848	254,643
Net position-beginning of year, as previously reported					54,129,363	16,410,686	70,540,049	1,539,353
Change in accounting principle - GASB 101					503,430	-	503,430	(37,912)
Net position-beginning of year, as restated					<u>54,632,793</u>	<u>16,410,686</u>	<u>71,043,479</u>	<u>1,501,441</u>
Net position-end of year					<u>\$ 57,326,997</u>	<u>\$ 18,150,330</u>	<u>\$ 75,477,327</u>	<u>\$ 1,756,084</u>

***FUND FINANCIAL STATEMENTS (FFS)***

**CITY OF HAMMOND, LOUISIANA**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Sales Tax Fund	Airport Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,376,302	\$ 152	\$ 9,199	\$ 3,402,622	\$ 3,879,630	\$ 9,667,905
Franchise taxes receivable	261,392	-	-	-	-	261,392
Due from other funds	4,122,026	-	-	1,398,699	3,296,225	8,816,950
Due from other governments	438,122	5,502,865	1,532,543	66,467	95,827	7,635,824
Lease receivables	1,901,716	-	-	-	-	1,901,716
Other receivables	288,503	-	-	-	-	288,503
Prepaid expenses	32,801	-	-	-	-	32,801
Notes receivable	-	-	-	-	134,150	134,150
<b>TOTAL ASSETS</b>	<b>\$ 9,420,862</b>	<b>\$ 5,503,017</b>	<b>\$ 1,541,742</b>	<b>\$ 4,867,788</b>	<b>\$ 7,405,832</b>	<b>\$ 28,739,241</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,074,077	\$ 181,549	\$ 57,266	\$ 317,944	\$ 280,217	\$ 1,911,053
Due to other funds	3,671,704	1,955,343	1,398,699	-	41,683	7,067,429
Other payables	509,313	-	-	-	27,870	537,183
Salaries payable	551,968	-	-	-	-	551,968
Payroll taxes payable	174,591	-	-	-	-	174,591
Retainage payable	-	-	37,955	173,522	-	211,477
Unearned grant income	1,200	-	-	-	-	1,200
<b>TOTAL LIABILITIES</b>	<b>5,982,853</b>	<b>2,136,892</b>	<b>1,493,920</b>	<b>491,466</b>	<b>349,770</b>	<b>10,454,901</b>
Deferred inflows of resources:						
Lease related	1,901,716	-	-	-	-	1,901,716
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,901,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,901,716</b>
Fund balances:						
Nonspendable amounts						
Not in spendable form	32,801	-	-	-	134,150	166,951
Restricted	-	-	47,822	-	2,098,676	2,146,498
Committed	14,557	3,366,125	-	4,376,322	3,433,422	11,190,426
Assigned	-	-	-	-	1,389,814	1,389,814
Unassigned	1,488,935	-	-	-	-	1,488,935
<b>TOTAL FUND BALANCES</b>	<b>1,536,293</b>	<b>3,366,125</b>	<b>47,822</b>	<b>4,376,322</b>	<b>7,056,062</b>	<b>16,382,624</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 9,420,862</b>	<b>\$ 5,503,017</b>	<b>\$ 1,541,742</b>	<b>\$ 4,867,788</b>	<b>\$ 7,405,832</b>	<b>\$ 28,739,241</b>

**CITY OF HAMMOND, LOUISIANA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
*June 30, 2025*

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

Total fund balances, Governmental Funds	\$ 16,382,624
Capital assets net of accumulated depreciation at June 30, 2025	72,764,606
In the Statement of Net Position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,604)
Internal service fund's assets and liabilities (governmental activities)	(1,155,444)
Long term liabilities at June 30, 2025:	
General obligation bonds payable	(2,107,122)
Other post-employment benefits payable	(2,265,220)
Accumulated leave payable	(5,635,706)
Net pension liability	(31,653,820)
Deferred outflows of resources:	
Changes in proportion and difference between contributions and proportionate share of contributions related to pensions	3,806,116
Difference between expected and actual experience related to pensions	1,608,999
Difference between expected and actual experience related to OPEB	122,512
Net difference between projected and actual earnings on pension plan investments	644,382
Contributions subsequent to the measurement date for pensions	5,262,249
Change in assumptions related to pensions	382,796
Change in assumptions related to OPEB	724,510
Deferred inflows of resources:	
Changes in proportion and differences between contributions and proportionate share of contributions related to pensions	(236,674)
Differences between expected and actual experience related to pensions	(915,060)
Differences between expected and actual experience related to OPEB	(21,253)
Change in assumptions related to pensions	(31,849)
Change in assumptions related to OPEB	<u>(343,045)</u>
Net position of governmental activities	<u>\$ 57,326,997</u>

**CITY OF HAMMOND, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Sales Tax Fund	Airport Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 6,943,438	\$ 30,313,222	\$ -	\$ -	\$ 410,536	\$ 37,667,196
Licenses and permits	2,080,216	-	-	-	-	2,080,216
Federal grants	-	-	2,779,947	1,050,661	536,265	4,366,873
State grants	-	-	371,453	-	1,000	372,453
Cemeteries and municipal grounds	91,405	-	-	-	-	91,405
Highways and streets	149,090	-	-	-	-	149,090
Public safety						
Police	213,145	-	-	-	-	213,145
Fire	479,354	-	-	-	-	479,354
Gaming revenue	791,349	-	-	-	-	791,349
Fines and forfeitures	355,230	-	-	-	-	355,230
Sanitation service fee	1,051,218	-	-	-	-	1,051,218
Court awards	-	-	-	-	153,836	153,836
State supplemental pay	1,122,763	-	-	-	-	1,122,763
Court witness fee	-	-	-	-	21,341	21,341
Parks and recreation	65,188	-	-	-	-	65,188
Donations	7,450	-	-	300	31,124	38,874
Interest	111,695	5	5	18,345	20,495	150,545
Miscellaneous	699,742	-	-	-	71,392	771,134
<b>TOTAL REVENUES</b>	<b>14,161,283</b>	<b>30,313,227</b>	<b>3,151,405</b>	<b>1,069,306</b>	<b>1,245,989</b>	<b>49,941,210</b>
<b>EXPENDITURES</b>						
General government	5,337,987	-	-	-	143,435	5,481,422
Public safety						
Police	13,776,698	-	-	-	552,881	14,329,579
Fire	8,810,564	-	-	-	78,923	8,889,487
Buildings	2,293,515	-	-	-	-	2,293,515
Highways and streets	3,198,619	-	-	-	-	3,198,619
Economic development	-	-	-	-	418,733	418,733
Sanitation	1,730,726	-	-	-	-	1,730,726
Airport	549,709	-	-	-	-	549,709
Parks and recreation	1,096,041	-	-	-	-	1,096,041
Capital outlay	238,062	348,906	3,128,909	4,664,777	791,971	9,172,625
Miscellaneous	-	-	-	-	302,508	302,508
Debt Service						
Principal retirement	-	-	-	-	965,000	965,000
Paying agent fees	-	-	-	-	400	400
Interest and charges	-	-	-	-	128,875	128,875
<b>TOTAL EXPENDITURES</b>	<b>37,031,921</b>	<b>348,906</b>	<b>3,128,909</b>	<b>4,664,777</b>	<b>3,382,726</b>	<b>48,557,239</b>
Excess (deficiency) of revenues over expenditures	(22,870,638)	29,964,321	22,496	(3,595,471)	(2,136,737)	1,383,971
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	26,128,189	11,617	-	3,668,349	2,463,962	32,272,117
Operating transfers (out)	(4,772,285)	(30,626,189)	-	(211,617)	(28,026)	(35,638,117)
<b>Total other financing sources (uses)</b>	<b>21,355,904</b>	<b>(30,614,572)</b>	<b>-</b>	<b>3,456,732</b>	<b>2,435,936</b>	<b>(3,366,000)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,514,734)	(650,251)	22,496	(138,739)	299,199	(1,982,029)
Fund balances, beginning	3,051,027	4,016,376	25,326	4,515,061	6,756,863	18,364,653
Fund balances, ending	\$ 1,536,293	\$ 3,366,125	\$ 47,822	\$ 4,376,322	\$ 7,056,062	\$ 16,382,624

**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, 2025*

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

Net Change in Fund Balances - Total Governmental Funds	\$(1,982,029)
<p>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 \$8,871,457 exceeded depreciation \$4,128,029 in the current period.</p>	
	4,746,428
<p>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. 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.</p>	
	1,110,469
<p>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.</p>	
	(1,271,898)
<p>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.</p>	
	(5,055)
<p>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:</p>	
Net change in pension expense	(1,456,425)
Contributions from non-employer contributing entities	1,149,436
<p>The net effect of certain transactions, such as accrued leave, other post-employment benefits and prepaids are reported with governmental activities.</p>	
	<u>403,278</u>
Change in Net Position of Governmental Activities	<u>\$ 2,694,204</u>

**CITY OF HAMMOND, LOUISIANA**

STATEMENT OF NET POSITION (DEFICIT)

PROPRIETARY FUNDS

JUNE 30, 2025

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,280,242	\$ 156,962
Receivables		
Customers (net of allowance for doubtful accounts of \$59,364)	1,233,135	-
Due from other governments	1,334,164	-
Due from other funds	-	375,479
Lease receivable	121,242	-
Prepaid insurance	-	1,276,378
Total current assets	<u>5,968,783</u>	<u>1,808,819</u>
<b>RESTRICTED ASSETS</b>		
Customers' deposits		
Cash and cash equivalents	939,985	-
Total restricted assets	<u>939,985</u>	<u>-</u>
<b>CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>		
	<u>24,708,963</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>31,617,731</u></u>	<u><u>1,808,819</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Changes in proportion and differences between contributions and proportionate share of contributions related to pensions	141,469	-
Changes in assumptions related to OPEB	91,007	-
Differences between expected and actual experience related to OPEB	15,389	-
Net difference between projected and actual earnings on pension plan investments	35,401	-
Contributions subsequent to the measurement date	531,395	-
Asset retirement obligations	280,000	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,094,661</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	2,134,933	9,100
Retainage payable	346,239	-
Claims payable	-	829,163
Claims incurred but not reported	-	1,000
Due to other funds	-	2,125,000
Due to other governments	21,958	-
Current portion of bonds payable	372,000	-
Unavailable revenue	823,449	-
<b>Total current liabilities</b>	<u>3,698,579</u>	<u>2,964,263</u>
<b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>		
Customers' deposits	939,985	-
<b>Total current liabilities (payable from restricted assets)</b>	<u>939,985</u>	<u>-</u>
<b>LONG-TERM LIABILITIES</b>		
Other post employment benefits payable	284,540	-
Accumulated leave payable	316,631	-
Bonds payable	4,224,000	-
Net pension liability	2,628,783	-
Asset retirement obligations	2,200,000	-
<b>Total long-term liabilities</b>	<u>9,653,954</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>14,292,518</u>	<u>2,964,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Differences between expected and actual experience related to pensions	87,024	-
Differences between expected and actual experience related to OPEB	2,670	-
Changes in assumptions related to pensions	15,517	-
Changes in assumptions related to OPEB	43,091	-
Lease related	121,242	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>269,544</u>	<u>-</u>
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	18,192,963	-
Unrestricted, deficit	(42,633)	(1,155,444)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 18,150,330</u>	<u>\$ (1,155,444)</u>

The accompanying notes are an integral part of this statement.

**CITY OF HAMMOND, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)**  
**PROPRIETARY FUNDS**  
*For The Year Ended June 30, 2025*

	Business-Type Activities - Enterprise <u>Funds</u>	Governmental Activities - Internal Service <u>Funds</u>
<b>OPERATING REVENUES</b>		
Sewer charges	\$ 2,540,893	\$ -
Water sales	1,219,070	-
Tap-in and reconnect fees	20,779	-
Monthly user fees	594,478	-
Other fees	19,440	-
Insurance charges	-	3,461,054
Miscellaneous	161,730	61,989
Total operating revenues	<u>4,556,390</u>	<u>3,523,043</u>
<b>OPERATING EXPENSES</b>		
Insurance	-	7,370,285
Personnel services	2,460,639	-
Contractual services, supplies, materials and other	2,309,153	-
Depreciation and amortization	1,672,614	-
Total operating expenses	<u>6,442,406</u>	<u>7,370,285</u>
Operating income (loss)	(1,886,016)	(3,847,242)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	39,931	344
Miscellaneous expense	(84,399)	-
Pension contributions from non-employer contributing entities	76,455	-
Interest expense	(21,513)	-
Total non-operating revenues (expenses)	<u>10,474</u>	<u>344</u>
Gain (Loss) before operating transfers	(1,875,542)	(3,846,898)
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>		
Capital contributions	2,824,186	-
Transfers in	791,000	2,575,000
Total operating transfers	<u>3,615,186</u>	<u>2,575,000</u>
Change in net position	1,739,644	(1,271,898)
TOTAL NET POSITION - beginning	<u>16,410,686</u>	<u>116,454</u>
TOTAL NET POSITION - ending	<u>\$ 18,150,330</u>	<u>\$ (1,155,444)</u>

**CITY OF HAMMOND, LOUISIANA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 5,417,978	\$ 3,523,043
Payments to suppliers	(1,016,117)	(6,312,561)
Payments to employees	(3,214,978)	-
Payments received from other funds	<u>(49,358)</u>	<u>-</u>
Net cash provided by (used) in operating activities	1,137,525	(2,789,518)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Miscellaneous expenses	(160,854)	-
Interest paid	(21,513)	-
Receipts from grants	1,746,780	-
Purchase of capital assets	6,744,551	-
Operating transfers in	<u>791,000</u>	<u>2,575,000</u>
Net cash provided by (used in) capital and related financing activities	(4,389,138)	2,575,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	<u>39,931</u>	<u>344</u>
Net cash provided by investing activities	<u>39,931</u>	<u>344</u>
Net decrease in cash and cash equivalents	(3,211,682)	(214,174)
Cash and cash equivalents, beginning (including \$897,051 for the water and sewer fund reported in restricted accounts)	<u>7,431,909</u>	<u>371,136</u>
Cash and cash equivalents, ending (including \$939,985 for the water and sewer fund reported in restricted accounts)	<u>\$ 4,220,227</u>	<u>\$ 156,962</u>

**CITY OF HAMMOND, LOUISIANA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS - CONTINUED

For The Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	<u>                    </u>	<u>                    </u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,886,016)	\$ (3,847,242)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,672,614	-
Decrease in accounts receivable	1,710	-
Decrease in lease receivable	42,543	-
Increase in prepaid insurance	-	(316,050)
Increase in due from other governments	(124,015)	-
Increase in due from other funds	-	(375,479)
Decrease in deferred outflows	729,921	-
Increase (decrease) in accounts payable	1,514,650	(78,436)
Increase in retainages payable	271,401	-
Increase in customer deposits	42,934	-
Decrease in due to other governments	(3,593)	-
Increase and (decrease) in due to other funds	(49,358)	1,675,000
Decrease in accumulated leave	(38,748)	-
Increase in claims payable	-	152,689
Decrease in bonds payable	(369,000)	-
Decrease in net pension liability	(669,235)	-
Decrease in net OPEB liability	(46,356)	-
Increase in deferred inflows	<u>48,073</u>	<u>-</u>
Total adjustments	<u>3,023,541</u>	<u>1,057,724</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>\$ 1,137,525</u>	 <u>\$ (2,789,518)</u>

**CITY OF HAMMOND, LOUISIANA**  
**COMPONENT UNIT FINANCIAL STATEMENTS**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
*June 30, 2025*

	<u>Marshal's Office City Court of Hammond</u>	<u>City Court of Hammond</u>
<b>ASSETS:</b>		
Cash on hand and in banks	\$ 39,782	\$ 506,848
Due from General Fund	<u>-</u>	<u>41,954</u>
<b>TOTAL ASSETS</b>	<b>39,782</b>	<b>548,802</b>
<b>LIABILITIES:</b>		
Accounts Payable	-	93,857
Due to General Fund	-	80,511
Due to Judicial Building Fund	-	14,481
Due to Others	<u>39,782</u>	<u>359,953</u>
<b>TOTAL LIABILITIES</b>	<b>39,782</b>	<b>548,802</b>
<b>NET POSITION</b>	<u>-</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

# **CITY OF HAMMOND, LOUISIANA**

## **NOTES TO FINANCIAL STATEMENTS**

*As of and for the Year Ended June 30, 2025*

### **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.

### **I. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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:

<u>Component Unit</u>	<u>Year End</u>	<u>Criteria Used</u>
City Court	June 30, 2025	2
Marshal's Office - City Court	June 30, 2025	2
Hammond Downtown Development District	June 30, 2025	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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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, 2025.

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, 2025.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**A. REPORTING ENTITY: (Continued)**

Related Organizations: (Continued)

The City is not obligated in any 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

Fund Financial Statements: (Continued)

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.

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.

New Accounting Pronouncement:

The GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid cash or settled through noncash means.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

New Accounting Pronouncement: (Continued)

A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The City adopted the provisions of GASB Statement No. 101 during the year-ended 2025. Beginning net position has been restated as a result of the adoption of this standard. See Note 21 for additional information regarding the effect of the adoption of GASB Statement No. 101.

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 unencumbered 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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 fund 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. Accumulated leave was computed in accordance with GASB Statement 101, *Compensated Absences*.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

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

1) The “Capital Projects 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 Balance – 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. 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 determined 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.

Fund Balance Deficit

The Workman’s Compensation & General Liability Insurance Internal Service Fund has an accumulated deficit in net position of \$1,155,444 as of June 30, 2025. The deficit resulted from unexpected losses due to higher insurance claims near year end. Management will resolve during fiscal year end 2026.

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, 2025 is \$536,091.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

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.

Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2025 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 \$5,000 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

Capital Assets (Continued):

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

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."

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

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 Tangipahoa Parish Sheriff's Office bills and collects the City's 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 addition, voters renewed a ten-year millage in 2025 of two (2) mills to be used for public improvements upkeep. The total is for general government services.

No assessment was required for payment of long-term debt. On August 15, 2020, the voters of the City renewed a ten (10) mill property tax for a period of ten (10) years, beginning with the year 2021, 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. On April 24, 2021, the voters of the District renewed the current tax levy of up to fifteen (15) mills on property.

For the year ended June 30, 2025, taxes were levied for the City (21.04 mills) and the District (15 mills) on property. The total tax levied was \$6,464,253. Tax collections for the year ended June 30, 2025 were 90.63% of the tax levy.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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, 2025. All monies are invested in short term cash equivalents.

At June 30, 2025, the City had cash (book balances) totaling \$14,045,094 as follows:

Governmental Funds:

Petty cash	\$ 1,500
Demand deposits	46,302
Interest bearing demand deposits	<u>9,620,103</u>
	<u>9,667,905</u>

Proprietary Funds:

Enterprise Fund	
Interest bearing demand deposit	4,220,227
Internal Service Fund	
Interest bearing demand deposit	61,861
Cash with agent	<u>95,101</u>
	<u>4,377,189</u>

Total	<u>\$ 14,045,094</u>
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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, 2025, the City had \$14,794,217 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

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

**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 \$14,794,217 at June 30, 2025 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, 2025, are as follows:

City Court of Hammond

The City Court of Hammond reported on the government-wide financial statements cash and cash equivalents in the amount of \$478,784 in deposits (book balances), of which \$108,640 is restricted, at June 30, 2025. Total cash (book balances) from fiduciary responsibilities was \$506,848 at June 30, 2025. The City Court of Hammond reported on the government-wide financial statements investments (book balance) of \$805,460 at June 30, 2025. Bank balances at June 30, 2025 totaled \$1,871,696 of which \$1,013,836 was insured by FDIC Insurance and \$794,591 was collateralized with investments held by pledging bank's trust department not in the City Court's name. An additional amount of \$63,269 was uninsured and uncollateralized as of June 30, 2025.

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".

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

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

**C. Discretely Presented Component Units (Continued)**

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, 2025, \$857,860 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, 2025, 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, 2025, the Marshal’s Office reported on the government-wide financial statements cash and cash equivalents (book balances) in the amount of \$514,679. Total cash (book balances) from fiduciary responsibilities not reported on the government-wide financial statements was \$39,782 at June 30, 2025. The Marshal’s Office reported on the government-wide financial statements investments (book balance) of \$234,369 at June 30, 2025. The bank balances at June 30, 2025 totaled \$853,126, of which \$216,102 was uninsured and collateralized with the remaining \$637,024 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, 2025, \$216,102 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**4. RECEIVABLES:**

Receivables at June 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Proprietary Funds		Total Primary Government	Total Component Units	Reporting Entity
	General	Other Governmental Funds	Total	Enterprise	Internal Service			
Receivables:								
Taxes:								
Ad valorem	\$ 476,727	\$ -	\$ 476,727	\$ -	\$ -	\$ 476,727	\$ -	\$ 476,727
Franchise	261,392	-	261,392	-	-	261,392	-	261,392
Notes receivables	-	134,150	134,150	-	-	134,150	-	134,150
Accounts receivables	-	-	-	1,292,499	-	1,292,499	-	1,292,499
Lease receivables	1,901,716	-	1,901,716	121,242	-	2,022,958	-	2,022,958
Other receivables	<u>288,503</u>	<u>-</u>	<u>288,503</u>	<u>-</u>	<u>-</u>	<u>288,503</u>	<u>-</u>	<u>288,503</u>
Gross receivables	2,928,338	134,150	3,062,488	1,413,741	-	4,476,229	-	4,476,229
Less: Allowance for uncollectibles	<u>(476,727)</u>	<u>-</u>	<u>(476,727)</u>	<u>(59,364)</u>	<u>-</u>	<u>(536,091)</u>	<u>-</u>	<u>(536,091)</u>
Net Receivables	<u>\$ 2,451,611</u>	<u>\$ 134,150</u>	<u>\$ 2,585,761</u>	<u>\$ 1,354,377</u>	<u>\$ -</u>	<u>\$ 3,940,138</u>	<u>\$ -</u>	<u>\$ 3,940,138</u>

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

Governmental Funds:		
General Fund	Interfund Receivables \$ 4,122,026	Interfund Payables \$ 3,671,704
Airport Capital Projects fund	-	1,398,699
Capital Projects fund	1,398,699	-
Sales Tax fund	-	1,955,343
Other governmental funds	<u>3,296,225</u>	<u>41,683</u>
Total Governmental Funds	<u>8,816,950</u>	<u>6,692,429</u>
Proprietary Funds:		
Enterprise fund	-	-
Internal service fund	<u>375,479</u>	<u>2,125,000</u>
Total Proprietary Funds	<u>375,479</u>	<u>2,125,000</u>
Total Primary Government	<u>\$ 9,192,429</u>	<u>\$ 9,192,429</u>
Governmental Funds:		
General fund	Transfers In \$ 26,128,189	Transfers Out \$ 4,772,285
Sales tax fund	11,617	30,626,189
Capital Projects Fund	3,668,349	211,617
Other governmental funds	<u>2,463,962</u>	<u>28,026</u>
Total Governmental Funds	<u>32,272,117</u>	<u>35,638,117</u>
Proprietary Funds:		
Enterprise fund	791,000	-
Internal service fund	<u>2,575,000</u>	-
Total Proprietary Funds	<u>3,366,000</u>	-
Total Primary Government	<u>\$ 35,638,117</u>	<u>\$ 35,638,117</u>

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

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**6. DUE FROM OTHER GOVERNMENTS:**

	Governmental Funds					Proprietary Fund	Total Primary Government	Component Units	Total Reporting Entity
	General	Airport Capital Projects	Capital Projects	Sales Tax	Other Governmental Funds	Enterprise Fund			
State of Louisiana:									
Beer tax	\$ 9,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,175	\$ -	\$ 9,175
State grants	-	250,264	-	-	1,000	19,500	270,764	-	270,764
Tangipahoa Parish School Board – sales tax	-	-	-	5,502,865	-	-	5,502,865	-	5,502,865
Tangipahoa Parish Government	-	-	-	-	-	-	-	5,880	5,880
City of Hammond	-	-	-	-	-	-	-	57,663	57,663
City Court of Hammond	25,451	-	-	-	1,561	-	27,012	16,705	43,717
Federal grants	94,768	1,282,279	16,867	-	92,767	1,314,664	2,801,345	-	2,801,345
Other agencies	308,728	-	49,600	-	499	-	358,827	747	359,574
<b>Total</b>	<b>\$ 438,122</b>	<b>\$ 1,532,543</b>	<b>\$ 66,467</b>	<b>\$ 5,502,865</b>	<b>\$ 95,827</b>	<b>\$ 1,334,164</b>	<b>\$ 8,969,988</b>	<b>\$ 80,995</b>	<b>\$9,050,983</b>

**7. CAPITAL ASSETS:**

**A. Governmental Funds:**

The following is a summary of governmental fund-type capital assets at June 30, 2025.

	Balance 7/01/2024	Additions	Deletions	Completed Construction	Balance 6/30/2025
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,412,947	\$ -	\$ -	\$ -	\$ 6,412,947
Construction in progress	6,847,789	7,650,961	(26,241)	(5,680,833)	8,841,676
Total capital assets not being depreciated	13,260,736	7,650,961	(26,241)	(5,630,833)	15,254,623
Capital assets being depreciated:					
Buildings	13,976,579	-	-	-	13,976,579
Vehicles	13,264,590	589,118	(127,088)	-	13,726,620
Equipment	7,322,152	617,092	(40,607)	133,383	8,032,020
Infrastructure	81,159,717	40,527	-	5,497,450	86,697,694
Total capital assets being depreciated	115,723,038	1,246,737	(167,695)	5,630,833	122,432,913
Less accumulated depreciation	(60,959,900)	(4,128,029)	164,999	-	(64,922,930)
Total capital assets being depreciated, net	54,763,138	(2,881,292)	(2,696)	5,630,833	57,509,983
Governmental activities capital assets, net	\$68,023,874	\$ 4,769,669	\$ (28,937)	\$ -	\$72,764,606

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**7. CAPITAL ASSETS: (Continued)**

**A. Governmental Funds: (Continued)**

Depreciation expense was charged to functions as follows:

General government	\$ 182,303
Public safety:	
Police	391,982
Fire	464,944
Culture and recreation	308,761
Buildings	35,357
Grounds	41,497
Airport	693,441
Streets	1,914,883
Economic development	<u>94,861</u>
 Total governmental activities depreciation expense	 <u>\$ 4,128,029</u>

**B. Discretely Presented Component Units:**

The following is a summary of capital assets of the Component Units at June 30, 2025:

	Balance <u>7/1/2024</u>	Additions	Deletions	Changes in Accumulated Depreciation	Balance <u>6/30/2025</u>
City Court of Hammond	\$ 62,951	\$ 21,226	\$ -	\$ (24,749)	\$ 59,428
Marshal's Office - City Court of Hammond	<u>199,696</u>	<u>1,148</u>	<u>-</u>	<u>(59,092)</u>	<u>141,752</u>
 Total Component Units	 <u>\$ 262,647</u>	 <u>\$ 22,374</u>	 <u>\$ -</u>	 <u>\$ (83,841)</u>	 <u>\$ 201,180</u>

The Marshal's Office – City Court of Hammond's total right of use (ROU) lease asset in the net amount of \$46,624 is included in the Marshall's Office's total Capital Assets, net of any accumulated amortization or accumulated depreciation as of June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**7. CAPITAL ASSETS: (Continued)**

**C. Proprietary Fund:**

The following is a summary of proprietary fund-type capital assets at June 30, 2025:

	<u>Balance</u> <u>7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>6/30/2025</u>
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 158,047	\$ -	\$ -	\$ -	\$ 158,047
Construction in progress	<u>905,720</u>	<u>6,467,698</u>	<u>-</u>	<u>(1,553,796)</u>	<u>5,819,622</u>
Total capital assets not being depreciated	<u>1,063,767</u>	<u>6,467,698</u>	<u>-</u>	<u>(1,553,796)</u>	<u>5,977,669</u>
Capital assets being depreciated:					
Water:					
Buildings	486,459	-	-	-	486,459
Equipment	1,077,339	-	-	-	1,077,339
Vehicles	793,082	-	-	-	793,082
Lines and Mains	7,435,174	-	-	-	7,435,174
Sewer:					
Buildings	84,908	-	-	-	84,908
Equipment	1,795,054	53,333	-	-	1,848,387
Vehicles	580,967	176,431	-	-	757,398
Lines and Mains	<u>45,122,990</u>	<u>-</u>	<u>-</u>	<u>1,553,796</u>	<u>46,676,786</u>
Total capital assets being depreciated	57,375,973	229,764	-	1,553,796	59,159,533
Less: accumulated depreciation	<u>(38,955,624)</u>	<u>(1,472,614)</u>	<u>-</u>	<u>-</u>	<u>(40,428,238)</u>
Total capital assets being depreciated, net	<u>18,420,349</u>	<u>(1,242,850)</u>	<u>-</u>	<u>1,553,796</u>	<u>18,731,295</u>
Business-type activities capital assets, net	<u>\$19,484,116</u>	<u>\$ 5,224,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$24,708,964</u>

There were no transfers of capital assets from Proprietary Funds to Governmental Funds for the year ended June 30, 2025.

Depreciation expense was as follows:

Business-type activities:

Water	\$ 142,961
Sewer	<u>1,329,653</u>
Total business-type activities depreciation expense	<u>\$ 1,472,614</u>

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**8. RESTRICTED ASSETS:**

Restricted assets for the City were applicable to the following at June 30, 2025:

Business-type Activities:

Meter Deposit Accounts \$ 939,985

Component Unit

City Court of Hammond – Judicial Building Fund \$ 108,640

**9. GENERAL LONG-TERM DEBT OBLIGATIONS:**

The following is a summary of general long-term debt transactions for the year ended June 30, 2025.

	<u>7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2025</u>	<u>Amounts Due Within One Year</u>
Government Activities:					
Sales tax refunding bonds	\$ 3,060,000	\$ -	\$ (965,000)	\$ 2,095,000	\$ 1,020,000
Premium	157,591	-	(145,469)	12,122	-
Accumulated leave, net	<u>6,580,778</u>	-	<u>(945,071)</u>	<u>5,635,707</u>	-
Total Governmental Activities	<u>\$ 9,798,369</u>	<u>\$ -</u>	<u>\$ (2,055,540)</u>	<u>\$ 7,742,829</u>	<u>\$ 1,020,000</u>
Proprietary Funds:					
Bonds 2013	\$ 3,045,000	\$ -	\$ (264,000)	\$ 2,781,000	\$ 266,000
Bonds 2020	1,920,000	-	(105,000)	1,815,000	106,000
Asset retirement obligations	2,200,000	-	-	2,200,000	-
Accumulated leave, net	<u>355,379</u>	-	<u>(38,748)</u>	<u>316,631</u>	-
Total Proprietary Funds	<u>\$ 7,520,379</u>	<u>\$ -</u>	<u>\$ (407,748)</u>	<u>\$ 7,112,631</u>	<u>\$ 372,000</u>

Due to the implementation of GASB Statement No. 101, Beginning Accumulated Leave was restated to increase by \$503,430. The restatement amount and the current year net change are combined in the schedule above

Governmental Funds

The following is a summary of the bonds of the City at June 30, 2025:

\$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 \$920,000 at 4%, on \$965,000 at 5%, on \$1,020,000 at 5%, and on \$1,075,000 at 5%.	<u>\$ 2,095,000</u>
Total Bonds Payable	<u>\$ 2,095,000</u>

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

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

Governmental Funds (Continued)

A schedule of the outstanding Sales Tax Series 2015 bonds and the interest and principal requirements by dates is as follows:

Sales Tax Refunding Series 2015

<u>DUE DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
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
<b>TOTAL</b>	<b>\$ 2,095,000</b>	<b>\$ 158,500</b>	<b>\$ 2,253,500</b>

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 have been removed from the statement of net position while the 2006 sales tax bond had a remaining balance of \$1,475,000. During the year ended June 30, 2025, \$145,469 of this premium was amortized.

Accumulated Leave

As discussed in Note 1, the City implemented GASB Statement No. 101, “*Compensated Absences*” during the year-ended June 30, 2025. At June 30, 2025, employees of the City have accumulated and vested \$5,635,707 of leave benefits for all governmental funds. At June 30, 2025, employees of the City who work in the Water and Sewer Departments have accumulated and vested \$316,631 of leave benefits for the proprietary funds. All accrued leave was computed in accordance with GASB Statement No. 101, “*Compensated Absences.*” See Note 20 for additional information regarding the impact on Net Position.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

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

Asset Retirement Obligations

The City has recognized asset retirement obligations (AROs) and related deferred outflows of resources in connection with its obligation to decommission waste water treatment plants and wetland assimilation sites at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The AROs were measured using actual historical costs for similar decommissions, adjusted for inflation through the end of the year. The estimated remaining useful lives of the AROs are 6 years. The City had \$2,200,000 in asset retirement obligations and \$280,000 in related deferred outflows as of June 30, 2025.

Proprietary Fund Types:

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.

During 2025, \$264,000 of this loan was retired. As of June 30, 2025, \$2,781,000 of such bonds remained outstanding.

In the year ended June 30, 2020, 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 2020 for an amount not to exceed \$2,100,000. The Taxable Sewer Revenue Bonds, Series 2020 are secured by and payable from a pledge and dedication of revenues derived from the sewerage system and user fees of the Proprietary Fund. During 2025, no amounts of this loan were drawn down and principal payments of \$105,000 were made. As of June 30, 2025, \$1,815,000 of such bonds remained outstanding.

In addition, the City also owes the State and local governmental districts \$21,958 as of June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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, 2025, meter deposits amounted to \$939,985 and the balance of cash and cash equivalents in the Enterprise Fund restricted for meter deposits totaled \$939,985.

**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](http://www.mersla.com), [www.lampers.org](http://www.lampers.org) and [www.lafirefightersret.com](http://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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (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 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.
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 and annual 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

MERS: (Continued)

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. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

MERS: (Continued)

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.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

MPERS: (Continued)

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.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

MPERS: (Continued)

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. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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.

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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

MPERS: (Continued)

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.

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 3.33% 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

FRS: (Continued)

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 II, 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 and the provisions of R.S. II: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. II: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. 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.

Cost of Living Adjustments (COLAs) - Under the provisions of R.S. II:246 and II:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Benefits Provided: (Continued)**

FRS: (Continued)

Cost of Living Adjustments (COLAs) – (Continued)

In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

**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, 2025, employees were required to contribute 10.0% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2025, was 28.00% of annual payroll. Contributions to the System from the City were \$1,622,137 for the year ended June 30, 2025.

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, 2025, employees were required to contribute 10.00% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2025, was 35.60% of annual payroll. Contributions to the System from the City were \$2,578,396 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. 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, 2025, employees were required to contribute 10.00% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2025, was 33.25% of annual payroll. Contributions to the System from the City were \$1,593,111 for the year ended June 30, 2025.

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

At June 30, 2025, the City of Hammond reported a liability for MERS, MPERS and FRS of \$8,024,624, \$17,309,993 and \$8,947,986, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2024, 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, 2024, the City's proportion for MERS, MPERS and FRS was 2.851680%, 1.910614% and 1.589179%, respectively. This reflects an increase for MERS, MPERS and FRS of 0.019695%, 0.017751% and 0.018033%, respectively, from their proportions measured as of June 30, 2024.

For the year ended June 30, 2023, the City recognized pension expense, for which there were no forfeitures, as follows:

	Pension Expense
MERS	\$ 1,385,516
MPERS	3,925,816
FRS	<u>1,895,238</u>
Total	<u>\$ 7,206,570</u>

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

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

At June 30, 2025, 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	\$ 431,847	\$ 1,846,777	\$ 1,668,961	\$ 3,947,585	\$ -	\$ -	\$ 236,674	\$ 236,674
Contributions subsequent to the measurement date	1,622,137	2,578,396	1,593,111	5,793,644	-	-	-	-
Differences between expected and actual experience	-	937,209	671,790	1,608,999	265,648	523,632	212,804	1,002,084
Net difference between projected and actual earnings on pension plan investments	108,065	481,206	90,512	679,783	-	-	-	-
Changes of assumptions	-	-	382,796	382,796	47,366	-	-	47,366
<b>Total</b>	<b><u>\$ 2,162,049</u></b>	<b><u>\$ 5,843,588</u></b>	<b><u>\$ 4,407,170</u></b>	<b><u>\$ 12,412,807</u></b>	<b><u>\$ 313,014</u></b>	<b><u>\$ 523,632</u></b>	<b><u>\$ 449,478</u></b>	<b><u>\$ 1,286,124</u></b>

During the year ended June, 30, 2025, employer contributions totaling \$1,622,137, \$2,578,396 and \$1,593,111 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, 2026. 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:			
2026	\$ 143,198	\$ 997,406	\$ 282,313
2027	558,384	2,595,942	1,393,479
2028	(265,462)	(548,448)	55,076
2029	(199,226)	(330,340)	175,322
2030	-	-	377,091
2031	-	-	81,300
<b>TOTAL</b>	<b><u>\$ 236,894</u></b>	<b><u>\$ 2,714,560</u></b>	<b><u>\$ 2,364,581</u></b>

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Actuarial Assumptions**

The total pension liabilities for MERS, MPERS and FRS in the June 30, 2024, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	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:	6.85%, net of investment expense	6.75%, net of investment expense	6.90%, net of investment expense
Inflation rate:	2.5%	2.5%	2.5%
Projected salary increases:	Vary from 9.0% in the first year of service to 4.4% after 2 years.	Vary from 12.3% in the first year of service to 4.7% after 2 years	Vary from 14.1% in the first two years of service to 5.2% after 3 years
Cost-of-living adjustments:	Only those previously granted	Only those previously granted	Only those previously granted
	MERS	MPERS	FRS
Mortality:	PubG-2010(B) Health Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females for healthy annuitants and beneficiaries.	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females for annuitants and beneficiaries.
	PubG2010(B) Employee table set equal to 115% for males and 120% females, each adjusted using their respective male and female MP2021 scales.	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females for active members.	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 105% for males and 115% for females for active members.
	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% females with the full generational MP2021 scale.	Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females for disabled annuitants.	Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females for disabled annuitants.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Actuarial Assumptions (Continued)**

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 (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, 2024, are summarized in the following table:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Public equity	56%	52%	54%	2.44%	3.14%	6.82%
Public fixed income	29%	34%	30%	1.26%	1.07%	2.62%
Alternatives	15%	14%	16%	0.65%	1.03%	6.85%
Other	0%	0%	0%	0%	0%	0%
Totals	100%	100%	100%	4.35%	5.24%	16.29%

**Discount Rates**

The discount rate used to measure the total pension liability for MERS was 6.85%, for FRS was 6.90%, and for MPERS was 6.75%. 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

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**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 6.85% for MERS, 6.90% for FRS and the discount rate of 6.75% 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:

	<u>1% Decrease</u>	<u>Net Pension Liability</u>	<u>1% Increase</u>
MERS (6.85%)	\$ 12,083,899	\$ 8,024,624	\$ 4,597,893
MPERS (6.75%)	14,855,531	8,947,986	4,020,523
FRS (6.90%)	<u>25,713,568</u>	<u>17,309,993</u>	<u>10,294,642</u>
<b>TOTAL</b>	<b><u>\$ 52,652,998</u></b>	<b><u>\$ 34,282,603</u></b>	<b><u>\$ 18,913,058</u></b>

**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](http://www.mersla.com), [www.lampers.org](http://www.lampers.org) and [www.lafirefightersret.com](http://www.lafirefightersret.com), respectively.

**Payables to the Pension Plan**

At June 30, 2025, payables to MERS, MPERS and FRS were \$64,494, \$111,587 and \$63,761 respectively, for June 2025 employee and employer legally-required contributions.

**Discretely Presented Component Units**

City Court of Hammond

The employees of City Court of Hammond participate in the Parochial Employees’ Retirement System (the System) and the judge participates in LASERS.

A. Parochial Employees’ Retirement System of Louisiana

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

***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](http://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 30 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 2.0% 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.

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 5.50% of their annual pay. The City Court’s contribution rate was 7.5% for the period July 1, 2024 to June 30, 2025. Contributions to the System from the City Court were \$69,209 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

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

At June 30, 2025, the City Court reported a liability of \$124,035 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, 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, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2024, the City Court's proportion was 0.726650%, which was an decrease of 0.002055% from its proportion measured as of December 31, 2023. For the year ended June 30, 2025, the City Court recognized pension expense of \$6,834. At June 30, 2025, 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	\$ 39,547	\$ 1,979
Changes in Assumptions	8,486	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	53,557
Changes in Proportion and Differences Between City Court Contributions and Proportionate Share of Contributions	1,786	397
City Court Contributions Subsequent to the Measurement Date	33,900	-
	\$ 83,719	\$ 55,933

\$33,900 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, 2025. 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, 2025	\$ 33,395
December 31, 2026	64,159
December 31, 2027	(68,839)
December 31, 2028	(34,829)

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units (Continued)**

***Actuarial Assumptions***

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.30%
Salary Increases (Merit)	4.25% (2.30% Inflation, 1.95%)
Investment Rate of Return	6.40%, Net of investment expense including Inflation
Expected Remaining Service Lives	4 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for General Employees for employees, the Pub-2010 Public Retirement Plans Mortality Table for Health Retirees for annuitants and beneficiaries, and the Pub-2010 Public Retirement Mortality Table for General Disabled Retirees for disabled annuitants, all multiplied by 130% for males and 125% for females.

The mortality rate assumption used in the December 31, 2024, valuation was set based upon an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational protection using the MP2021 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

**Actuarial Assumptions: (Continued)**

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 2.40% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 7.50% for the year ended December 31, 2024.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	37.00%	1.08%
Equity	47.00%	2.82%
Alternatives	15.00%	0.76%
Real Assets	1.00%	0.07%
Total	100.00%	4.73%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.13%

Discount Rate – The discount rate used to measure the total pension asset was 6.40%. 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.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

**Actuarial Assumptions: (Continued)**

Discount Rate: (Continued)

Based on these 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/(asset).

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/(asset) calculated using the discount rate of 6.40%, as well as what the City Court’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
City Court's Proportionate Share of the Net Pension (Asset) / Liability	\$ 309,169	\$ 124,035	\$ (486,780)

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, 2025, the City Court owed \$23,880 to the System for the City Court’s 2<sup>nd</sup> quarter 2025 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](http://www.lasersonline.org). The report may also be obtained by writing to the Louisiana Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. 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 hire date, employer, and job classification. The 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, 2025, was 38.31%. Members are required to contribute 13.00% of their annual pay. Contributions to LASERS from the City Court were \$18,044 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

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

At June 30, 2025, the City Court reported a liability of \$117,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the City Court's proportion was 0.00216%, which was an decrease of 0.00009% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City Court recognized pension expense of \$11,619. At June 30, 2025, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 519
Changes of assumptions	820	-
Net difference between projected and actual earnings on pension plan investments	-	13,986
Changes in proportion and differences between City Court contributions and proportionate share of contributions	106	-
City Court contributions subsequent to the measurement date	<u>18,044</u>	<u>-</u>
	<u>\$ 18,970</u>	<u>\$ 14,505</u>

\$18,044 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years Ending:</b>	
June 30, 2026	\$ (8,410)
June 30, 2027	3,614
June 30, 2028	(5,390)
June 30, 2029	(3,498)

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

***Actuarial Assumptions***

The total pension liability in the June 30, 2024, 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	2 Years
Investment Rate of Return	7.25% per annum, net of investment expenses
Inflation Rate	2.30% per annum
Mortality	Non-disabled members – Mortality rates based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2021.  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 (2019-2023) experience study of the System’s members.
Salary Increases	Salary increases were projected based on a 2019-2023 experience study of the System’s members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.30%	14.00%
Judges	2.40%	4.80%
Corrections	4.40%	15.30%
Hazardous Duty	4.40%	15.30%
Wildlife	4.40%	15.30%

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

**Actuarial Assumptions: (Continued)**

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 2.4% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return is 8.15% for 2024. 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, 2024 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	0.76%
Domestic Equity	4.29%
International Equity	5.22%
Domestic Fixed Income	2.04%
International Fixed Income	5.24%
Alternative Investments	8.19%
Total	25.74%

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

***Actuarial Assumptions: (Continued)***

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, 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 (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
City Court's Proportionate Share of the Net Pension Liability	\$ 162,217	\$ 117,466	\$ 79,437

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, 2025, the City Court did not have any payables due to LASERS.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. 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](http://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 62. Employees with a minimum of 7 years of service are eligible to retire at age 67. Employees are eligible for disability if they have at least 5 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. 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 members who have been retired for at least one year 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 10.0% of their annual pay. The Marshal's contractually required contribution rate for the year ended June 30, 2025, was 28.00% of annual payroll. Contributions to the System from the Marshal were \$142,703 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units (Continued)**

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

At June 30, 2025, the Marshal reported a liability of \$699,267 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2025, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Marshal's proportion was 0.248496%, which was an increase of 0.016633% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Marshal recognized pension expense of \$23,510. At June 30, 2025, 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	\$ -	\$ 23,148
Changes in Assumptions	-	4,128
Net Difference Between Projected and Actual Earnings		
On Pension Plan Investments	9,417	-
Changes in Proportion and Differences Between Marshal		
Contributions and Proportionate Share of Contributions	64,842	132
Marshal Contributions Subsequent to the		
Measurement Date	142,703	-
	\$ 216,962	\$ 27,408

\$142,703 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years Ending:</b>	
June 30, 2026	\$ 23,450
June 30, 2027	64,896
June 30, 2028	(24,004)
June 30, 2029	(17,491)

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

Actuarial Assumptions - The total pension liability in the June 30, 2024, 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	2.5%
Investment Rate of Return	6.85%, Net of Investment Expense, with Inflation
Salary Increases	1-2 years of service – 9.0% More than 2 years of service – 4.4%

Mortality rates were based on the PubG-2010(B) Employee Table set equal to 115% adjusted using MP2021 scales for active members, the PubG-2010(B) Health Retiree Table set equal to 115% adjusted using MP2021 scales for healthy annuitants, and the PubNS-2010(B) Disabled Retiree Table set equal to 115% with the full generational MP2021 scale for disabled annuitants.

The actuarial assumptions used in the June 30, 2024 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, 2018 to June 30, 2023.

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

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**II. PENSION PLANS: (Continued)**

**Discretely Presented Component Units: (Continued)**

**Actuarial Assumptions: (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.00%	2.44%
Public Fixed Income	29.00%	1.26%
Alternatives	15.00%	.65%
Total	<u>100.00%</u>	<u>4.35%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

Discount Rate – The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Louisiana Public Retirement Systems’ Actuarial Committee (“PR SAC”). 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 6.85%, 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 (5.85%) or one percentage-point higher (7.85%) than the current rate:

	<u>1.0% Decrease (5.85%)</u>	<u>Current Discount Rate (6.85%)</u>	<u>1.0% Increase (7.85%)</u>
Marshal's Proportionate Share of the Net Pension Liability	\$ 1,105,993	\$ 699,267	\$ 400,661

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, 2025, the Marshal owed \$15,669 to the System for the Marshal’s June 2025 payroll.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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	\$ 32,801	\$ -	\$ -	\$ -	\$ 134,150	\$ 166,951
Restricted for:						
Debt service	-	-	-	-	586,564	586,564
Public safety: police	-	-	-	-	319,153	319,153
Public safety: fire	-	-	-	-	402,980	402,980
Downtown development	-	-	-	-	436,104	436,104
Capital projects	-	-	47,822	-	353,875	401,697
Committed to:						
Sales taxes	-	3,366,125	-	-	-	3,366,125
Emergency reserves	-	-	-	-	3,293,112	3,293,112
Public safety: police	-	-	-	-	140,310	140,310
Capital projects	14,557	-	-	4,376,322	-	4,390,879
Assigned to:						
Culture and recreation	-	-	-	-	11,600	11,600
Downtown development	-	-	-	-	556,486	556,486
Other purposes	-	-	-	-	821,728	821,728
Unassigned:	<u>1,488,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,488,935</u>
Total Fund Balances	<u>\$ 1,536,293</u>	<u>\$ 3,366,125</u>	<u>\$ 47,822</u>	<u>\$ 4,376,322</u>	<u>\$ 7,056,062</u>	<u>\$ 16,382,624</u>

**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 natural 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 \$3,293,112 at June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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, 2025, the outstanding claims liability was \$830,163, 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, 2025, 2024 and 2023 were:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2025	\$ 677,474	\$ 1,573,644	\$ 1,420,955	\$ 830,163
2024	445,339	1,515,669	1,283,534	677,474
2023	472,796	874,161	901,618	445,339

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 \$3,000, of which the City is responsible for \$2,300. For a family, the deductible is \$6,000, of which the City is responsible for \$4,600. Any claims in excess of the above stated deductible amounts are covered by a commercial insurance company.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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 considered 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.

For the year ended June 30, 2025, the City recognized \$1,122,763 in revenues (intergovernmental) and expenditures (public safety) that the State of Louisiana paid directly to the City's employees.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**16. LITIGATION AND CLAIMS:**

At June 30, 2025, the City is a defendant in several lawsuits seeking damages. Possible liabilities arising from these claims and legal actions will not have a significant effect on the financial statements.

**17. LEASES:**

**Governmental Funds:**

The City is a lessor for noncancelable leases for various hangars and buildings at the City's airport. The terms of these leases vary from 10 to 100 years with payments being made either monthly or annually. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized in revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- (1) The City uses its estimated incremental borrowing rate as the discount rate for leases.
- (2) The lease term includes the noncancelable period of the lease.
- (3) Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Total revenues received from leasing activities, including variable payments and payments not previously included in the lease receivable were \$323,210 for the year ended June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**17. LEASES: (Continued)**

**Proprietary Fund:**

The City is a lessor for a noncancelable lease 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 City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. This lease is accounted for in the same manner as the City's governmental funds.

Total revenues received from leasing activities, including variable payments and payments not previously included in the lease receivable were \$46,118 for the year ended June 30, 2025.

**Discretely Presented Component Units:**

Marshal's Office - City Court of Hammond

During 2021, the Marshal's Office entered into financing lease agreements at a fixed interest rate of 3.86% with Enterprise FM Trust of the purchase of two 2021 Dodge Durangos, totaling \$51,870. The lease obligations are effective for a period of 48 months. Total payments during the year ended June 30, 2025 for principal were \$13,487 and interest were \$484. The total balance outstanding of \$5,197 is considered current as it is due within the next fiscal year. Annual requirements to amortize debt related to these leases are listed below:

<u>June 30</u>	<u>Amount Due</u>
2026	\$ 5,244
	5,244
Less: interest portion	(47)
<b>TOTAL</b>	<u>\$ 5,197</u>

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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:

<u>June 30</u>	<u>Amount Due</u>
2026	\$ 49,551
2027	37,681
2028	23,676
2029	20,543
2030	2,699
Thereafter	-
<b>TOTAL</b>	<u><u>\$ 134,150</u></u>

**19. COMMITMENTS:**

The City has entered into various construction contracts. The original amount of the contracts was \$26,403,661, of which \$20,014,812 has been expended as of June 30, 2025.

**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*.

*Benefits Provided* – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**20. OTHER POSTEMPLOYMENT BENEFITS: (Continued)**

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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	314
	353

**Total OPEB Liability**

The City's total OPEB liability of \$2,549,760 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2025 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	3.93% annually (beginning of year to determine ADC)
	5.20% annually (as of end of year measurement date)
Healthcare cost trend rates	Getzen model, initial trend of 5.0%
Mortality	Pub-2010/2021

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2025.

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**20. OTHER POSTEMPLOYMENT BENEFITS: (Continued)**

**Changes in the Total OPEB Liability**

Balance at June 30, 2024	\$ 2,896,921
Changes for the year:	
Service cost	57,339
Interest	110,971
Changes of assumptions	(251,809)
Benefit payments and net transfers	(263,662)
Net changes	(347,161)
Balance at June 30, 2025	\$ 2,549,760

*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 (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	<b>1.0% Decrease (4.20%)</b>	<b>Current Discount Rate (5.20%)</b>	<b>1.0% Increase (6.20%)</b>
Total OPEB liability	\$ 2,745,075	\$ 2,549,760	\$ 2,374,857

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – 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 healthcare costs trend rates that are 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare trend rates. Because of the application of the dollar cap rates, the trend increases have reached the maximum and the sensitivity is not any longer effective:

	<b>1.0% Decrease (4.0%)</b>	<b>Current Discount Rate (5.0%)</b>	<b>1.0% Increase (6.0%)</b>
Total OPEB liability	\$ 2,419,674	\$ 2,549,760	\$ 2,702,693

**CITY OF HAMMOND, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*As of and for the Year Ended June 30, 2025*

**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, 2025, the City recognized OPEB expense of \$306,003. At June 30, 2025, 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	\$ 137,901	\$ 23,923
Change of assumptions	815,517	386,136
	\$ 953,418	\$ 410,059

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

<b>Years Ending:</b>	
June 30, 2026	\$ 137,693
June 30, 2027	137,694
June 30, 2028	92,667
June 30, 2029	80,133
June 30, 2030	122,650
Thereafter	(27,478)

**21. RESTATED NET POSITION**

The City adopted and implemented GASB Statement No. 101 for the year ended June 30, 2025. In accordance with GASB Statement No. 101, the standard was adopted retrospectively at the beginning of the period of adoption (July 1, 2024) through a cumulative effect adjustment to Beginning Net Position for Governmental Activities:

Net Position – beginning of the year as previously reported	\$ 54,129,363
Change in accounting principle (GASB 101)	503,430
Net Position – beginning of the year as adjusted and restated	\$ 57,326,996

**22. SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report.

No other material subsequent events have occurred since June 30, 2025 that require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HAMMOND, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 6,862,500	\$ 6,862,500	\$ 6,943,438	\$ 80,938
Licenses and permits	2,073,000	2,073,000	2,080,216	7,216
State grant revenue	3,500	3,500	-	(3,500)
Cemeteries and municipal grounds	103,000	103,000	91,405	(11,595)
Highways and streets	19,230	19,230	149,090	129,860
Public safety: police	22,000	22,000	213,145	191,145
Public safety: fire	410,000	410,000	479,354	69,354
Gaming revenues	1,000,000	1,000,000	791,349	(208,651)
Fines and forfeitures	504,000	504,000	355,230	(148,770)
Sanitation service fees	1,047,552	1,047,552	1,051,218	3,666
State supplemental pay	1,152,000	1,152,000	1,122,763	(29,237)
Parks and recreation	61,500	61,500	65,188	3,688
Donations	1,000	1,000	7,450	6,450
Interest	30,000	30,000	111,695	81,695
Miscellaneous	1,033,960	1,033,960	699,742	(334,218)
<b>TOTAL REVENUES</b>	<b>14,323,242</b>	<b>14,323,242</b>	<b>14,161,283</b>	<b>(161,959)</b>
<b>EXPENDITURES</b>				
General government	5,448,154	5,448,154	5,337,987	110,167
Public Safety				
Police	14,305,300	14,305,300	13,776,698	528,602
Fire	8,831,600	8,831,600	8,810,564	21,036
Buildings	2,550,000	2,550,000	2,293,515	256,485
Highways and streets	1,796,900	1,796,900	3,198,619	(1,401,719)
Cemeteries and municipal grounds	1,607,600	1,607,600	-	1,607,600
Sanitation	1,560,912	1,560,912	1,730,726	(169,814)
Airport	579,150	579,150	549,709	29,441
Parks and recreation	1,236,200	1,236,200	1,096,041	140,159
Capital outlay	1,005,500	5,500	238,062	(232,562)
<b>TOTAL EXPENDITURES</b>	<b>38,921,316</b>	<b>37,921,316</b>	<b>37,031,921</b>	<b>889,395</b>
Excess (deficiency) of revenues over expenditures	(24,598,074)	(23,598,074)	(22,870,638)	727,436
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	26,100,000	26,128,747	26,128,189	(558)
Operating transfers (out)	(3,502,000)	(4,547,596)	(4,772,285)	(224,689)
<b>Total other financing sources (uses)</b>	<b>22,598,000</b>	<b>21,581,151</b>	<b>21,355,904</b>	<b>(225,247)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,000,074)	(2,016,923)	(1,514,734)	502,189
Fund balances, beginning	2,036,095	3,051,027	3,051,027	-
Fund balances, ending	\$ 36,021	\$ 1,034,104	\$ 1,536,293	\$ 502,189

**CITY OF HAMMOND, LOUISIANA**

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales and use tax	\$ 28,000,000	\$ 28,000,000	\$ 30,313,222	\$ 2,313,222
Interest	30,000	30,000	5	(29,995)
<b>TOTAL REVENUES</b>	<b>28,030,000</b>	<b>28,030,000</b>	<b>30,313,227</b>	<b>2,283,227</b>
<b>EXPENDITURES</b>				
Capital outlay	3,753,000	600,000	348,906	251,094
<b>TOTAL EXPENDITURES</b>	<b>3,753,000</b>	<b>600,000</b>	<b>348,906</b>	<b>251,094</b>
Excess (deficiency) of revenues over expenditures	24,277,000	27,430,000	29,964,321	2,534,321
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	11,617	11,617
Operating transfers (out)	(26,945,000)	(30,422,189)	(30,626,189)	(204,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(26,945,000)</b>	<b>(30,422,189)</b>	<b>(30,614,572)</b>	<b>(192,383)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,668,000)	(2,992,189)	(650,251)	2,341,938
Fund balances, beginning	3,437,190	4,016,376	4,016,376	-
Fund balances, ending	<u>\$ 769,190</u>	<u>\$ 1,024,187</u>	<u>\$ 3,366,125</u>	<u>\$ 2,341,938</u>

**CITY OF HAMMOND, LOUISIANA**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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
<b>MERS:</b>					
06/30/25	2.851680%	\$ 8,024,624	\$ 5,771,506	139.0%	79.05%
06/30/24	2.831985%	\$ 10,350,519	\$ 5,811,961	178.1%	72.46%
06/30/23	2.492071%	\$ 10,350,154	\$ 5,697,653	181.7%	67.87%
06/30/22	2.404616%	\$ 6,688,447	\$ 4,769,553	140.2%	77.82%
06/30/21	2.586582%	\$ 11,182,852	\$ 4,756,280	235.1%	64.52%
06/30/20	2.600254%	\$ 10,865,581	\$ 4,943,786	219.8%	64.68%
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%
<b>MPERS:</b>					
06/30/25	1.910614%	\$ 17,309,993	\$ 7,215,649	239.9%	75.84%
06/30/24	1.892863%	\$ 19,998,039	\$ 6,733,479	297.0%	71.30%
06/30/23	1.469503%	\$ 15,020,929	\$ 6,422,057	233.9%	70.80%
06/30/22	1.465422%	\$ 7,811,500	\$ 4,534,452	172.3%	84.08%
06/30/21	1.431250%	\$ 13,228,317	\$ 4,431,331	298.5%	70.94%
06/30/20	1.383982%	\$ 12,568,874	\$ 4,441,001	283.0%	71.01%
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%
<b>FRS:</b>					
06/30/25	1.589179%	\$ 8,947,986	\$ 4,784,423	187.0%	81.68%
06/30/24	1.571146%	\$ 10,254,566	\$ 4,582,423	223.8%	77.69%
06/30/23	1.231168%	\$ 8,681,325	\$ 4,214,639	206.0%	74.68%
06/30/22	1.118701%	\$ 3,964,511	\$ 3,160,194	125.5%	86.78%
06/30/21	1.195322%	\$ 8,285,434	\$ 2,797,627	296.2%	72.61%
06/30/20	1.203686%	\$ 7,537,374	\$ 2,968,578	253.9%	73.96%
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%

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, 2025**

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
<b>MERS:</b>					
06/30/25	\$ 1,622,137	\$ 1,622,137	\$ -	\$ 5,771,506	28.11%
06/30/24	\$ 1,722,905	\$ 1,722,905	\$ -	\$ 5,811,961	29.64%
06/30/23	\$ 1,677,161	\$ 1,677,161	\$ -	\$ 5,697,653	29.44%
06/30/22	\$ 1,786,806	\$ 1,786,806	\$ -	\$ 4,769,553	37.46%
06/30/21	\$ 1,400,341	\$ 1,400,341	\$ -	\$ 4,756,280	29.44%
06/30/20	\$ 1,383,765	\$ 1,383,765	\$ -	\$ 4,943,786	27.99%
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%
<b>MPERS:</b>					
06/30/25	\$ 2,578,396	\$ 2,578,396	\$ -	\$ 7,215,649	35.73%
06/30/24	\$ 2,296,663	\$ 2,296,663	\$ -	\$ 6,733,479	34.11%
06/30/23	\$ 2,017,502	\$ 2,017,502	\$ -	\$ 6,422,057	31.42%
06/30/22	\$ 1,370,684	\$ 1,370,684	\$ -	\$ 4,534,452	30.23%
06/30/21	\$ 1,494,572	\$ 1,494,572	\$ -	\$ 4,431,331	33.73%
06/30/20	\$ 1,460,145	\$ 1,460,145	\$ -	\$ 4,441,001	32.88%
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%
<b>FRS:</b>					
06/30/25	\$ 1,593,111	\$ 1,593,111	\$ -	\$ 4,784,423	33.30%
06/30/24	\$ 1,539,518	\$ 1,539,518	\$ -	\$ 4,582,423	33.60%
06/30/23	\$ 1,406,678	\$ 1,406,678	\$ -	\$ 4,214,639	33.38%
06/30/22	\$ 1,081,264	\$ 1,081,264	\$ -	\$ 3,160,194	34.22%
06/30/21	\$ 907,818	\$ 907,818	\$ -	\$ 2,797,627	32.45%
06/30/20	\$ 832,526	\$ 832,526	\$ -	\$ 2,968,578	28.04%
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%

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, 2025**

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 35,824	\$ 36,335	\$ 39,472	\$ 47,744	\$ 46,352	\$ 37,025	\$ 38,691	\$ 57,339
Interest	78,157	76,304	70,217	51,102	50,663	68,477	68,878	110,971
Differences between expected and actual experience	(19,070)	(2,093)	104,692	41,250	(27,956)	37,535	101,918	-
Changes of assumptions	-	79,373	255,529	59,024	(312,216)	(22,706)	965,743	(251,809)
Benefit payments	(142,800)	(142,800)	(168,000)	(159,600)	(172,200)	(163,800)	(251,107)	(263,662)
Net change in total OPEB liability	(47,889)	47,119	301,910	39,520	(415,357)	(43,469)	924,123	(347,161)
Total OPEB liability – beginning	2,090,964	2,043,075	2,090,194	2,392,104	2,431,624	2,016,267	1,972,798	2,896,921
Total OPEB liability – ending	<u>\$ 2,043,075</u>	<u>\$ 2,090,194</u>	<u>\$ 2,392,104</u>	<u>\$ 2,431,624</u>	<u>\$ 2,016,267</u>	<u>\$ 1,972,798</u>	<u>\$ 2,896,921</u>	<u>\$ 2,549,760</u>
Covered-employee payroll	\$11,043,850	\$11,043,850	\$11,845,753	\$12,319,583	\$11,893,613	\$12,250,421	\$16,212,833	\$16,942,410
Net OPEB liability as a percentage of covered-employee payroll	18.50%	18.93%	20.19%	19.74%	16.95%	16.10%	17.87%	15.05%

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

**Notes to Schedule:**

Benefit changes – There were no changes of benefit terms for the year ended June 30, 2025.

Changes of assumptions – Changes of assumptions reflect changes in the discount rate for the years 2018 through 2025.

***OTHER SUPPLEMENTARY INFORMATION***

**CITY OF HAMMOND, LOUISIANA**  
*SCHEDULE OF COMPENSATION PAID TO THE CITY COUNCIL MEMBERS  
 FOR THE YEAR ENDED JUNE 30, 2025*

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Kiplyn Andrews	City Council – District 1	\$ 12,900
Carlee Gonzales	City Council – District 2	12,900
Devon Wells	City Council – District 3	12,900
Sam Divittorio	City Council – District 4	12,900
Steven Leon	City Council – District 5	<u>12,900</u>
		<u>\$ 64,500</u>

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, 2025

Purpose:	Mayor Pete Panepinto
Salary	\$ 75,500
Benefits – Health Insurance	7,935
Benefits – Retirement	21,140
Benefits – Life Insurance	56
Benefits – Dental	352
Benefits – Long-term Disability	399
Car allowance	6,000
Cell phone	<u>900</u>
Total	<u><u>\$ 112,282</u></u>

**CITY OF HAMMOND, LOUISIANA**  
**JUSTICE SYSTEM FUNDING SCHEDULE – RECEIVING ENTITY**  
*For the Year Ended June 30, 2025*

	First Six Month Period Ended <u>12/31/24</u>	Second Six Month Period Ended <u>06/30/25</u>
<b>Receipts From:</b>		
Hammond City Court – Pre-Trial Diversion Program Fees	\$ 98,416	\$ 94,968
Hammond City Court – Criminal Fines-Other/Non-Contempt	191,336	177,734
Hammond City Court – Criminal Court Costs/Fees	11,375	11,104
Hammond City Court – Interest Earnings on Collected Balances	179	150
21 <sup>st</sup> Judicial District Court Judicial Expense Fund – Asset Forfeiture/Sale	6,647	8,586
21 <sup>st</sup> Judicial District Court Judicial Expense Fund – Interest Earnings on Collected Balances	<u>1,082</u>	<u>908</u>
 Total receipts	 <u>\$ 309,035</u>	 <u>\$ 293,450</u>

**CITY OF HAMMOND, LOUISIANA**  
**JUSTICE SYSTEM FUNDING SCHEDULE – COLLECTING/DISBURSING ENTITY**  
*For the Year Ended June 30, 2025*

	First Six Month Period Ended <u>12/31/24</u>	Second Six Month Period Ended <u>06/30/25</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
City of Hammond (Jail) – Bond Fees	<u>2,070</u>	<u>1,878</u>
Subtotal Collections	2,070	1,878
Less: Amounts Retained by Collecting Agency		
City of Hammond – Bond Fees (self-disbursed)	<u>(2,070)</u>	<u>(1,878)</u>
Subtotal Disbursements/Retainage	<u>(2,070)</u>	<u>(1,878)</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2025. 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 the 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.

### **Report on 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, 2025-002, and 2025-003 that we consider to be significant deficiencies.

## **Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the *accompanying schedule of findings and questioned costs* as items 2025-004.

We identified certain other matters that were reported to management of the City in a separate letter dated December 19, 2025.

## **City of Hammond's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Hammond's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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  
December 19, 2025

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**

***Opinion on Each Major Federal Program***

We have audited the City of Hammond, Louisiana's (the City's) compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

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, 2025.

***Basis for Opinion on Each Major Federal Program***

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 Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2025

**CITY OF HAMMOND, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Assistance Listing Number	Grant Number		<u>Expenditures</u>
<b>U.S. Department of Transportation</b>			
Passed through the State of Louisiana Department of Transportation:			
20.106	3-22-0018-027-2023	Airport Improvement Program	\$ 1,830,501
20.106	3-22-0018-028-2023	Airport Improvement Program – (BIL)	144,327
20.106	3-22-0018-029-2024	Airport Improvement Program – (BIL)	745,861
20.106	3-22-0018-030-2025	Airport Improvement Program – (BIL)	59,259
Passed through the State of Louisiana Highway Safety Commission:			
20.608	2023-30-25	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	21,388
<u>Highway Safety Cluster</u>			
Passed through the State of Louisiana Highway Safety Commission:			
20.600	2023-30-25	State and Community Highway Safety	<u>12,800</u>
<b>Total Highway Safety Cluster</b>			<u>12,800</u>
<b>Total Department of Transportation</b>			2,814,136
<b>U.S. Department of the Treasury</b>			
Direct Program:			
21.027		ARPA – Coronavirus State and Local Fiscal Recovery Funds	1,077,407
Passed through the State of Louisiana Office of Community Development:			
21.027		ARPA – Coronavirus State and Local Fiscal Recovery Funds	<u>1,693,489</u>
<b>Total Department of the Treasury</b>			2,770,896
<b>U.S. Executive Office of the President</b>			
Direct Program:			
95.001	G23GC0001A	High Intensity Drug Trafficking Areas Program	10,625
95.001	G24GC00014	High Intensity Drug Trafficking Areas Program	<u>39,144</u>
<b>Total Executive Office of the President</b>			49,769

**CITY OF HAMMOND, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

Assistance Listing Number	Grant Number		Expenditures
<b>U.S. Department of Justice</b>			
Direct Program:			
16.607		Bulletproof Vest Partnership Program – FY23	18,436
16.607		Bulletproof Vest Partnership Program – FY24	858
16.738	15PBJA-24-GG-04571-J	Edward Byrne Memorial Justice Assistance Grant Program	16,762
16.738	2023-DJ-01-8367	Edward Byrne Memorial Justice Assistance Grant Program	<u>15,036</u>
<b>Total Department of Justice</b>			<b>51,092</b>
<b>Department of Interior</b>			
Passed through the State of Louisiana Department of Culture, Recreation and Tourism, Office of State Parks:			
15.904	23-CLG-06	Historic Preservation Fund Grant-In-Aid Program	62,039
15.904	24-CLG-04	Historic Preservation Fund Grant-In-Aid Program	34,506
15.916	22-00967	Outdoor Recreation Acquisition, Development and Planning	<u>1,861</u>
<b>Total Department of Interior</b>			<u>98,406</u>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b><u>\$ 5,784,299</u></b>

# **CITY OF HAMMOND, LOUISIANA**

## **NOTES TO SCHEDULE OF EXPENDITURES**

### **OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2025**

#### **I. 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. DE MINIMIS COST RATE:**

During the year ended June 30, 2025, the City did not elect to use the 10% de minimis cost rate (for awards before October 1, 2024) or the 15% de minimis cost rate (for awards after October 1, 2024) as covered in Section 200.414 of the Uniform Guidance.

#### **3. SUBRECIPIENTS:**

The City did not pass-through any of its federal awards to a subrecipient during the year ended June 30, 2025.

#### **4. NON-CASH ASSISTANCE:**

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2025.

#### **5. LOAN ASSISTANCE:**

The City had an outstanding loan with continuing compliance requirements at June 30, 2025 with the state of Louisiana Clean Water State Revolving Fund, AL number 66.458. The City's federal portion of the net loan balance with continuing compliance requirements at June 30, 2025 was \$1,083,653.

**CITY OF HAMMOND, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal Control Over Financial Reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  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  No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Recovery Funds

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

Auditee Qualified as Low-Risk Auditee?  Yes  No

**CITY OF HAMMOND, LOUISIANA**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Significant Deficiencies:

2025-001

Criteria:

Management is required to implement effective internal controls to safeguard assets and ensure the integrity of financial reporting. Properly restricting access to financial systems is a key element of internal control, as outlined in related frameworks such as COSO's "Internal Control—Integrated Framework."

Condition:

As in the prior year, we observed that access to the building permit system was not adequately restricted by MGO (third-party permitting software provider). It was noted that access to the system was not limited to only those individuals with that authority, or that former employee authority had not been removed. For all items selected for testing except one, evidence indicated that only individuals with the appropriate authority accessed the system. For one permit tested, we noted the electronic signature of the former Director.

Cause:

The City does not have a robust access control policy, and periodic reviews of user access to the building permit system were not conducted prior to the audit. A new permit system was implemented during the prior year, and initial access controls were not adequately configured.

Effect:

Although proper approval by the appropriate individuals were noted on all but one permit transaction selected for testing, the lack of proper access controls exposed the entity to the risk of unauthorized issuance of permits and data manipulation.

Recommendation:

To prevent recurrence, we recommend that management:

- Formalize and enforce an access control policy for the building permit system.
- Conduct regular reviews of user access to ensure compliance with the policy.
- Maintain system logs to track and monitor user activity for unusual transactions.

Management's Response:

Management concurred with the recommendation. See management's corrective action plan.

**CITY OF HAMMOND, LOUISIANA**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**SECTION II – FINANCIAL STATEMENT FINDINGS – (Continued)**

Significant Deficiencies - Continued:

2025-002

Criteria:

Management is responsible for designing, implementing, and maintaining policies and procedures to provide effective internal controls over payroll to prevent and detect misstatements, whether caused by error or fraud, and to ensure timely remittances of employee retirement contributions.

Condition:

During our audit procedures, we noted retirement contributions totaling \$23,192.17 for the periods of July 2024 through October 2024 were not remitted until October 29, 2024.

Cause:

This was the result of management not following the appropriate policies and procedures to ensure remittance of employee retirement contributions were done in a timely manner.

Effect:

The City may have violated federal and state rules and regulations per the applicable retirement system, and could have potentially incurred penalties, interest and lost revenues.

Recommendation:

Although we noted no other late remittances, we recommend that management continue to follow their policies and procedures and train personnel to ensure compliance with all federal and state rules and regulations related to the retirement systems.

Management's Response:

Management concurred with the recommendation. See management's corrective action plan.

2025-003

Criteria:

Management is responsible for designing, implementing, and maintaining policies and procedures to provide effective internal controls to ensure Council approved ordinances are executed properly. The City's Code of Ordinances, Chapter 4, Section 4-3, establishes the allowable fees for leases and services to be charged by the airport. The fuel flowage fee was increased from 10 cents per gallon to 15 cents per gallon by Ordinance No. 15-5435, adopted July 7, 2015. On February 11, 2025, the Council adopted Ordinance No. 25-5751, which increased all fees for leases and services to be charged by the airport, effective July 1, 2025. As such, the fuel flowage fee was increased from 15 cents per gallon to 25 cents per gallon.

**CITY OF HAMMOND, LOUISIANA**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**SECTION II – FINANCIAL STATEMENT FINDINGS – (Continued)**

Significant Deficiencies - Continued:

Condition:

During our audit procedures, we noted the fuel flowage fee per gallon charged to the fixed base operators increased from 15 cents to 25 cents during the fiscal year ended June 30, 2025. This caused an excess of approximately \$145,601 in fuel flowage fees collected (1,456,012 gallons x \$.10). The approved increase by the Council was not effective until July 1, 2025.

Cause:

In September 2024, management did not properly follow policies and procedures in seeking Council approval to increase the fees for leases and services charged at the airport, having an effective date of July 1, 2024. This delayed the adoption of an approved ordinance until February 2025, with an effective date of July 1, 2025. However, management increased the fuel flowage fee in July 2024, anticipating the approval of the original ordinance. As a result, the City did not charge the correct fuel flowage fee in accordance with applicable City Ordinance No. 15-5435 during the fiscal year ended June 30, 2025.

Effect:

The City could owe its fixed based operators a refund for the excess fuel flowage fees charged.

Recommendation:

We recommend management meet with their fixed base operators and determine a corrective action plan to properly reimburse for the excess collections. In addition, we recommend management follow their policies and procedures when presenting ordinances for Council approval.

Management's Response:

Management concurred with the recommendation. See management's corrective action plan.

Compliance:

2025-004

Criteria:

Management is responsible for preparing, amending and maintaining their budget in compliance with the Louisiana Local Government Budget Act, L.R.S. 39:1301-1315.

Condition:

During our audit procedures, we noted the City did not publish a notice in the official journal that certifies that all required action has taken place, as required by L.R.S. 39:1307.

**CITY OF HAMMOND, LOUISIANA**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued*  
*FOR THE YEAR ENDED JUNE 30, 2025*

**SECTION II – FINANCIAL STATEMENT FINDINGS – (Continued)**

Compliance - Continued:

Cause:

Management did not publish the “Certification Notice” as required by the Louisiana Local Government Budget Act.

Effect:

The City could potentially be in violation of the Local Government Budget Act.

Recommendation:

We recommend management publish the “Certification Notice” as required by the Louisiana Local Government Budget Act.

Management's Response:

Management concurred with the recommendation. See management’s corrective action plan.

**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, 2025*

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

2024-01 – Resolved

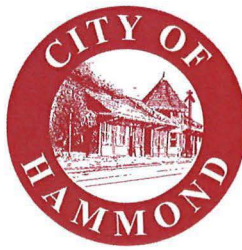
2024-02 – Unresolved – see 2025-01

**SECTION III - MANAGEMENT LETTER**

2024-01 – Unresolved – see 2025-01

2024-02 – Resolved

2024-03 – Unresolved – see 2025-03



**Charles Borchers IV**  
Director of Administration

December 19, 2025

Michael J. Waguespack  
Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge LA 70804-9397

Mr. Waguespack,

During the City of Hammond's FY25 audit, the following significant deficiencies were found. Please find our responses and corrective action plans below.

**Significant Deficiency 2025-001**

As in the prior year, we observed that access to the building permit system was not adequately restricted by MGO (third-party permitting software provider). It was noted that access to the system was not limited to only those individuals with that authority, or that former employee authority had not been removed. For all items selected for testing except one, evidence indicated that only individuals with the appropriate authority accessed the system. For one permit tested, we noted the electronic signature of the former Director.

*Recommendation*

To prevent recurrence, we recommend that management:

- Formalize and enforce an access control policy for the building permit system.
- Conduct regular reviews of user access to ensure compliance with the policy.
- Maintain system logs to track and monitor user activity for unusual transactions.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. We continue to work with MGO's vendor to ensure that the software, adopted last year, is properly configured for City workflows—with permission to approve restricted to those with the authority to approve (e.g. our Building Official and City Planner). In September 2024, we resumed weekly review meetings, regularly attended by representatives of Building, Planning, Water & Sewer, Streets, Administration, Fire Prevention, the Historic District Commission, and the City Engineer. Meetings are typically led by the Planning Coordinator via MGO—allowing attendees to see where applications are in the permitting process, to see where projects are in the implementation process, and to offer feedback. As such, these meetings provide checks and balances with which to identify and correct errors and to avoid errors in the future, as well as opportunities to evaluate and improve City workflows. All actions in MGO are logged by the software, and this log is reviewable by authorized City staff (e.g. Planning Coordinator).

**Significant Deficiency 2025-002**

During our audit procedures, we noted retirement contributions totaling \$23,192.17 for the periods of July 2024 through October 2024 were not remitted until October 29, 2024.

*Recommendation*

Although we noted no other late remittances, we recommend that management continue to follow their policies and procedures and train personnel to ensure compliance with all federal and state rules and regulations related to the retirement systems.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. We will continue to review policies and procedures with City staff and to provide training on federal and State requirements to ensure compliance. Additional oversight is now being provided by the Finance Director and Director of Administration.

**Significant Deficiency 2025-003**

During our audit procedures, we noted the fuel flowage fee per gallon charged to the fixed base operators increased from 15 cents to 25 cents during the fiscal year ended June 30, 2025. This caused an excess of approximately \$145,601 in fuel flowage fees collected (1,456,012 gallons x \$.10). The approved increase by the Council was not effective until July 1, 2025.

*Recommendation*

We recommend management meet with their fixed base operators and determine a corrective action plan to properly reimburse for the excess collections. In addition, we recommend management follow their policies and procedures when presenting ordinances for Council approval.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. The Mayor, Director of Administration, Finance Director, and Airport Director have already met and agreed to a plan to issue refunds to affected FBOs. The increase in the fuel flowage fee was imposed by the Airport's board, a volunteer body, which misinterpreted its authority. Although this authority was promptly clarified by the City Administration and although the error was promptly communicated by the Airport Director to affected FBOs, their response was unexpected: they had already adjusted to the 10-cent increase and did not want to revert back only to have to adjust again in the near future—aware that the Airport was now properly seeking an ordinance to amend the fuel flowage fee through the Hammond City Council. The excess collection resulted this unexpected response, the expectation that the ordinance would be passed quickly, and a failure to act quickly to pause the extra 10-cent collection—all happening while the City was experiencing changes in several key staff. These key staff are now in place, oriented, and actively engaged in reviewing and following local policies and procedures and complying with federal and State requirements.

**Significant Deficiency 2025-004**

During our audit procedures, we noted the City did not publish a notice in the official journal that certifies that all required action has taken place, as required by L.R.S. 39:1307.

*Recommendation*

We recommend management publish the "Certification Notice" as required by the Louisiana Local Government Budget Act.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. The failure to publish occurred while the City was experiencing changes in several key staff. These key staff are now in place, oriented, and actively engaged reviewing and following local policies and procedures and complying with federal and State requirements.

Respectfully,



Charles Borchers IV  
Director of Administration

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the City Council and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The City of Hammond's management is responsible for those C/C areas identified in the SAUPs.

The City of Hammond (the City) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

---

1. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.*

2. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

- b) *Noted each statement examined showed evidence of review and approval by appropriate personnel, without exception.*
- c) Observe that finance charges and late fees were not assessed on the selected statements.

*Per review of the statements, we noted finance charges and late fees were included on 1 out of 5 statements selected.*

- 3. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing).
- 4. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*For each transaction examined, noted each was supported by the proper documentation as noted above, without exception.*

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2025



**Charles Borchers IV**  
Director of Administration

December 19, 2025

Michael J. Waguespack  
Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge LA 70804-9397

Mr. Waguespack,

During the City of Hammond's FY25 audit, the following findings were noted in the Accountant's Report on Applying Agreed-upon Procedures. Please find our responses and corrective action plans below.

**AUP for Credit Cards/Debit Cards/Fuel Cards/P-Cards**

8. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that finance charges and late fees were not assessed on the selected statements.

*Finding*

Per review of the statements, we noted finance charges and late fees were included on 1 out of 5 statements selected.

*Management's Response and Corrective Action Plan*

Management has reviewed the statement in question and concurs with this finding. The City uses a strong internal control asking each department head who uses a credit card to maintain receipts and to seek preapproval for unusual expenditures or any expenditure over \$1,000. Documentation must also be maintained for expenditures related to travel/training. In this particular case, the department head appears to have followed the internal control, but was late in returning the statement and required documentation to Accounting—resulting in a delay in payment and the subsequent finance charge. The department head has been counseled—and the City will be sending a reminder to all department heads—that signed credit card statements and all required supporting documentation must be provided to Accounting within 5 business days to ensure the timeliness of payment; failure may result in credit card privileges being revoked. Management is also reviewing electronic payment options with Accounting and Purchasing to avoid any potential overdue payment related to delayed mail.

Respectfully,

Charles Borchers IV  
Director of Administration

***Memorandum of Advisory Comments***

**CITY OF HAMMOND**

*June 30, 2025*

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***INTERNAL CONTROL  
AND RELATED MATTERS***

To the Honorable Pete Panepinto, Mayor  
Members of the City Council  
**CITY OF HAMMOND**

We have audited the financial statements of the City of Hammond (the City), as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025. As part of our audit we considered the City's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled "*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.*"

This memorandum summarizes various other matters which have come to our attention. While not involving significant deficiencies, these matters do present opportunities for strengthening the internal control and improving the operating efficiency of the City.

We have discussed our comments and recommendations with various administrative personnel and the City has completed a corrective action plan. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2025

**CITY OF HAMMOND**  
**MANAGEMENT LETTER COMMENTS**

*June 30, 2025*

**COMMENTS**

**2025-01**

As in prior year, during our audit procedures we noted that while the City does have a formal written uniform and equipment policy for employees, they do not have a formal written policy or procedure to specifically address the purchase and use of apparel and equipment by the City's elected officials. Formal written policies and procedures provide guidance and aid in the continuity and consistency of operations and to meet management's expectations, while reducing the opportunity of noncompliance with applicable state laws and regulations.

**Recommendation**

To maintain a strong internal control structure and to ensure that proper controls are implemented to provide continuity and consistency with operations, and to prevent the potential for noncompliance with applicable state laws and regulations, we recommend that management establish a formal written policy or procedure documenting the purpose, limitations and expectations similar to those of the written uniform and equipment policy for City employees.

**Management's Response**

See Management's Corrective Action Plan

**2025-02**

During the Superbowl event in February 2025, incoming aircraft were charged an airplane landing fee of \$400. This fee generated revenue of \$31,600. Per review of the Code of Ordinances, we did not identify a specific ordinance that directly addresses whether the City can or cannot, without Council approval, charge an airplane landing fee or similar fee for special events.

**Recommendation**

To maintain a strong internal control structure and to ensure that proper controls are implemented over airport revenue, as well as eliminate any future confusion over who has authority to charge certain airport fees during a special event, we recommend that management and their legal team review current ordinances and propose any revisions to provide clarity relating to airport fees charged for special events.

**Management's Response**

See Management's Corrective Action Plan

### **2025-03**

As in prior year, during our audit procedures, we noted the City has many accounts receivable balances that are over 120 days. This causes a decrease in cash flow and creates a potential for future uncollectible accounts.

### **Recommendation**

To maintain a strong internal control structure and to ensure that proper controls are implemented over cash receipts, we recommend that management immediately review and address those accounts overdue to ensure proper collection. In addition, management should implement a policy to identify slow paying customers as soon as a potential collection problem is detected. This will increase cash flow and reduce the potential for bad debt write-offs.

### **Management's Response**

See Management's Corrective Action Plan



**Charles Borchers IV**  
Director of Administration

December 19, 2025

Michael J. Waguespack  
Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge LA 70804-9397

Mr. Waguespack,

During the City of Hammond's FY25 audit, the following comments and recommendations were received. Please find our responses and corrective action plans below.

**Comment 2025-01**

As in prior year, during our audit procedures we noted that while the City does have a formal written uniform and equipment policy for employees, they do not have a formal written policy or procedure to specifically address the purchase and use of apparel and equipment by the City's elected officials. Formal written policies and procedures provide guidance and aid in the continuity and consistency of operations and to meet management's expectations, while reducing the opportunity of noncompliance with applicable state laws and regulations.

*Recommendation*

To maintain a strong internal control structure and to ensure that proper controls are implemented to provide continuity and consistency with operations, and to prevent the potential for noncompliance with applicable state laws and regulations, we recommend that management establish a formal written policy or procedure documenting the purpose, limitations and expectations similar to those of the written uniform and equipment policy for City employees.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. Management has reviewed the City's uniform policy and realized that it applies more to employees than elected officials. This could lead to questions of reasonableness or assertions of impropriety. Using the City's current employee uniform policy as a guide, management has drafted a uniform policy for elected officials that outlines the need, purpose, and use of City uniforms and sets parameters for reasonableness to ensure consistency and equity while also avoiding any appearance of impropriety. This new policy is under review/pending adoption by the Hammond City Council.

**Comment 2025-02**

During the Superbowl event in February 2025, incoming aircraft were charged an airplane landing fee of \$400. This fee generated revenue of \$31,600. Per review of the Code of Ordinances, we did not identify a specific ordinance that directly addresses whether the City can or cannot, without Council approval, charge an airplane landing fee or similar fee for special events.

*Recommendation*

To maintain a strong internal control structure and to ensure that proper controls are implemented over airport revenue, as well as eliminate any future confusion over who has authority to charge certain airport fees during a special event, we recommend that management and their legal team review current ordinances and propose any revisions to provide clarity relating to airport fees charged for special events.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. The Mayor, Director of Administration, Finance Director, Airport Director, and City Attorney have already met to discuss an ordinance, to be presented to the Hammond City Council for adoption, authorizing the Airport to charge a "special event" fee, as recommended by FAA to support the operation and maintenance of the Airport.

**Comment 2024-03**

As in prior year, during our audit procedures, we noted the City has many accounts receivable balances that are over 120 days. This causes a decrease in cash flow and creates a potential for future uncollectible accounts.

*Recommendation*

To maintain a strong internal control structure and to ensure that proper controls are implemented over cash receipts, we recommend that management immediately review and address those accounts overdue to ensure proper collection. In addition, management should implement a policy to identify slow paying customers as soon as a potential collection problem is detected. This will increase cash flow and reduce the potential for bad debt write-offs.

*Management's Response and Corrective Action Plan*

Management concurs with this recommendation. Many of the City's overdue accounts are utility accounts associated with rentals, among which there is regular turnover (e.g. between college/university semesters). Administration, Accounting, and Utility Billing had previously initiated a monthly review of overdue accounts to determine which of these may be payable/partially payable via unclaimed deposits and which of these may represent uncollectable debt. Recently, Accounting and Information Technology have begun migrating utility billing data from disparate systems into a single system in preparation for a software update that will significantly improve online billing, payment, and collection.

Respectfully,



Charles Borchers IV  
Director of Administration