

B32809

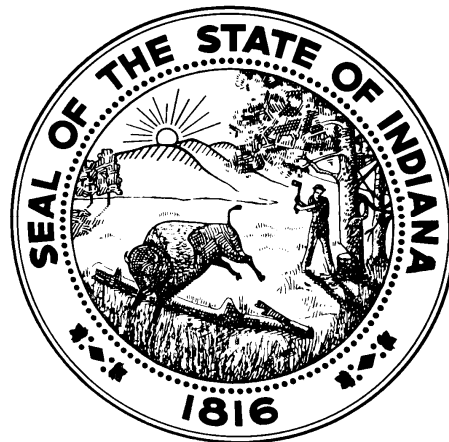
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF HAMMOND

LAKE COUNTY, INDIANA



FILED
09/29/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	3
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	4-5
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	6-7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	11
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	12
Notes to Financial Statements	13-35
Required Supplementary Information:	
Schedules of Funding Progress	36
Schedules of Contributions From the Employer and Other Contributing Entities	37
Budgetary Comparison Schedules	38-39
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	40-54
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Funds	55
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	56
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	57-58
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in fund Balances – Cash Balances – Cash and Investments Basis – Discrete Component Unit.....	59
Schedule of Capital Assets.....	60
Schedule of Long-Term Debt	61

TABLE OF CONTENTS
(Continued)

<u>Description</u>	<u>Page</u>
Other Reports.....	62
Audit Results and Comments:	
Official Bonds.....	63
Disbursements in Excess of Appropriations.....	63
Overdrawn Cash Balances.....	63-64
Funds Established Without an Ordinance.....	64
Untimely Payment of Claims.....	65
Lack of Itemized Receipts for Credit Card Purchases.....	65
Self-Insurance Checks Not Issued Timely.....	65-66
County's Share of Court Costs.....	66
Double Compensation.....	66
Employee Service Records.....	66-67
Payroll Advance Payments.....	67
Clerk Receipt Issuance.....	67
Old Trust Items.....	67-68
Park Department Pool Fees.....	68
Building Department Calculation of Fees.....	68
Transit Department Deposits.....	68-69
Transit Department Contracts.....	69
Traffic School City Court.....	69
Redevelopment Department Internal Controls.....	70
HOME Loan Application Internal Controls.....	70-71
Untimely Payments from Twenty-First Century Grants.....	71
Payments Without Contract.....	71
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	74-75
Schedule of Expenditures of Federal Awards.....	76-77
Notes to Schedule of Expenditures of Federal Awards.....	78
Schedule of Findings and Questioned Costs.....	79
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	80-82
Exit Conference.....	83
Official Response.....	84-85

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Barbara Cardwell	01-01-07 to 12-31-08
Mayor	Thomas M. McDermott, Jr.	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	William J. O'Connor	01-01-07 to 12-31-08
President of the Common Council	Daniel Repay	01-01-07 to 12-31-08
Superintendent of Water Utility	Gary Williams (Interim)	01-01-07 to 02-13-07
Chief Executive Operator of Water Utility	Edward Krusa	02-14-07 to 12-31-08
Sanitary District Manager	Michael T. Unger, PhD.	01-01-07 to 12-31-08
Director of the Port Authority	Milan Kruszynski	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF HAMMOND, LAKE COUNTY, INDIANA

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 (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances 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 December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 20, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 OFFICIALS OF THE CITY OF HAMMOND, LAKE COUNTY, INDIANA

We have audited 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 (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 20, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 20, 2008

CITY OF HAMMOND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Totals	Hammond Port Authority
Primary government:								
Governmental activities:								
General government	\$ 52,617,119	\$ 2,784,618	\$ 2,733,925	\$ -	\$ (47,098,576)	\$ -	\$ (47,098,576)	\$ -
Public safety	29,169,089	1,627,058	72,230	-	(27,469,801)	-	(27,469,801)	-
Highways and streets	4,636,926	-	57,500	4,134,297	(445,129)	-	(445,129)	-
Sanitation	3,537,558	2,216,771	29,155	-	(1,291,632)	-	(1,291,632)	-
Health and welfare	1,185,431	2,095,259	265,299	-	1,175,127	-	1,175,127	-
Economic development	6,707	-	-	-	(6,707)	-	(6,707)	-
Culture and recreation	5,499,514	1,074,901	-	-	(4,424,613)	-	(4,424,613)	-
Urban redevelopment and housing	6,666,723	2,041,946	976,472	-	(3,648,305)	-	(3,648,305)	-
Principal and interest on indebtedness	18,330,197	-	-	-	(18,330,197)	-	(18,330,197)	-
Total governmental activities	121,649,265	11,840,553	4,134,581	4,134,297	(101,539,834)	-	(101,539,834)	-
Business-type activities:								
Water	8,812,131	10,173,058	-	-	-	1,360,927	1,360,927	-
Sanitary district	24,304,777	12,869,300	-	-	-	(11,435,477)	(11,435,477)	-
Total business-type activities	33,116,908	23,042,358	-	-	-	(10,074,550)	(10,074,550)	-
Total primary government	\$ 154,766,173	\$ 34,882,911	\$ 4,134,581	\$ 4,134,297	(101,539,834)	(10,074,550)	(111,614,384)	-
Component unit:								
Hammond Port Authority	\$ 9,927,480	\$ 5,255,228	\$ -	\$ -	-	-	-	(4,672,252)
General receipts:								
Property taxes					17,378,831	3,013,232	20,392,063	-
Gaming					35,090,255	-	35,090,255	-
Intergovernmental					5,518,692	-	5,518,692	-
Other local sources					11,203,630	-	11,203,630	-
Tax anticipation warrants proceeds					13,000,000	1,780,108	14,780,108	-
Bonds and loans					-	25,332,429	25,332,429	-
Grants and contributions not restricted to specific programs					63,454	-	63,454	8,704,261
Investment earnings					1,353,868	1,018,444	2,372,312	261,852
Transfers					668,870	(668,870)	-	-
Total general receipts and transfers					84,277,600	30,475,343	114,752,943	8,966,113
Change in net assets					(17,262,234)	20,400,793	3,138,559	4,293,861
Net assets - beginning					54,042,087	14,769,688	68,811,775	3,695,297
Net assets - ending					\$ 36,779,853	\$ 35,170,481	\$ 71,950,334	\$ 7,989,158
Assets								
Cash and investments					\$ (1,236,200)	\$ 10,023,394	\$ 8,787,194	\$ 6,750,814
Cash with fiscal agent					-	145,930	145,930	-
Restricted assets:								
Cash and investments					15,302,011	7,746,544	23,048,555	1,238,344
Cash with fiscal agent					22,714,042	17,254,613	39,968,655	-
Total assets					\$ 36,779,853	\$ 35,170,481	\$ 71,950,334	\$ 7,989,158
Net Assets								
Restricted for:								
General government					\$ 247,516	\$ -	\$ 247,516	\$ -
Public safety					288,430	-	288,430	-
Highways and streets					1,648,185	-	1,648,185	-
Sanitation					-	-	-	-
Health and welfare					1,943,996	-	1,943,996	-
Economic development					13,145	-	13,145	-
Culture and recreation					-	-	-	-
Urban redevelopment and housing					9,014,742	-	9,014,742	-
Debt service					9,967,699	978,035	10,945,734	-
Capital outlay					14,892,340	23,280,359	38,172,699	-
Other purposes					-	742,763	742,763	1,238,344
Unrestricted					(1,236,200)	10,169,324	8,933,124	6,750,814
Total net assets					\$ 36,779,853	\$ 35,170,481	\$ 71,950,334	\$ 7,989,158

The notes to the financial statements are an integral part of this statement.

CITY OF HAMMOND
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Gaming Revenues	TIF Allocation Northend	Redevelopment Authority Marina Project	Redevelopment Commission 2006 Repair Replacement	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 11,988,281	\$ -	\$ 2,322,526	\$ -	\$ -	\$ 3,094,844	\$ 17,405,651
Licenses and permits	1,465,168	-	-	-	-	346,506	1,811,674
Intergovernmental	3,689,845	35,090,255	-	-	-	12,655,717	51,435,817
Charges for services	4,700,168	-	-	-	-	2,922,112	7,622,280
Fines and forfeits	320,284	-	-	-	-	423,730	744,014
Other	1,475,020	810,166	-	707,796	148,335	7,868,656	11,009,973
Total receipts	23,638,766	35,900,421	2,322,526	707,796	148,335	27,311,565	90,029,409
Disbursements:							
General government	6,917,103	25,557,785	-	-	-	4,399,104	36,873,992
Public safety	35,699,005	-	-	-	-	3,378,021	39,077,026
Highways and streets	-	-	-	-	-	5,512,580	5,512,580
Sanitation	4,177,392	-	-	-	-	549,118	4,726,510
Health and welfare	813,958	-	-	-	-	608,457	1,422,415
Economic development	-	-	-	-	-	6,707	6,707
Culture and recreation	-	-	-	-	-	4,547,797	4,547,797
Urban redevelopment and housing	-	-	966,174	-	-	5,645,997	6,612,171
Debt service	-	9,228,287	-	-	-	6,101,910	15,330,197
Capital outlay:							
General government	-	-	-	-	-	323,316	323,316
Health and welfare	-	-	-	-	-	27,228	27,228
Culture and recreation	-	-	-	1,826,692	-	16	1,826,708
Urban redevelopment and housing	-	-	-	-	6,401	214,634	221,035
Total disbursements	47,607,458	34,786,072	966,174	1,826,692	6,401	31,314,885	116,507,682
Excess (deficiency) of receipts over disbursements	(23,968,692)	1,114,349	1,356,352	(1,118,896)	141,934	(4,003,320)	(26,478,273)
Other financing sources (uses):							
Tax anticipation warrants received	13,000,000	-	-	-	-	-	13,000,000
Tax anticipation warrants paid	(3,000,000)	-	-	-	-	-	(3,000,000)
Transfers in	2,340,011	-	17,181	-	355,475	4,995,532	7,708,199
Transfers out	(707,857)	(9,086,724)	-	-	-	(1,253,678)	(11,048,259)
Total other financing sources (uses)	11,632,154	(9,086,724)	17,181	-	355,475	3,741,854	6,659,940
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,336,538)	(7,972,375)	1,373,533	(1,118,896)	497,409	(261,466)	(19,818,333)
Cash and investment fund balance - beginning	(2,436,439)	19,432,624	3,895,395	9,085,360	2,208,153	21,022,621	53,207,714
Cash and investment fund balance - ending	<u>\$ (14,772,977)</u>	<u>\$ 11,460,249</u>	<u>\$ 5,268,928</u>	<u>\$ 7,966,464</u>	<u>\$ 2,705,562</u>	<u>\$ 20,761,155</u>	<u>33,389,381</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>3,390,472</u>
Net assets of governmental activities							<u>\$ 36,779,853</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HAMMOND
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007
(Continued)

	General	Gaming Revenues	TIF Allocation Northend	Redevelopment Authority Marina Project	Redevelopment Commission 2006 Repair Replacement	Other Governmental Funds	Totals
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$(14,772,977)	\$ 11,460,249	\$ -	\$ -	\$ -	\$ (1,313,944)	\$ (4,626,672)
Restricted assets:							
Cash and investments	-	-	5,268,928	-	-	10,033,083	15,302,011
Cash with fiscal agent	-	-	-	7,966,464	2,705,562	12,042,016	22,714,042
Total cash and investment assets - ending	<u>\$(14,772,977)</u>	<u>\$ 11,460,249</u>	<u>\$ 5,268,928</u>	<u>\$ 7,966,464</u>	<u>\$ 2,705,562</u>	<u>\$ 20,761,155</u>	<u>\$ 33,389,381</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,516	\$ 247,516
Public safety	-	-	-	-	-	288,430	288,430
Highways and streets	-	-	-	-	-	1,648,185	1,648,185
Health and welfare	-	-	-	-	-	1,943,996	1,943,996
Economic development	-	-	-	-	-	13,145	13,145
Urban redevelopment and housing	-	-	5,268,928	-	-	3,745,814	9,014,742
Debt service	-	-	-	-	-	9,967,699	9,967,699
Capital outlay	-	-	-	7,966,464	2,705,562	4,220,314	14,892,340
Unrestricted	<u>(14,772,977)</u>	<u>11,460,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,313,944)</u>	<u>(4,626,672)</u>
Total cash and investment fund balance - ending	<u>\$(14,772,977)</u>	<u>\$ 11,460,249</u>	<u>\$ 5,268,928</u>	<u>\$ 7,966,464</u>	<u>\$ 2,705,562</u>	<u>\$ 20,761,155</u>	<u>\$ 33,389,381</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HAMMOND
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Water Utility	Sanitary District	Totals	Internal Service Funds
Operating receipts:				
Receipts from customers and users	\$ 10,173,058	\$ 11,902,253	\$ 22,075,311	\$ -
Local tax distributions for sewer maintenance	-	1,282,441	1,282,441	-
Charges for services - internal	-	-	-	15,127,710
Charges for services - other	-	-	-	525,548
Other	-	708,480	708,480	149,379
	<u>10,173,058</u>	<u>13,893,174</u>	<u>24,066,232</u>	<u>15,802,637</u>
Operating disbursements:				
Payments to suppliers and contractors	4,729,118	9,327,516	14,056,634	-
Payments to employees	2,887,585	5,403,529	8,291,114	-
Insurance claims and premiums	-	-	-	16,236,506
Administration and general	-	-	-	1,032,787
	<u>7,616,703</u>	<u>14,731,045</u>	<u>22,347,748</u>	<u>17,269,293</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>2,556,355</u>	<u>(837,871)</u>	<u>1,718,484</u>	<u>(1,466,656)</u>
Nonoperating receipts (disbursements):				
Local tax distributions for debt service	-	1,730,791	1,730,791	-
Debt service portion from customer cities	-	258,567	258,567	-
Proceeds from capital debt	-	25,332,429	25,332,429	-
Proceeds from tax anticipation warrants	-	1,780,108	1,780,108	-
Interest and investment receipts	436,521	581,923	1,018,444	13,825
Issuance costs paid from capital debt	-	(140,423)	(140,423)	-
Discount paid from capital debt	-	(23,137)	(23,137)	-
Principal repayment of tax anticipation warrants	-	(256,634)	(256,634)	-
Debt service of principal	-	(2,680,000)	(2,680,000)	-
Interest disbursements	-	(1,233,124)	(1,233,124)	-
Acquisition and construction of capital assets	(1,195,428)	(5,240,414)	(6,435,842)	-
	<u>(758,907)</u>	<u>20,110,086</u>	<u>19,351,179</u>	<u>13,825</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>1,797,448</u>	<u>19,272,215</u>	<u>21,069,663</u>	<u>(1,452,831)</u>
Transfers in	-	448,000	448,000	4,008,930
Transfers out	(615,000)	(501,870)	(1,116,870)	-
Excess (deficiency) of receipts and transfers in over (under) disbursements and transfers out	<u>1,182,448</u>	<u>19,218,345</u>	<u>20,400,793</u>	<u>2,556,099</u>
Cash and investment fund balance - beginning	<u>9,432,311</u>	<u>5,337,377</u>	<u>14,769,688</u>	<u>834,373</u>
Cash and investment fund balance - ending	<u>\$ 10,614,759</u>	<u>\$ 24,555,722</u>	<u>\$ 35,170,481</u>	<u>\$ 3,390,472</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 9,871,996	\$ 151,398	\$ 10,023,394	\$ 3,390,472
Cash with fiscal agent	-	145,930	145,930	-
Restricted assets:				
Cash and investments	742,763	7,003,781	7,746,544	-
Cash with fiscal agent	-	17,254,613	17,254,613	-
Total cash and investment assets - December 31	<u>\$ 10,614,759</u>	<u>\$ 24,555,722</u>	<u>\$ 35,170,481</u>	<u>\$ 3,390,472</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 978,035	\$ 978,035	\$ -
Capital improvements	-	23,280,359	23,280,359	-
Other purposes	742,763	-	742,763	-
Unrestricted	<u>9,871,996</u>	<u>297,328</u>	<u>10,169,324</u>	<u>3,390,472</u>
Total cash and investment fund balance - December 31	<u>\$ 10,614,759</u>	<u>\$ 24,555,722</u>	<u>\$ 35,170,481</u>	<u>\$ 3,390,472</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HAMMOND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,571,506	\$ -
Plan members	11,922	-
State	<u>6,592,526</u>	<u>-</u>
Total contributions	<u>8,175,954</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>15,759,321</u>
Total additions	<u>8,175,954</u>	<u>15,759,321</u>
Deductions:		
Benefits	10,489,893	-
Administrative and general	23,674	-
Agency fund deductions	<u>-</u>	<u>16,129,180</u>
Total deductions	<u>10,513,567</u>	<u>16,129,180</u>
Deficiency of total additions over total deductions	(2,337,613)	(369,859)
Cash and investment fund balance - beginning	<u>576,729</u>	<u>2,083,160</u>
Cash and investment fund balance - ending	<u>\$ (1,760,884)</u>	<u>\$ 1,713,301</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government:	City of Hammond Hammond Water Utility Hammond Sanitary District
Blended Component Unit:	Hammond Redevelopment Authority
Discretely Presented Component Unit:	Hammond Port Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

Component Unit	Description/Inclusion Criteria	Fund Included In
Hammond Redevelopment Authority	The primary government appoints a voting majority of the Hammond Redevelopment Authority's board and a financial benefit/burden relationship exists between the City and the Hammond Redevelopment Authority. Although it is legally separate from the City, the Hammond Redevelopment Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Nonmajor Fund Governmental Activities

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The component unit that is discretely presented in the City's report is presented below:

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS

Component Unit	Description/Inclusion Criteria
Hammond Port Authority	The Hammond Port Authority is a significant discretely presented component unit of the City. The primary government appoints a voting majority of the Hammond Port Authority's board and a financial benefit/burden relationship exists between the City and the Hammond Port Authority.

Joint Venture

The City is a participant with several other governmental entities in Lake, Porter, and LaPorte counties in a joint venture to operate Northwestern Indiana Regional Planning Commission (NIRPC) which was created as a multipurpose area wide planning agency. NIRPC assists with planning economic development, transportation, environmental protection, and comprehensive planning. NIRPC enabling legislation, Indiana Code 36-7-7, provides that participating counties must provide an annual appropriation at a minimum level of thirty cents per capita. NIRPC applies for federal transportation grant funds, which are then passed on to the City. Complete financial statements for NIRPC can be obtained from the Northwestern Indiana Regional Planning Commission office at 6100 Southport Road, Portage, IN, 46368.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Hammond Housing Authority and the Hammond Development Corporation.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The gaming revenues fund is a special revenue fund. It accounts for the financial resources received from the State of Indiana as gaming admissions and resources received directly from the gaming boat based upon an agreement between the government and the gaming boat. The resources, which are locally appropriated, may be used for debt retirement, infrastructure and improvements, economic development, and general government.

The TIF allocation northend fund is a special revenue fund. It accounts for property taxes from the tax increment financing (TIF) district restricted for improvements in the marina district.

The redevelopment authority marina project fund is a capital projects fund. It accounts for the financial resources received from the 2006 taxable lease rental revenue refunding bonds. The resources will be used to pay the costs of refunding and defeasing all of the outstanding Hammond redevelopment authority lease rental bonds of 1999 and paying bond issuance costs.

The redevelopment commission 2006 repair replacement fund is a capital projects fund. It accounts for the financial resources restricted for capital improvements to the marina.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The sanitary district fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service funds account for a central telephone communications system, unemployment, group health insurance, workman's compensation, general liability, and diesel fuel taxes provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for federal, state, and other local governmental and nongovernmental entities.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges among the City, the Water Utility, and Sanitary District. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Property taxes have not been billed or collected timely each year since 2004. The final settlement of the 2005 taxes payable in 2006 was distributed to the various governmental entities on January 4, 2007. For the 2006 taxes payable in 2007, the tax bills were mailed to Lake County residents in January 2008. They were due in one installment on January 31, 2008. The final settlement of the 2006 taxes payable in 2007 was distributed to the various governmental entities on March 20, 2008.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts 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 receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007
Funds approved by Department of Local Government Finance (DLGF):	
Cumulative Capital Improvement (401)	\$ 291,696
Water Hydrant Rental (246)	180,857
Funds approved by City Council:	
Local Law Enforcement Continuing Education (504)	11,640
Clerk Perpetuation (223)	50,000
Total	\$ 534,193

These disbursements were funded by available cash balances.

C. Cash and Investment Balance Deficits

At December 31, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007
General	\$ 14,772,977
Parks and Recreation	1,840,339
Recycling	230,616
Golf Course	996,087
Public Safety	67,483
Voc Detector	9,588
Park Debt Service	261,189
Civil City Bonds	5,856
Redevelopment Commission General Operating	307,081
Asbestos Program	1,260
Water Hydrant Rental	94,861
EPA Grant	22,736
Transit (Transportation)	367,331
1925 Police Pension	835,401
1937 Firefighters' Pension	925,483

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2007, the City had deposit balances in the amount of \$36,779,853 (not including business type activities). Of this amount, the following was exposed to custodial credit risk:

	2007
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 2,200,000

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2007, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 1,496,000

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

The following investments held by the City were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Primary Government:

Investment Type	2007 Not in the Government's Name
U.S. agencies	\$ 1,496,000

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City's investment policy for interest rate risk is that any investment made must have a stated final activity of not more than two years.

Investment Type	Investment Maturities (in Years)
	Less Than 1
U.S. agencies	\$ <u>1,496,000</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	Moody's Rating	City's Investments Investment Pools
AAA	Aaa	\$ <u>1,496,000</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. The City did not hold any investments that were exposed to concentration of credit risk.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk. The City did not hold any foreign currency investments in 2007.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To	2007
General Fund	Other governmental funds	\$ 707,857
Gaming Revenues Fund	General Fund	768,323
	Other governmental funds	3,870,401
	Internal Service Fund	4,000,000
	Business-type	448,000
Other governmental funds	General Fund	454,818
	TIF Allocation Northend Fund	17,181
	Redevelopment Commission 2006	
	Repair Replacement	355,475
	Other governmental funds	417,274
	Internal Service Fund	8,930
Business-type	General Fund	1,116,870
Total		\$ 12,165,129

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries, Medical Benefits, and Loss Related to Torts

The City has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and loss related to torts. The risk financing fund is accounted for in the Self-insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. For medical benefits, the premium charged to each fund is based upon the percentage

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

of payroll expense that fund incurs. The premium for job related illnesses or injuries, is based upon the actual amount incurred and paid on behalf of each fund, and the premium for loss related to torts is charged and paid only by the general fund. Interfund premiums are reported as quasi-external interfund transactions.

Unemployment Compensation

The City has chosen to establish a risk financing fund for risks associated with unemployment compensation claims. The risk financing fund is accounted for in the Unemployment Compensation Fund, an internal service fund, where assets are set aside for claim settlements. The total charge allocated to each of the funds is based on each fund's actual number of employees which have had claims. Provisions are also made for unexpected or unusual claims.

B. Cash Held in Trust

To facilitate construction of a marina on Lake Michigan, the Hammond Port Authority entered into lease/leaseback agreements with DMS of Hammond, Inc., (DMS). Under the terms of the agreements, the Port Authority leased to DMS the land to be used for the Marina. The ground lease term is from June 30, 1989 until May 31, 2029. DMS, in turn, is to finance the major portion of the construction of the marina and lease it to the Port Authority until November 30, 2014, at which time the Port Authority will assume full ownership. The amount financed by DMS is \$16,745,000 at an interest rate of 9.65%. Under the terms of the lease agreement, the Port Authority has an option to purchase DMS's interest in the Marina on any payment date on or after May 1, 1999, for an amount equal to the purchase price for such payment date.

On May 13, 1999, the Port Authority exercised its option to purchase the Hammond Marina from DMS, and simultaneously conveyed the Hammond Marina to the Redevelopment Authority. The Redevelopment Authority then leased the Hammond Marina to the Redevelopment Commission, and the Redevelopment Commission entered into an operating agreement with the Port Authority providing for the Port Authority to operate and maintain the Hammond Marina and pledge all net revenues to the Redevelopment Commission.

In the event that the Port Authority's net revenues are insufficient to make timely lease rental payments, the Redevelopment Commission has agreed in the lease to levy an unlimited ad valorem tax on all property within the Redevelopment District sufficient to pay the lease rental payments when due.

Pursuant to the Lease, the Redevelopment Commission has pledged to the payment of lease rental payments all net revenues of the Hammond Marina received from the Port Authority pursuant to an operating agreement dated as of April 15, 1999, between the Redevelopment Commission and the Port Authority. Net Revenues consist of all regular fees and charges collected by the Port Authority (less payment of operating and maintenance expenses), plus all passenger payments (Embarkation Fees) received from the gaming casino. Net revenues will be deposited and held pursuant to a trust agreement dated as of April 15, 1999, by and among the Redevelopment Commission, the Port Authority and Bank One Trust Company, the trustee. On the last business day of each month, the Port Authority will transfer to the trustee all net revenues into a "Net Revenue" trust account. Distributions are then made by the trustee to the Redevelopment Commission trust accounts.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

In October 2006, the Redevelopment Authority issued \$6,420,000 taxable Marina Project Revenue Refunding Bonds. They refunded the 1999 bonds. A new lease rental agreement dated October 26, 2006, between the Redevelopment Commission and Port Authority was signed. The trustee is now the Bank of New York. Distributions are to be made by the trustee to the Redevelopment Commission trust accounts as follows:

1. To the "Lease Payment" account an amount equal to the amount required to be paid by the Redevelopment Commission to the Redevelopment Authority under the lease, after taking into account funds then on deposit in the marina project account, on the lease payment date. On or before each July 15 and January 15, the Trustee will use monies in the lease payment account to make the semiannual rental payments to the Redevelopment Authority.
2. To the "Lease Reserve" account, an amount not less than 1/60 of the lease payment reserve requirement. The lease payment reserve requirement will be the maximum sum of any two consecutive semiannual lease rental payments.
3. To the "Repair/Replacement Reserve" account an amount equal to \$25,000 each month to accumulate a balance of not less than \$500,000.
4. To the "Reinstallation" account for the purpose of maintaining a custody account for the reinstallation of 155 slips that were removed to make room for the riverboat.
5. To the "Custody Rental" account for the purpose of maintaining a custody account for the accumulation of 2 years of slip rental lost on the slips removed to accommodate the riverboat.

The Redevelopment Authority accounts created under the Indenture of Trust are as follows:

1. The "Bond Expense Fund" to pay the costs of issuance of the bonds. No later than 6 months after the issuance of the bonds, the trustee will transfer to the sinking fund any monies allocable to the bonds on deposit in the bond expense fund. This account was closed by the Trustee on September 13, 2000.
2. Transfer to the "Sinking Fund" account an amount equal to the lesser of (a) all of such lease rental payments; or (b) an amount which, when added to the amount in the sinking fund on the deposit date, equals the sum of the unpaid principal and interest on the bonds due on the next interest payment date and the unpaid mandatory sinking fund requirement due on the next mandatory sinking fund redemption date from the "Lease Payment" account.
3. The "Debt Service Reserve Fund" account required that on the date of issuance of the bonds, an amount will be on deposit which equals the least of (a) maximum annual debt service, (b) 10% of the original amount of the bonds, or (c) 125% of average annual debt service. The debt service reserve fund may be applied for the purpose of paying principal of and interest on the bonds if any deficiencies occur in the sinking fund established for such purpose. The Redevelopment Authority initially funded the debt service reserve requirement by depositing \$1,444,452.20 released from the lien of the 1989 Indenture.
4. The "Redemption Fund" accounts for insurance and condemnation proceeds and is used to redeem bonds.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. The "Rebate Fund" can be established pursuant to written instructions of the Redevelopment Authority to make yield reduction payments.

In addition, to facilitate construction of a golf course, the City sold Redevelopment District Revenue Bonds of 2001 for \$7,500,000. Per the registrar and paying agent agreement, Bank One Trust Company agreed to keep and maintain a bond principal and interest account and a reserve account for the repayment of the bonds. Pursuant to the first supplemental operating agreement dated as of August 1, 2001, the Hammond Port Authority agreed to transfer net revenues to the bond principal and interest account to the aggregate amount of the principal and interest due during that bond year.

To continue the construction of a golf course, the City sold Redevelopment District Tax Increment Revenue Bonds of 2002 for \$6,000,000. Per the registrar and paying agent agreement, Bank of New York agreed to keep and maintain a bond principal and interest account and a reserve account for the repayment of the bonds. The bonds are payable from the property taxes on incremental increases in assessed value of all real and certain personal property located within the tax increment area. To the extent that tax increment revenue is not sufficient to pay principal and interest, gaming embarkation fees received by the Hammond Port Authority and available to the Redevelopment Commission, pursuant to a second supplemental operating agreement dated May 1, 2002, were pledged to pay principal and interest on the bonds.

Furthermore, for the property acquisition, redevelopment, and economic development in or serving of a certain allocation area, the City sold Redevelopment District Taxable Tax Increment Revenue Bonds of 2002, Series C (Unilever Project) for \$2,500,000. Per the trust indenture, U.S. Bank National Association agreed to keep and maintain a bond principal and interest account, a debt service reserve account, an excess fund, and a capital fund.

To continue the construction of a golf course, the City sold Redevelopment District Revenue Bonds of 2003 for \$2,950,000. Per the registrar and paying agent agreement, Bank One Trust Company agreed to keep and maintain a bond principal and interest account and a reserve account for the repayment of the bonds. Pursuant to the third supplemental operating agreement dated May 1, 2003, the Hammond Port Authority agreed, to the extent available, to transfer net revenues to the bond principal and interest account to the aggregate amount of the principal and interest due during that bond year.

In 2007, the Sanitary District (District) obtained a State Revolving Loan from the State of Indiana's State Revolving Loan Fund. The State placed the \$17,225,000 loan proceeds into a trust account in the District's name. The District will earn the interest from the trust account. Before any disbursements can be made from this trust account, the State must approve the draw down in accordance with the loan agreement. Thus, the amount reported as Cash with Fiscal Agent – Restricted represents the balance in this trust account.

C. Casino Expansion and Forgiveness of Debt

In February 2006, an agreement became effective among the City, Port Authority, Redevelopment Commission, Redevelopment Authority, and Horseshoe (Horseshoe) Hammond, LLC for casino expansion at the Hammond Marina. Some of the more significant terms of the agreement are as follows:

1. The Port Authority agrees to clear and close all areas of the Hammond Marina by or before 12:00 am on October 1, 2006.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. The Port Authority shall keep the Hammond Marina closed until the Port Authority and Horseshoe agree in their reasonable discretion that the New Development Project has been completed or substantially completed, and that it is safe to reopen the Hammond Marina.
3. In consideration for closing the Hammond Marina to accommodate the New Development Project, Horseshoe shall pay the Port Authority for the 2007 season the total amount of \$3,500,000, which payment shall be made on or before March 1, 2007.
4. In connection with the New Development Plan, Horseshoe shall permanently remove up to 29 boat slips from the Hammond Marina. This removal in connection with previously removed boat slips means a total anticipated loss of 160 boat slips. Any additional boat slips removed by Horseshoe as part of the New Development Project, Horseshoe shall pay to the Port Authority any slip fees due for any such additional slips removed at the then current slip price.
5. The Port Authority agrees to sell to Horseshoe all rights, title and interest in and to the Yacht Club building for the total sum of \$2,750,000. The closing of the sale of the Yacht Club building shall take place on or before October 15, 2006.
6. Horseshoe waives and deems satisfied the 2002 Series B Redevelopment Taxable Revenue Bonds in favor of the City, which has a principal balance outstanding of \$2,700,000, of which \$400,000 was already due, but remained unpaid as of December 31, 2005. The total of forgiven debt, which includes principal and interest through January 31, 2006, was \$3,110,625.
7. The Port Authority and the City shall ensure the complete repair of the Hammond Marina break wall on or before December 31, 2011. Horseshoe shall make a one-time payment to the Port Authority in the amount of \$750,000 on or before October 1, 2006, to be used for this purpose.
8. Any obligation of Horseshoe to make a payment to the Port Authority based on casino admissions is hereby eliminated. In lieu of such obligations, Horseshoe shall pay to the Port Authority a flat annual fee of \$7,000,000, which shall be paid in equal monthly installments. This payment shall commence as of the date the new casino is open to the public for gaming.
9. Horseshoe shall advance to the City the amount of \$15,000,000 which shall be memorialized in a written document within 90 days following the effective date. The advance shall bear interest at a commercially reasonable rate to be determined by Horseshoe and the City and shall be satisfied through Horseshoe's deduction of any and all amounts which become due the City from Horseshoe in accordance with Section 5.01 of the Project Agreement, in excess of \$18,266,979 for any calendar year beginning with calendar year 2006.

The actions that have occurred to the above listed significant terms of the February 2006 agreement are as follows:

1. The Port Authority cleared and closed all areas of the Hammond Marina by or before 12:00 a.m. on October 1, 2006.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. The Port Authority reopened the Hammond Marina on May 1, 2008.
3. The payment of \$3,500,000 was received by the Port Authority on February 28, 2007.
4. The Horseshoe was originally invoiced for the 2008 boat slips totaling \$748,995 on January 10, 2008, and reissued on March 27, 2008. As of August 20, 2008, the Port Authority has not received payment of this invoice.
5. The Port Authority received \$2,750,000 from Horseshoe on January 8, 2007, for the sale of the Yacht Club building.
6. The 2002 Series B Redevelopment Taxable Revenue Bonds were forgiven.
7. The Port Authority received \$750,000 from Horseshoe on October 4, 2006, for the complete repair of the Hammond Marina break wall.
8. The new casino opened on August 8, 2008. The Port Authority has not begun receiving payments as of August 20, 2008.
9. The City of Hammond received \$7,500,000 on October 6, 2006. As of October 20, 2008, no additional loans have been made with the Horseshoe.

D. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment medical benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 65 with at least 10 years of service, or who retire from the City at any age, with at least 15 years of service. Currently, 456 retirees meet these eligibility requirements. The City pays up to \$1,000 per month per retiree with the balance being paid by the retiree of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, disbursements of \$3,420,721 were recognized for postemployment benefits.

E. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on June 18, 1985.

Wastewater Utility (Sanitary District)

The current rate structure for the storm water customer charge was approved by the Common Council on January 23, 2006. The current rate structure for the treatment and disposal of wastewater was approved by the Indiana Utility Regulatory Commission on January 4, 2008. The rate structure for the collection of trash and solid waste was approved by the Sanitary District on December 11, 2007.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Subsequent Events

State Pension Relief

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

Debt

The City had tax anticipation warrants (TAW) of \$10,000,000 outstanding as of December 31, 2007, that were repaid on March 25, 2008.

To offset the delay in tax collections, the Sanitary District (District) authorized the continuance of the 2007 remaining tax anticipation warrants balance of \$1,523,474 until June 2008. In addition, on January 2, 2008, the District received \$4,457,089 of tax anticipation warrants proceeds from the Indiana Bond Bank at an interest rate of 3%. The warrants are to be repaid when the 2008 property tax distributions are received.

On January 17, 2008, \$12,500,000 2008 Hammond Redevelopment District Lost Marsh Clubhouse Project Revenue Bonds were issued.

On February 25, 2008, Ordinance 8916 was approved. The Ordinance authorizes the City to issue variable rate demand economic development revenue bonds, series 2008, for the Jupiter Aluminum project in the principal amount of \$35,000,000, maturing no later than February 1, 2029. These bonds have yet to be sold.

On April 21, 2008, Ordinance 8929 was approved. The Ordinance authorizes the issuance and sale of General Obligation Judgment Funding Bonds, series 2008, principal not to exceed \$6,000,000 that finances the payment of a judgment entered against the City in Larry Mayes v. City of Hammond, et. al. (Cause No. 2:03-379). On June 19, 2008, principal in the amount of \$4,810,000 was issued.

Property Tax Rates and Levies

Property tax rates and levies for 2007 taxes payable in 2008 were not established by February 15, 2008, as required by state statute due to the delay in the completion and approval of the trending ratio study used in determining the assessed value of each property within Lake County. This will result in delays in billing, collection and distribution of tax revenues by the County for the City in 2008. As of August 20, 2008, Lake County has not mailed property tax bills.

Circuit Breaker Tax Credit

Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit (the "Circuit Breaker Tax Credit") for all property taxes in an amount that exceeds 2% of the gross assessed value of eligible property. For property taxes due and payable in 2008 and 2009, the Circuit Breaker Tax Credit is automatically applied only to the property taxes attributable to a taxpayer's qualified residential

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

property. Beginning with property taxes due and payable in 2010 and thereafter, the property eligible for the Circuit Breaker Tax Credit is expanded to include all personal and real property of every type. The Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Department of Local Government Finance (DLGF) has taken an administrative position that existing law requires taxing units to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. The DLGF's position is that property taxes collected by a political subdivision must first be applied to pay debt service or lease rental obligations on all outstanding bonds or lease rental revenue bonds. If property tax collections are insufficient to fully fund debt service or lease rental levies due to the Circuit Breaker Tax Credit, the DLGF has indicated the taxing units must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund.

Based on Legislative Services Agency (LSA) data, it is anticipated that the annual trending of assessed value and resulting reduction in tax rates in Lake County will reduce the loss of property tax revenues from the implementation of the Circuit Breaker Tax Credit. Pursuant to LSA data, the Circuit Breaker Tax Credit allocable to the City and the Sanitary District for budget years 2008 and 2009 is approximately \$1,300,000 and \$489,746, respectively, each year. In budget year 2010 and thereafter, when the credit is expanded to apply to both real and depreciable personal property, LSA estimates the Circuit Breaker Tax Credit will be approximately \$4,000,000 and \$1,238,581, respectively, each year.

Changes in Departments

On January 28, 2008, Ordinance 8901 was approved. It repeals the Legal Aid Clinic as a department of the City.

On March 3, 2008, Ordinance 8918 was approved. The Ordinance repeals the ordinances creating the Hammond Health Department. As of January 1, 2008, the Health Department is under the control of Lake County.

As of January 1, 2008, the Sanitary District (District) took over the operation, from the City, of the Sanitation and Recycling Departments, assuming the cost of providing trash and waste collection and disposal to the residents of the City of Hammond. The Sanitary District also approved a user fee for the collection of trash and solid waste. The garbage user fee is \$15 per month unless the head of the household is over the age of 65 years or is disabled, then such user fee is \$10 per month. In addition, the District assumed the City's capital lease for garbage trucks which had \$627,031.41 of principal and interest due as of December 31, 2007. A payment of \$209,010.47 is due on October 4, 2008, with the last annual payment due October 4, 2010.

Self-Insurance Changes

As of January 1, 2008, the Water Utility, Sanitary District, Housing Authority, Sanitation Department, and Recycling Department no longer participate in the Risk Self-Insurance Fund (212) of the City. The Port Authority had already ended participation as of January 1, 2006.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other Items

The Hammond Marina was closed until April 30, 2008, when the New Development Project was substantially completed.

In accordance with Indiana Code 36-9-25-11.3(d)(2)(B), the Sanitary District petitioned the Indiana Utility Regulatory Commission(IURC) for a wastewater service rate increase during 2007. On January 4, 2008, the IURC approved a 38.34% rate increase based upon a cost of service study which results in a greater increase in flow rate for the industrial class when compared to the flow rate increase to the residential/commercial class.

As of March 18, 2008, the bus service contract with the School City of Hammond was cancelled because of the failure of the Hammond Transit System to provide current reliable and regular bus service for the students attending Clark Middle/High School. The annual contract was for \$132,894.

G. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2007, there were two series of economic development revenue bonds outstanding with an aggregate principal amount payable of \$27,150,000.

	Principal Outstanding on <u>December 31, 2007</u>
2006 Economic Development Commission Home Depot Project Economic Development Revenue Bonds	\$ 1,220,000
2007 Redevelopment Commission Cabela's Project Economic Development Revenue Bonds	<u>25,930,000</u>
Total	<u>\$ 27,150,000</u>

H. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 1,316,718	\$ 4,819,500	\$ 5,117,400
Interest on net pension obligation	(43,004)	1,780,800	1,715,900
Adjustment to annual required contribution	<u>49,007</u>	<u>(2,213,300)</u>	<u>(2,132,600)</u>
Annual pension cost	1,322,721	4,387,000	4,700,700
Contributions made	<u>1,057,130</u>	<u>4,115,490</u>	<u>4,048,542</u>
Increase in net pension obligation	265,591	271,510	652,158
Net pension obligation, beginning of year	<u>(593,163)</u>	<u>29,679,921</u>	<u>28,597,750</u>
Net pension obligation, end of year	<u>\$ (327,572)</u>	<u>\$ 29,951,431</u>	<u>\$ 29,249,908</u>

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.75%	1,434%	1,523%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 911,922	101%	\$ (789,779)
	06-30-06	1,171,035	83%	(593,163)
	06-30-07	1,322,721	80%	(327,572)
1925 Police Officers' Pension Plan	12-31-05	4,933,000	96%	31,399,333
	12-31-06	4,743,300	136%	29,679,921
	12-31-07	4,387,000	94%	29,951,431
1937 Firefighters' Pension Plan	12-31-05	4,832,100	112%	29,663,476
	12-31-06	5,026,900	121%	28,597,750
	12-31-07	4,700,700	86%	29,249,908

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	193	194
Current active employees	9	6

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$3,964,094, \$3,945,144, and \$3,408,367, respectively, equal to the required contributions for each year.

CITY OF HAMMOND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 19,522,708	\$ 22,345,580	\$ (2,822,872)	87%	\$ 19,211,969	(15%)
07-01-06	22,029,826	24,222,294	(2,192,468)	91%	20,163,321	(11%)
07-01-07	24,398,671	26,208,302	(1,809,631)	93%	20,196,194	(9%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 2,390,395	\$ 73,303,900	\$ (70,913,505)	3%	\$ 947,500	(7,484%)
01-01-03	2,559,443	72,341,600	(69,782,157)	4%	1,280,300	(5,450%)
01-01-04	799,472	73,785,600	(72,986,128)	1%	879,300	(8,300%)
01-01-05	(812,962)	72,238,300	(73,051,262)	(1%)	862,200	(8,473%)
01-01-06	(834,662)	70,046,700	(70,881,362)	(1%)	699,600	(10,132%)
01-01-07	273,447	65,443,700	(65,170,253)	0%	336,000	(19,396%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 2,263,340	\$ 69,894,600	\$ (67,631,260)	3%	\$ 938,600	(7,206%)
01-01-03	851,044	70,184,000	(69,332,956)	1%	1,432,600	(4,840%)
01-01-04	(675,846)	74,162,500	(74,838,346)	(1%)	872,000	(8,582%)
01-01-05	(1,361,007)	70,984,600	(72,345,607)	(2%)	726,100	(9,964%)
01-01-06	(470,127)	73,436,700	(73,906,827)	(1%)	699,600	(10,564%)
01-01-07	303,282	69,391,100	(69,087,818)	0%	336,100	(20,556%)

CITY OF HAMMOND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-02	\$ 7,883,400	18%	34%
	12-31-03	8,072,200	0%	31%
	12-31-04	8,644,500	3%	30%
	12-31-05	5,328,300	38%	51%
	12-31-06	5,169,800	63%	62%
	12-31-07	4,819,500	16%	69%
1937 Firefighters' Pension Plan	12-31-02	\$ 7,517,200	0%	35%
	12-31-03	8,088,900	3%	29%
	12-31-04	8,692,500	15%	29%
	12-31-05	5,215,500	33%	32%
	12-31-06	5,429,800	56%	57%
	12-31-07	5,117,400	15%	64%

CITY OF HAMMOND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

	General Fund				Gaming Revenues			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property	\$ 38,393,902	\$ 38,393,902	\$ 11,988,281	\$(26,405,621)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,105,000	1,105,000	1,465,168	360,168	-	-	-	-
Intergovernmental	3,381,393	3,381,393	3,689,845	308,452	35,000,000	39,380,050	35,090,255	(4,289,795)
Charges for services	5,891,867	5,891,867	4,700,168	(1,191,699)	-	-	-	-
Fines and forfeits	282,000	282,000	320,284	38,284	-	-	-	-
Other	1,505,487	1,505,487	1,475,020	(30,467)	-	-	810,166	810,166
Total revenues	<u>50,559,649</u>	<u>50,559,649</u>	<u>23,638,766</u>	<u>(26,920,883)</u>	<u>35,000,000</u>	<u>39,380,050</u>	<u>35,900,421</u>	<u>(3,479,629)</u>
Expenditures:								
Current:								
General government:								
Mayor	241,379	241,379	218,894	22,485	-	8,194,783	8,194,783	-
Controller	778,523	660,443	576,840	83,603	-	-	-	-
Code Enforcement	475,146	471,696	453,417	18,279	-	-	-	-
City Clerk	1,025,020	1,028,402	952,358	76,044	-	-	-	-
City Judge	832,149	821,913	816,961	4,952	-	-	-	-
Building Department	347,038	370,116	347,955	22,161	-	-	-	-
Common Council	483,522	473,200	467,427	5,773	-	26,449,726	17,363,002	9,086,724
Law Office	275,555	274,211	257,912	16,299	-	-	-	-
Board of Works	2,960,652	1,538,202	1,209,999	328,203	-	-	-	-
Human Relations	176,196	172,177	170,649	1,528	-	-	-	-
Engineering	1,022,880	974,261	993,297	(19,036)	-	-	-	-
Animal Control	271,474	263,354	255,247	8,107	-	-	-	-
Planning Commission	203,660	198,639	196,147	2,492	-	-	-	-
Total general government	<u>9,093,194</u>	<u>7,487,993</u>	<u>6,917,103</u>	<u>570,890</u>	<u>-</u>	<u>34,644,509</u>	<u>25,557,785</u>	<u>9,086,724</u>
Public safety:								
Police Department	20,763,803	20,548,362	20,423,035	125,327	-	-	-	-
Fire Department	15,357,835	15,295,279	15,189,492	105,787	-	-	-	-
Emergency Management	94,054	92,799	86,478	6,321	-	-	-	-
Total public safety	<u>36,215,692</u>	<u>35,936,440</u>	<u>35,699,005</u>	<u>237,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sanitation:								
Sanitation Department	4,452,060	4,112,049	3,837,781	274,268	-	-	-	-
Recycling Department	346,885	346,885	339,611	7,274	-	-	-	-
Total sanitation	<u>4,798,945</u>	<u>4,458,934</u>	<u>4,177,392</u>	<u>281,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health and welfare:								
Health Department	616,411	588,681	584,319	4,362	-	-	-	-
Environmental Management	231,138	231,138	229,639	1,499	-	-	-	-
Total health and welfare	<u>847,549</u>	<u>819,819</u>	<u>813,958</u>	<u>5,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Urban redevelopment and housing:								
Redevelopment and Housing	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	9,228,287	9,228,287	-
Total expenditures	<u>50,955,380</u>	<u>48,703,186</u>	<u>47,607,458</u>	<u>1,095,728</u>	<u>-</u>	<u>43,872,796</u>	<u>34,786,072</u>	<u>9,086,724</u>
Other financing sources (uses):								
Operating transfers in	-	-	2,340,011	2,340,011	-	-	-	-
Operating transfers out	-	-	(707,857)	(707,857)	-	-	(9,086,724)	(9,086,724)
Tax anticipation warrants received	-	-	13,000,000	13,000,000	-	-	-	-
Tax anticipation warrants repaid	-	-	(3,000,000)	(3,000,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,632,154</u>	<u>11,632,154</u>	<u>-</u>	<u>-</u>	<u>(9,086,724)</u>	<u>(9,086,724)</u>
Net change in fund balances	(395,731)	1,856,463	(12,336,538)	(14,193,001)	35,000,000	(4,492,746)	(7,972,375)	(3,479,629)
Fund balances - beginning	(2,436,439)	(2,436,439)	(2,436,439)	-	19,432,624	19,432,624	19,432,624	-
Fund balances - December 31	<u>\$ (2,832,170)</u>	<u>\$ (579,976)</u>	<u>\$ (14,772,977)</u>	<u>\$ (14,193,001)</u>	<u>\$ 54,432,624</u>	<u>\$ 14,939,878</u>	<u>\$ 11,460,249</u>	<u>\$ (3,479,629)</u>

CITY OF HAMMOND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	TIF Allocation Northend			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 2,322,526	\$ 2,322,526
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Other	3,895,395	6,235,102	-	(6,235,102)
Total revenues	<u>3,895,395</u>	<u>6,235,102</u>	<u>2,322,526</u>	<u>(3,912,576)</u>
Expenditures:				
Current:				
General government:				
Mayor	-	-	-	-
Controller	-	-	-	-
Code Enforcement	-	-	-	-
City Clerk	-	-	-	-
City Judge	-	-	-	-
Building Department	-	-	-	-
Common Council	-	-	-	-
Law Office	-	-	-	-
Board of Works	-	-	-	-
Human Relations	-	-	-	-
Engineering	-	-	-	-
Animal Control	-	-	-	-
Planning Commission	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety:				
Police Department	-	-	-	-
Fire Department	-	-	-	-
Emergency Management	-	-	-	-
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sanitation:				
Sanitation Department	-	-	-	-
Recycling Department	-	-	-	-
Total sanitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health and welfare:				
Health Department	-	-	-	-
Environmental Management	-	-	-	-
Total health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Urban redevelopment and housing:				
Redevelopment and Housing	3,895,395	6,235,102	966,174	5,268,928
Debt Service	-	-	-	-
Total expenditures	<u>3,895,395</u>	<u>6,235,102</u>	<u>966,174</u>	<u>5,268,928</u>
Other financing sources (uses):				
Operating transfers in	-	-	17,181	17,181
Operating transfers out	-	-	-	-
Tax anticipation warrants received	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,181</u>	<u>17,181</u>
Net change in fund balances	-	-	1,373,533	1,373,533
Fund balances - beginning	3,895,395	3,895,395	3,895,395	-
Fund balances - December 31	<u>\$ 3,895,395</u>	<u>\$ 3,895,395</u>	<u>\$ 5,268,928</u>	<u>\$ 1,373,533</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Park Activities Nonreverting	Local Law Enforcement Continuing Education	Parks and Recreation	Recycling	Haz-Mat
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 905,676	\$ -	\$ -
Licenses and permits	-	-	-	23,170	-	-	-
Intergovernmental	3,226,756	907,541	-	-	253,488	265,015	-
Charges for services	-	-	119,073	100,801	357,375	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	329,231	162,105	-	-	7,478	-	4,000
Total receipts	3,555,987	1,069,646	119,073	123,971	1,524,017	265,015	4,000
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	45,852	-	-	10,570
Highways and streets	3,599,482	938,471	-	-	-	-	-
Sanitation	-	-	-	-	-	507,874	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	130,638	-	3,069,854	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	3,599,482	938,471	130,638	45,852	3,069,854	507,874	10,570
Excess (deficiency) of receipts over disbursements	(43,495)	131,175	(11,565)	78,119	(1,545,837)	(242,859)	(6,570)
Other financing sources (uses):							
Transfers in	-	-	-	-	55,516	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	55,516	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(43,495)	131,175	(11,565)	78,119	(1,490,321)	(242,859)	(6,570)
Cash and investment fund balance - beginning	772,863	787,642	45,768	123,310	(350,018)	12,243	28,544
Cash and investment fund balance - ending	\$ 729,368	\$ 918,817	\$ 34,203	\$ 201,429	\$ (1,840,339)	\$ (230,616)	\$ 21,974
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 34,203	\$ -	\$ (1,840,339)	\$ (230,616)	\$ 21,974
Restricted assets:							
Cash and investments	729,368	918,817	-	201,429	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 729,368	\$ 918,817	\$ 34,203	\$ 201,429	\$ (1,840,339)	\$ (230,616)	\$ 21,974
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	201,429	-	-	-
Highways and streets	729,368	918,817	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	34,203	-	(1,840,339)	(230,616)	21,974
Total cash and investment fund balance - ending	\$ 729,368	\$ 918,817	\$ 34,203	\$ 201,429	\$ (1,840,339)	\$ (230,616)	\$ 21,974

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Major Moves Construction	Police Donations	Golf Course	Hammers for Hearts	Demolition	Health Mosquito Abatement	Federal Forfeited Property
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	64,024
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	974,627	36,934	116,185	-	-	-	610
Total receipts	974,627	36,934	116,185	-	-	-	64,634
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	17,501	-	-	46,501	-	11,035
Highways and streets	974,627	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	3,964	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	974,627	17,501	-	-	46,501	3,964	11,035
Excess (deficiency) of receipts over disbursements	-	19,433	116,185	-	(46,501)	(3,964)	53,599
Other financing sources (uses):							
Transfers in	-	-	-	-	6,700	10,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	6,700	10,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	19,433	116,185	-	(39,801)	6,036	53,599
Cash and investment fund balance - beginning	1,974,827	7,136	(1,112,272)	577	161,300	13,500	29,181
Cash and investment fund balance - ending	\$ 1,974,827	\$ 26,569	\$ (996,087)	\$ 577	\$ 121,499	\$ 19,536	\$ 82,780
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 26,569	\$ (996,087)	\$ 577	\$ 121,499	\$ 19,536	\$ -
Restricted assets:							
Cash and investments	1,974,827	-	-	-	-	-	82,780
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,974,827	\$ 26,569	\$ (996,087)	\$ 577	\$ 121,499	\$ 19,536	\$ 82,780
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	82,780
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	1,974,827	-	-	-	-	-	-
Unrestricted	-	26,569	(996,087)	577	121,499	19,536	-
Total cash and investment fund balance - ending	\$ 1,974,827	\$ 26,569	\$ (996,087)	\$ 577	\$ 121,499	\$ 19,536	\$ 82,780

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Public Safety	Ambulance Fees	Health Department State Grant	Vehicle Release	Adult Probation User Fees	Tobacco Education	Voc Detector
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	803,547	-	15,569	-	-	-	38,640
Charges for services	-	1,034,785	-	71,920	127,635	4,080	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	803,547	1,034,785	15,569	71,920	127,635	4,080	38,640
Disbursements:							
General government	-	-	-	-	187,296	-	-
Public safety	757,610	1,034,785	-	69,830	-	2,800	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	11,997	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	27,228
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	757,610	1,034,785	11,997	69,830	187,296	2,800	27,228
Excess (deficiency) of receipts over disbursements	45,937	-	3,572	2,090	(59,661)	1,280	11,412
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(50,000)	-	-	-	-	-	-
Total other financing sources (uses)	(50,000)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,063)	-	3,572	2,090	(59,661)	1,280	11,412
Cash and investment fund balance - beginning	(63,420)	-	622	18,480	125,823	10,188	(21,000)
Cash and investment fund balance - ending	<u>\$ (67,483)</u>	<u>\$ -</u>	<u>\$ 4,194</u>	<u>\$ 20,570</u>	<u>\$ 66,162</u>	<u>\$ 11,468</u>	<u>\$ (9,588)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (67,483)	\$ -	\$ -	\$ 20,570	\$ -	\$ 11,468	\$ (9,588)
Restricted assets:							
Cash and investments	-	-	4,194	-	66,162	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (67,483)</u>	<u>\$ -</u>	<u>\$ 4,194</u>	<u>\$ 20,570</u>	<u>\$ 66,162</u>	<u>\$ 11,468</u>	<u>\$ (9,588)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 66,162	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	4,194	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	(67,483)	-	-	20,570	-	11,468	(9,588)
Total cash and investment fund balance - ending	<u>\$ (67,483)</u>	<u>\$ -</u>	<u>\$ 4,194</u>	<u>\$ 20,570</u>	<u>\$ 66,162</u>	<u>\$ 11,468</u>	<u>\$ (9,588)</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Task Force	Festival of the Lakes	Youth Golf Academy	Ambulance Fees for Equipment	TIF Allocation Marina Expansion	Bioterrorism	Park District Gaming
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 265,424	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	48,697	-
Charges for services	-	463,144	-	125,000	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	383,816	-	-	-	-
Total receipts	-	463,144	383,816	125,000	265,424	48,697	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	522,994	-	-	118,896	-	44,835	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	580,473	-	-	-	-	728,481
Urban redevelopment and housing	-	-	-	-	418,615	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	522,994	580,473	-	118,896	418,615	44,835	728,481
Excess (deficiency) of receipts over disbursements	(522,994)	(117,329)	383,816	6,104	(153,191)	3,862	(728,481)
Other financing sources (uses):							
Transfers in	550,000	60,000	-	-	-	-	671,380
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	550,000	60,000	-	-	-	-	671,380
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,006	(57,329)	383,816	6,104	(153,191)	3,862	(57,101)
Cash and investment fund balance - beginning	11,933	76,640	(383,816)	125,000	259,124	(3,862)	403,182
Cash and investment fund balance - ending	\$ 38,939	\$ 19,311	\$ -	\$ 131,104	\$ 105,933	\$ -	\$ 346,081
Cash and Investment Assets - Ending							
Cash and investments	\$ 38,939	\$ 19,311	\$ -	\$ 131,104	\$ -	\$ -	\$ 346,081
Restricted assets:							
Cash and investments	-	-	-	-	105,933	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 38,939	\$ 19,311	\$ -	\$ 131,104	\$ 105,933	\$ -	\$ 346,081
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	105,933	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	38,939	19,311	-	131,104	-	-	346,081
Total cash and investment fund balance - ending	\$ 38,939	\$ 19,311	\$ -	\$ 131,104	\$ 105,933	\$ -	\$ 346,081

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Twenty-First Century Grant	TIF Allocation Robertsdale	TIF Allocation Lakefront	Affordable Housing	Emergency CDBG	Section 108	Technical Grant
Receipts:							
Taxes	\$ -	\$ 440,850	\$ 497,727	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,205,347	-	-	581,671	79,052	78,553	237,196
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	2,176	-	-	338,462	16,179	-	-
Total receipts	1,207,523	440,850	497,727	920,133	95,231	78,553	237,196
Disbursements:							
General government	1,219,805	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	468,355	-	810,538	85,812	431,050	80,082
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	1,219,805	468,355	-	810,538	85,812	431,050	80,082
Excess (deficiency) of receipts over disbursements	(12,282)	(27,505)	497,727	109,595	9,419	(352,497)	157,114
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(97,899)
Total other financing sources (uses)	-	-	-	-	-	-	(97,899)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,282)	(27,505)	497,727	109,595	9,419	(352,497)	59,215
Cash and investment fund balance - beginning	12,360	418,740	228,578	142,097	5,763	907,745	129,657
Cash and investment fund balance - ending	\$ 78	\$ 391,235	\$ 726,305	\$ 251,692	\$ 15,182	\$ 555,248	\$ 188,872
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	78	391,235	726,305	251,692	15,182	555,248	188,872
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 78	\$ 391,235	\$ 726,305	\$ 251,692	\$ 15,182	\$ 555,248	\$ 188,872
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	391,235	726,305	251,692	15,182	555,248	188,872
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 78	\$ 391,235	\$ 726,305	\$ 251,692	\$ 15,182	\$ 555,248	\$ 188,872

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Judgment Bond Project	River Park Debt Service Reserve	River Park Debt Service Bond and Interest	2006 Judgment Bond	Park Debt Service	River Park Capital	Redevelopment Commission 2002 Revenue Bond Debt Service Reserve
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 116,327	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	36,446	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,148	106,855	2,335,765	954	-	61,014	22,394
Total receipts	1,148	106,855	2,335,765	954	152,773	61,014	22,394
Disbursements:							
General government	943	-	-	61,294	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	4,328	2,999,784	-	311,329	-	1,215
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	211,749	-
Total disbursements	943	4,328	2,999,784	61,294	311,329	211,749	1,215
Excess (deficiency) of receipts over disbursements	205	102,527	(664,019)	(60,340)	(158,556)	(150,735)	21,179
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	205	102,527	(664,019)	(60,340)	(158,556)	(150,735)	21,179
Cash and investment fund balance - beginning	5,114	2,251,073	2,396,720	74,762	(102,633)	997,714	521,324
Cash and investment fund balance - ending	<u>\$ 5,319</u>	<u>\$ 2,353,600</u>	<u>\$ 1,732,701</u>	<u>\$ 14,422</u>	<u>\$ (261,189)</u>	<u>\$ 846,979</u>	<u>\$ 542,503</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (261,189)	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Cash with fiscal agent	5,319	2,353,600	1,732,701	14,422	-	846,979	542,503
Total cash and investment assets - ending	\$ 5,319	\$ 2,353,600	\$ 1,732,701	\$ 14,422	\$ (261,189)	\$ 846,979	\$ 542,503
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ 5,319	\$ -	\$ -	\$ 14,422	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	2,353,600	1,732,701	-	-	-	542,503
Capital outlay	-	-	-	-	-	846,979	-
Unrestricted	-	-	-	-	(261,189)	-	-
Total cash and investment fund balance - ending	\$ 5,319	\$ 2,353,600	\$ 1,732,701	\$ 14,422	\$ (261,189)	\$ 846,979	\$ 542,503

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Façade Program	Recycling Grant	Technical Initiative Grant	Human Relations	Redevelopment Commission 2002 Revenue Bond Debt Service	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,721
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	29,155	197,412	-	-	291,696	33,480
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	4,000	10,966	-	-
Total receipts	-	29,155	197,412	4,000	10,966	291,696	153,201
Disbursements:							
General government	-	-	-	2,938	-	-	-
Public safety	-	-	197,412	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	10,878	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	86,809	-	-	-	-	-	-
Debt service	-	-	-	-	640	-	-
Capital outlay:							
General government	-	-	-	-	-	-	323,316
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	86,809	10,878	197,412	2,938	640	-	323,316
Excess (deficiency) of receipts over disbursements	(86,809)	18,277	-	1,062	10,326	291,696	(170,115)
Other financing sources (uses):							
Transfers in	194,260	-	-	-	-	-	7,331
Transfers out	-	-	-	-	-	(291,696)	-
Total other financing sources (uses)	194,260	-	-	-	-	(291,696)	7,331
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	107,451	18,277	-	1,062	10,326	-	(162,784)
Cash and investment fund balance - beginning	-	(18,277)	-	9,675	481,934	-	353,695
Cash and investment fund balance - ending	\$ 107,451	\$ -	\$ -	\$ 10,737	\$ 492,260	\$ -	\$ 190,911
Cash and Investment Assets - Ending							
Cash and investments	\$ 107,451	\$ -	\$ -	\$ 10,737	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	190,911
Cash with fiscal agent	-	-	-	-	492,260	-	-
Total cash and investment assets - ending	\$ 107,451	\$ -	\$ -	\$ 10,737	\$ 492,260	\$ -	\$ 190,911
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	492,260	-	-
Capital outlay	-	-	-	-	-	-	190,911
Unrestricted	107,451	-	-	10,737	-	-	-
Total cash and investment fund balance - ending	\$ 107,451	\$ -	\$ -	\$ 10,737	\$ 492,260	\$ -	\$ 190,911

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Civil City Bonds	River Park Apartments	TIF Allocation Columbia Plaza	TIF Allocation Lear	TIF Allocation Downtown	Barrett Law Surplus	College Bound
Receipts:							
Taxes	\$ 36,224	\$ -	\$ 92,525	\$ 240,878	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,645	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	3,428
Total receipts	43,869	-	92,525	240,878	-	-	3,428
Disbursements:							
General government	-	-	-	-	-	90	716,331
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	26,928	-	206,614	-	-
Debt service	955,956	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	955,956	-	26,928	-	206,614	90	716,331
Excess (deficiency) of receipts over disbursements	(912,087)	-	65,597	240,878	(206,614)	(90)	(712,903)
Other financing sources (uses):							
Transfers in	767,334	-	-	-	80,718	-	1,500,500
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	767,334	-	-	-	80,718	-	1,500,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(144,753)	-	65,597	240,878	(125,896)	(90)	787,597
Cash and investment fund balance - beginning	138,897	7,454	234,719	782,913	147,333	90	227,334
Cash and investment fund balance - ending	\$ (5,856)	\$ 7,454	\$ 300,316	\$ 1,023,791	\$ 21,437	\$ -	\$ 1,014,931
Cash and Investment Assets - Ending							
Cash and investments	\$ (5,856)	\$ 7,454	\$ -	\$ -	\$ -	\$ -	\$ 1,014,931
Restricted assets:							
Cash and investments	-	-	300,316	1,023,791	21,437	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (5,856)	\$ 7,454	\$ 300,316	\$ 1,023,791	\$ 21,437	\$ -	\$ 1,014,931
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	300,316	1,023,791	21,437	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	(5,856)	7,454	-	-	-	-	1,014,931
Total cash and investment fund balance - ending	\$ (5,856)	\$ 7,454	\$ 300,316	\$ 1,023,791	\$ 21,437	\$ -	\$ 1,014,931

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Cut and Clean	Graffiti Removal	Crime Victims Assistance	Background Checks	Civil Defense Donations	Lake County Police Grant	State Forfeited
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	29,845	-	-	8,170	20,122
Charges for services	-	-	-	435	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	6,652	-	-	-	-	-	-
Total receipts	6,652	-	29,845	435	-	8,170	20,122
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	29,845	-	87	5,170	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	68,236	8,033	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	68,236	8,033	29,845	-	87	5,170	-
Excess (deficiency) of receipts over disbursements	(61,584)	(8,033)	-	435	(87)	3,000	20,122
Other financing sources (uses):							
Transfers in	73,580	12,500	-	-	-	-	-
Transfers out	-	-	-	-	-	(43)	-
Total other financing sources (uses)	73,580	12,500	-	-	-	(43)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,996	4,467	-	435	(87)	2,957	20,122
Cash and investment fund balance - beginning	-	-	-	1,165	1,162	43	15,591
Cash and investment fund balance - ending	\$ 11,996	\$ 4,467	\$ -	\$ 1,600	\$ 1,075	\$ 3,000	\$ 35,713
Cash and Investment Assets - Ending							
Cash and investments	\$ 11,996	\$ 4,467	\$ -	\$ 1,600	\$ 1,075	\$ -	\$ 35,713
Restricted assets:							
Cash and investments	-	-	-	-	-	3,000	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 11,996	\$ 4,467	\$ -	\$ 1,600	\$ 1,075	\$ 3,000	\$ 35,713
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	3,000	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	11,996	4,467	-	1,600	1,075	-	35,713
Total cash and investment fund balance - ending	\$ 11,996	\$ 4,467	\$ -	\$ 1,600	\$ 1,075	\$ 3,000	\$ 35,713

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Jail Processing	Clerk Perpetuation	Federal Prisoners	Garbage Bins	Impaired Driving	Redevelopment Commission General Operating	Park Tourism
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,121	\$ 16,020
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	57,500	39,368	-
Charges for services	-	18,862	160,730	12,784	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	18,862	160,730	12,784	57,500	341,489	16,020
Disbursements:							
General government	-	9,042	-	-	-	-	-
Public safety	2,991	-	113,655	-	57,593	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	30,366	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	29,376
Urban redevelopment and housing	-	-	-	-	-	548,924	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	2,991	9,042	113,655	30,366	57,593	548,924	29,376
Excess (deficiency) of receipts over disbursements	(2,991)	9,820	47,075	(17,582)	(93)	(207,435)	(13,356)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	8,537	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	8,537	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,991)	9,820	47,075	(17,582)	(93)	(198,898)	(13,356)
Cash and investment fund balance - beginning	2,991	99,440	97,608	17,582	1,314	(108,183)	19,716
Cash and investment fund balance - ending	\$ -	\$ 109,260	\$ 144,683	\$ -	\$ 1,221	\$ (307,081)	\$ 6,360
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 144,683	\$ -	\$ -	\$ (307,081)	\$ 6,360
Restricted assets:							
Cash and investments	-	109,260	-	-	1,221	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 109,260	\$ 144,683	\$ -	\$ 1,221	\$ (307,081)	\$ 6,360
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ 109,260	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	1,221	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	144,683	-	-	(307,081)	6,360
Total cash and investment fund balance - ending	\$ -	\$ 109,260	\$ 144,683	\$ -	\$ 1,221	\$ (307,081)	\$ 6,360

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Economic Development Tourism	Human Relations Federal	Asbestos Program	Water Hydrant Rental	User Fee Air Monitoring	Penalties	Title V Permits
Receipts:							
Taxes	\$ 10,800	\$ -	\$ -	\$ 50,551	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	323,336
Intergovernmental	-	66,792	20,669	14,298	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	423,730	-
Other	-	214	-	180,857	-	-	1,047
Total receipts	10,800	67,006	20,669	245,706	-	423,730	324,383
Disbursements:							
General government	-	65,031	-	-	-	-	-
Public safety	-	-	-	180,857	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	20,555	-	-	64,674	353,043
Economic development	6,707	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	6,707	65,031	20,555	180,857	-	64,674	353,043
Excess (deficiency) of receipts over disbursements	4,093	1,975	114	64,849	-	359,056	(28,660)
Other financing sources (uses):							
Transfers in	-	-	-	3,263	-	-	-
Transfers out	-	-	-	(162,973)	-	-	-
Total other financing sources (uses)	-	-	-	(159,710)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,093	1,975	114	(94,861)	-	359,056	(28,660)
Cash and investment fund balance - beginning	9,052	50,300	(1,374)	-	214	1,373,483	37,024
Cash and investment fund balance - ending	\$ 13,145	\$ 52,275	\$ (1,260)	\$ (94,861)	\$ 214	\$ 1,732,539	\$ 8,364
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ (1,260)	\$ (94,861)	\$ -	\$ -	\$ 8,364
Restricted assets:							
Cash and investments	13,145	52,275	-	-	214	1,732,539	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 13,145	\$ 52,275	\$ (1,260)	\$ (94,861)	\$ 214	\$ 1,732,539	\$ 8,364
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ 52,275	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	214	1,732,539	-
Economic development	13,145	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	(1,260)	(94,861)	-	-	8,364
Total cash and investment fund balance - ending	\$ 13,145	\$ 52,275	\$ (1,260)	\$ (94,861)	\$ 214	\$ 1,732,539	\$ 8,364

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	EPA Grant	Transit (Transportation)	Local Seizure	Brownfield Site Assessment	Health Equipment	Scholarships
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	101,720	1,636,786	58,461	-	58,856	-
Charges for services	-	325,488	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	3,970	-	-	10,227	-
Total receipts	101,720	1,966,244	58,461	-	69,083	-
Disbursements:						
General government	-	2,136,334	-	-	-	-
Public safety	-	-	22,505	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	101,204	-	-	-	53,020	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	101,204	2,136,334	22,505	-	53,020	-
Excess (deficiency) of receipts over disbursements	516	(170,090)	35,956	-	16,063	-
Other financing sources (uses):						
Transfers in	-	698,927	-	-	-	-
Transfers out	-	-	-	-	-	(500)
Total other financing sources (uses)	-	698,927	-	-	-	(500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	516	528,837	35,956	-	16,063	(500)
Cash and investment fund balance - beginning	(23,252)	(896,168)	31,941	29,445	161,541	500
Cash and investment fund balance - ending	<u>\$ (22,736)</u>	<u>\$ (367,331)</u>	<u>\$ 67,897</u>	<u>\$ 29,445</u>	<u>\$ 177,604</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (22,736)	\$ (367,331)	\$ 67,897	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	29,445	177,604	-
Cash with fiscal agent	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (22,736)</u>	<u>\$ (367,331)</u>	<u>\$ 67,897</u>	<u>\$ 29,445</u>	<u>\$ 177,604</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	29,445	177,604	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(22,736)	(367,331)	67,897	-	-	-
Total cash and investment fund balance - ending	<u>\$ (22,736)</u>	<u>\$ (367,331)</u>	<u>\$ 67,897</u>	<u>\$ 29,445</u>	<u>\$ 177,604</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	SEMA Grant	Homeland Security	Police Grant	Park Gaming	Community Development Block Grant (CDBG)	Industrial Revenue Bond Fees
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	46,483	53,771	-	2,041,946	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	358,999	-
Total receipts	-	46,483	53,771	-	2,400,945	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	46,483	38,214	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	8,975	-	-
Urban redevelopment and housing	-	-	-	-	2,397,066	-
Debt service	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	46,483	38,214	8,975	2,397,066	-
Excess (deficiency) of receipts over disbursements	-	-	15,557	(8,975)	3,879	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(31)	-	-	-	-	-
Total other financing sources (uses)	(31)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31)	-	15,557	(8,975)	3,879	-
Cash and investment fund balance - beginning	31	-	(15,556)	13,442	161,924	11,547
Cash and investment fund balance - ending	\$ -	\$ -	\$ 1	\$ 4,467	\$ 165,803	\$ 11,547
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 1	\$ 4,467	\$ -	\$ 11,547
Restricted assets:						
Cash and investments	-	-	-	-	165,803	-
Cash with fiscal agent	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 1	\$ 4,467	\$ 165,803	\$ 11,547
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	165,803	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	1	4,467	-	11,547
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 1	\$ 4,467	\$ 165,803	\$ 11,547

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Home Security	CDBG Donations	Redevelopment Authority Debt Service	Redevelopment Commission Lease Payment	Redevelopment Commission Custody Rental	Redevelopment Commission 2001 Revenue Bond Debt Service
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	26,520	1,010	679,941	54,855	1,399,845
Total receipts	-	26,520	1,010	679,941	54,855	1,399,845
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	8,935	-	-	-	-
Debt service	-	-	277,799	4,326	3,033	1,396,000
Capital outlay:						
General government	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	8,935	277,799	4,326	3,033	1,396,000
Excess (deficiency) of receipts over disbursements	-	17,585	(276,789)	675,615	51,822	3,845
Other financing sources (uses):						
Transfers in	-	-	294,986	-	-	-
Transfers out	(75)	-	-	(630,975)	-	-
Total other financing sources (uses)	(75)	-	294,986	(630,975)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75)	17,585	18,197	44,640	51,822	3,845
Cash and investment fund balance - beginning	75	11,115	1,910	1,657,681	1,189,802	1,493,278
Cash and investment fund balance - ending	\$ -	\$ 28,700	\$ 20,107	\$ 1,702,321	\$ 1,241,624	\$ 1,497,123
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 28,700	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Cash with fiscal agent	-	-	20,107	1,702,321	1,241,624	1,497,123
Total cash and investment assets - ending	\$ -	\$ 28,700	\$ 20,107	\$ 1,702,321	\$ 1,241,624	\$ 1,497,123
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	20,107	1,702,321	1,241,624	1,497,123
Capital outlay	-	-	-	-	-	-
Unrestricted	-	28,700	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ 28,700	\$ 20,107	\$ 1,702,321	\$ 1,241,624	\$ 1,497,123

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Redevelopment Commission 2003 Revenue Bond Debt Service	Redevelopment Commission Reinstallation	TIF 2002 Capital Improvement	Redevelopment Commission Old Marina Project	Redevelopment Commission Grant	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,094,844
Licenses and permits	-	-	-	-	-	346,506
Intergovernmental	-	-	-	-	-	12,655,717
Charges for services	-	-	-	-	-	2,922,112
Fines and forfeits	-	-	-	-	-	423,730
Other	153,782	52,187	-	373	19,850	7,868,656
Total receipts	153,782	52,187	-	373	19,850	27,311,565
Disbursements:						
General government	-	-	-	-	-	4,399,104
Public safety	-	-	-	-	-	3,378,021
Highways and streets	-	-	-	-	-	5,512,580
Sanitation	-	-	-	-	-	549,118
Health and welfare	-	-	-	-	-	608,457
Economic development	-	-	-	-	-	6,707
Culture and recreation	-	-	-	-	-	4,547,797
Urban redevelopment and housing	-	-	-	-	-	5,645,997
Debt service	147,500	-	-	-	-	6,101,910
Capital outlay:						
General government	-	-	-	-	-	323,316
Health and welfare	-	-	-	-	-	27,228
Culture and recreation	-	-	-	16	-	16
Urban redevelopment and housing	-	2,885	-	-	-	214,634
Total disbursements	147,500	2,885	-	16	-	31,314,885
Excess (deficiency) of receipts over disbursements	6,282	49,302	-	357	19,850	(4,003,320)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4,995,532
Transfers out	-	-	-	(19,486)	-	(1,253,678)
Total other financing sources (uses)	-	-	-	(19,486)	-	3,741,854
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,282	49,302	-	(19,129)	19,850	(261,466)
Cash and investment fund balance - beginning	379,178	1,131,929	26,366	19,129	611,359	21,022,621
Cash and investment fund balance - ending	\$ 385,460	\$ 1,181,231	\$ 26,366	\$ -	\$ 631,209	\$ 20,761,155
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 631,209	\$ (1,313,944)
Restricted assets:						
Cash and investments	-	-	-	-	-	10,033,083
Cash with fiscal agent	385,460	1,181,231	26,366	-	-	12,042,016
Total cash and investment assets - ending	\$ 385,460	\$ 1,181,231	\$ 26,366	\$ -	\$ 631,209	\$ 20,761,155
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,516
Public safety	-	-	-	-	-	288,430
Highways and streets	-	-	-	-	-	1,648,185
Health and welfare	-	-	-	-	-	1,943,996
Economic development	-	-	-	-	-	13,145
Urban redevelopment and housing	-	-	-	-	-	3,745,814
Debt service	385,460	-	-	-	-	9,967,699
Capital outlay	-	1,181,231	26,366	-	-	4,220,314
Unrestricted	-	-	-	-	631,209	(1,313,944)
Total cash and investment fund balance - ending	\$ 385,460	\$ 1,181,231	\$ 26,366	\$ -	\$ 631,209	\$ 20,761,155

CITY OF HAMMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2007

	Self- Insurance	Centrex	Diesel Fuel Tax	Unemployment Compensation	Totals
Operating receipts:					
Charges for services - internal	\$ 15,004,773	\$ 12,977	\$ 12,560	\$ 97,400	\$ 15,127,710
Charges for services - other	525,548	-	-	-	525,548
Miscellaneous	149,379	-	-	-	149,379
Total operating receipts	15,679,700	12,977	12,560	97,400	15,802,637
Operating disbursements:					
Insurance claims and premiums	16,145,980	-	-	90,526	16,236,506
Administration and general	1,008,582	12,034	12,171	-	1,032,787
Total operating disbursements	17,154,562	12,034	12,171	90,526	17,269,293
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(1,474,862)</u>	<u>943</u>	<u>389</u>	<u>6,874</u>	<u>(1,466,656)</u>
Nonoperating receipts:					
Interest and investment receipts	13,825	-	-	-	13,825
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts	<u>(1,461,037)</u>	<u>943</u>	<u>389</u>	<u>6,874</u>	<u>(1,452,831)</u>
Transfers in	<u>4,000,000</u>	<u>-</u>	<u>8,930</u>	<u>-</u>	<u>4,008,930</u>
Excess (deficiency) of receipts and transfers in over (under) disbursements	2,538,963	943	9,319	6,874	2,556,099
Cash and investment fund balance - beginning	<u>829,573</u>	<u>3,718</u>	<u>(5,634)</u>	<u>6,716</u>	<u>834,373</u>
Cash and investment fund balance - ending	<u>\$ 3,368,536</u>	<u>\$ 4,661</u>	<u>\$ 3,685</u>	<u>\$ 13,590</u>	<u>\$ 3,390,472</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	<u>\$ 3,368,536</u>	<u>\$ 4,661</u>	<u>\$ 3,685</u>	<u>\$ 13,590</u>	<u>\$ 3,390,472</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Unrestricted	<u>\$ 3,368,536</u>	<u>\$ 4,661</u>	<u>\$ 3,685</u>	<u>\$ 13,590</u>	<u>\$ 3,390,472</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

	1925 Police Pension	1937 Firefighters' Pension	Totals
Additions:			
Contributions:			
Employer	\$ 786,710	\$ 784,796	\$ 1,571,506
Plan members	8,641	3,281	11,922
State	3,328,780	3,263,746	6,592,526
Total contributions	4,124,131	4,051,823	8,175,954
Deductions:			
Benefits	5,222,673	5,267,220	10,489,893
Administrative and general	10,306	13,368	23,674
Total deductions	5,232,979	5,280,588	10,513,567
Deficiency of total additions over total deductions	(1,108,848)	(1,228,765)	(2,337,613)
Cash and investment fund balance - beginning	273,447	303,282	576,729
Cash and investment fund balance - ending	\$ (835,401)	\$ (925,483)	\$ (1,760,884)

CITY OF HAMMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	Evidence Money	Coroner	Barrett Law	Court Costs Due County	Deferral Program
Additions:					
Agency fund additions	\$ 77,098	\$ 9,227	\$ -	\$ 102,075	\$ 30,439
Deductions:					
Agency fund deductions	106,718	9,245	-	102,075	30,439
Excess (deficiency) of total additions over total deductions	(29,620)	(18)	-	-	-
Cash and investment fund balance - beginning	59,643	18	56,768	-	-
Cash and investment fund balance - ending	<u>\$ 30,023</u>	<u>\$ -</u>	<u>\$ 56,768</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Payroll Withholdings	City Clerk	Adult Probation Department	Inmate Trust	Totals
Additions:					
Agency fund additions	\$ 11,733,333	\$ 3,782,406	\$ 14,747	\$ 9,996	\$ 15,759,321
Deductions:					
Agency fund deductions	11,733,333	4,124,798	14,352	8,220	16,129,180
Excess (deficiency) of total additions over total deductions	-	(342,392)	395	1,776	(369,859)
Cash and investment fund balance - beginning	-	1,964,039	2,692	-	2,083,160
Cash and investment fund balance - ending	\$ -	\$ 1,621,647	\$ 3,087	\$ 1,776	\$ 1,713,301

CITY OF HAMMOND
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
DISCRETE COMPONENT UNIT
As of and for the Year Ended December 31, 2007

	Port Authority
Operating receipts:	
Casino gaming revenue sharing	\$ 8,704,261
Slip rentals	4,211,678
Golf course	898,743
Wolf lake	14,546
Transient rentals	105
Store and deli	2,553
Employee insurance	3,613
Interest and dividends	261,852
Other	123,990
Total operating receipts	14,221,341
Operating disbursements:	
Salaries and wages	1,194,415
Payroll taxes and employee benefits	345,618
Operation and maintenance	1,438,512
Utilities	260,109
Contractual services	202,003
Capital outlay	969,834
Hammond redevelopment commission	1,475,613
Lost marsh mitigation	368,688
Marina infrastructure	129,927
City technology project	7,857
Towle theater project	30,000
Symphony sponsorship	5,184
Payment in lieu of taxes	500,000
Weed control	1,174
Intergovernmental agreement with Hammond water department	1,500,000
Reimburse City for lost marsh golf course expenditures	500,000
Debt service and agent fees	966,994
Trust administration fees	31,552
Total operating disbursements	9,927,480
Excess of receipts and contributions over disbursements	4,293,861
Cash and investment fund balance - beginning	3,695,297
Cash and investment fund balance - ending	\$ 7,989,158
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 6,750,814
Restricted assets:	
Cash and investments	1,238,344
Total cash and investment assets - December 31	\$ 7,989,158
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 1,238,344
Unrestricted	6,750,814
Total cash and investment fund balance - December 31	\$ 7,989,158

CITY OF HAMMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 78,656,553
Infrastructure	161,662,103
Buildings	48,432,999
Improvements other than buildings	219,347
Machinery and equipment	28,479,454
Construction in progress	<u>45,874,146</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 363,324,602</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 134,466
Construction in progress	630,645
Capital assets, being depreciated (net of depreciation):	
Source and supply	752,203
Distribution lines	17,107,284
Machinery and equipment	8,634,165
General building	<u>329,017</u>
Total Water Utility capital assets	<u>27,587,780</u>

Sanitary District:	
Capital assets, not being depreciated:	
Land	497,919
Construction in progress	7,545,939
Capital assets, being depreciated (net of depreciation):	
Land improvements	63,528,897
Buildings	22,904,141
Building improvements	2,558,949
Machinery and equipment	<u>25,244,152</u>
Total Sanitary District capital assets	<u>122,279,997</u>

Total business-type activities capital assets	<u>\$ 149,867,777</u>
---	-----------------------

Discretely presented component unit:	
Port Authority:	
Capital assets, not being depreciated:	
Land	\$ 203,415
Construction in progress	506,375
Buildings	5,209,611
Improvements other than buildings	12,177,204
Machinery and equipment	<u>4,248,245</u>
Total discretely presented component unit capital assets	<u>\$ 22,344,850</u>

CITY OF HAMMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The City has entered into the following capital leases and other long-term debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2004 Fire truck	\$ 321,064	\$ 334,227
2007 Fire truck	1,261,550	-
2007 Sanitation trucks	571,860	209,010
Notes and loans payable:		
2003A HUD section 108	1,404,000	381,586
2006A HUD section 108	2,370,000	122,712
Advance from property tax replacement fund	1,249,983	520,498
Horseshoe \$7.5 million advance	7,096,469	1,048,620
Bonds payable:		
General obligation bonds:		
2005 River park redevelopment district bonds	9,165,000	1,240,531
2005 River park judgment bonds	9,165,000	1,240,531
2006 Judgment funding	3,115,000	372,553
Revenue bonds:		
2001B Redevelopment district revenue bonds	1,405,000	1,469,650
2002C Unilever tax increment financing revenue bonds	1,825,000	570,020
2002 Marina tax increment financing revenue bonds	3,740,000	974,775
2003 Redevelopment district lost marsh project revenue bonds	2,950,000	837,500
2006 Redevelopment authority marina project revenue refunding bonds	<u>6,420,000</u>	<u>351,812</u>
Total governmental activities debt	<u>\$ 52,059,926</u>	<u>\$ 9,674,025</u>
Business-type activities:		
Sanitary District		
General obligation bonds:		
2003 special taxing district refunding bonds	\$ 1,615,000	\$ 321,800
2007 special taxing district bonds	4,635,000	418,982
Loans:		
State revolving loan fund (SRF)	<u>47,943,179</u>	<u>4,545,742</u>
Total Sanitary District and Total business-type activities debt	<u>\$ 54,193,179</u>	<u>\$ 5,286,524</u>
The discretely presented component unit (Hammond Port Authority) has entered into the following capital leases:		
Capital leases:		
Various golf course equipment	\$ 959,564	\$ 362,748
Golf carts	<u>10,871</u>	<u>11,020</u>
Total discretely presented component unit	<u>\$ 970,435</u>	<u>\$ 373,768</u>

CITY OF HAMMOND
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

Hammond Water Utility
Hammond Sanitary District

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS

OFFICIAL BONDS

As stated in the prior two audit reports, the official bonds were not filed in the Lake County Recorder's office.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

DISBURSEMENTS IN EXCESS OF APPROPRIATIONS

The records presented for audit indicated the following disbursements in excess of budgeted appropriations:

Cumulative Capital Improvement (401)	\$	291,696
Water Hydrant Rental (246)		180,857
Local Law Enforcement Continuing Education (504)		11,640
Clerk Perpetuation (223)		50,000

A budget was not adopted for 2007 for the Cumulative Capital Improvement Fund (401) or the Clerk's Perpetuation Fund (223).

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

As stated in the prior report, several funds had overdrawn balances. The following lists the fifteen funds which had overdrawn cash balances and the amounts by which they were overdrawn:

Fund Name	Amount
General (101) *	\$ 14,772,977
Special revenue funds:	
Parks and Recreation (204) *	1,840,339
Redevelopment Commission General Operating (228) *	307,081
Recycling (238) *	230,616
Public Safety (239) *	67,483
Asbestos Program (245) *	1,260
Water Hydrant Rental (246)	94,861
EPA Grant (250) *	22,736
Transit (Transportation) (252) *	367,331
Debt service funds:	
Civil City Bonds (306)	5,856
Park Debt Service (312) *	261,189

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

Fund Name	Amount
Capital projects funds:	
Golf Course (461) *	996,087
Voc Detector (274) *	9,588
Pension trust funds:	
1925 Police Pension (703)	835,401
1937 Firefighters' Pension (702)	925,483

*Eleven of these fifteen funds also had overdrawn cash balances in 2006.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUNDS ESTABLISHED WITHOUT AN ORDINANCE

As stated in the prior report, the following funds were established by the City without an ordinance:

Fund Name
Graffiti Removal (11)
Riverboat Gaming Revenue River Park Apartments Debt Service (309)
2006 City Judgment Bonds (310)
Redevelopment Commission 2002 Revenue Bonds Principal and Interest (406)
Redevelopment Commission 2002 Debt Service Reserve (407)
Redevelopment Authority Marina Project Retainage Escrow (409)

Indiana Code 36-1-3-6 states in part:

"(a) If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner.

(b) If there is no constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must either:

(1) . . . adopt an ordinance prescribing a specific manner for exercising the power;
or . . .

(3) comply with a statutory provision permitting a specific manner for exercising the power.

(c) An ordinance under subsection (b)(1) must be adopted as follows:

(1) In a municipality, by the legislative body of the municipality. . . ."

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

UNTIMELY PAYMENT OF CLAIMS

As stated in the prior report, claims were not paid in a timely manner. Seventy percent of the claims tested were paid 35 to 447 days after the invoice date.

Timely payment is defined, with some exceptions, to occur if ". . . a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of goods or services, or receipt of a properly completed claim. . . ." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LACK OF ITEMIZED RECEIPTS FOR CREDIT CARD PURCHASES

Eighty percent of tested monthly claims for credit card purchases made by the Mayor's office did not have itemized receipts attached. Attached to the claim were only the credit card statements.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

SELF-INSURANCE CHECKS NOT ISSUED TIMELY

As stated in the prior report, the City used an outside contractor to manage its self-insurance claims and write the related checks. The City Controller received the checks from the contractor, signed and filed them in a cabinet. The checks were held approximately 60 days from the original date of the checks before entering the checks on the records and mailing them to the vendors. The record transaction date used by the City was the check mailing date rather than the date on the check. There were some cases where vendors would call the City requesting the insurance payment before the 60 day holding period was over. Only in those instances would checks be sent out prior to the 60 day holding period.

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

At December 31, 2007, the total amount of unmailed and unrecorded self-insurance checks on hand was \$1,116,288. This was determined from a review of the self-insurance check ledger maintained by the City Controller's office. This ledger lists the self-insurance check date, check number range, total check amount, and mailing date. From this we could determine when the checks were received and how long they were held for before being mailed out.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COUNTY'S SHARE OF COURT COSTS

The City Clerk remits monthly the County's share of court costs collected to the City Controller. The City Controller receipts these collections to the Court Costs Due County Fund (503). The City Controller distributed the entire year 2007 collections of \$102,074.60 in Fund 503 to the Lake County Auditor in January 2008. Statutes require monthly distributions.

Indiana Code 33-37-7-8(b) states that once each month the city or town fiscal officer shall distribute to the county auditor the county's share of court costs. City and Town Form No. 220 CT, Report to County Auditor of Court Costs Collected in City/Town Court, shall be used when remitting such fees to the County Auditor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3A)

DOUBLE COMPENSATION

A firefighter of the City of Hammond also serves as a Board member of the Hammond Port Authority. He was paid as a firefighter while attending five separate meetings of the Port Authority. The firefighter's official service record documented that he was on duty on the same dates of five Port Authority Board meetings. The Port Authority Board meetings documented that the firefighter was in attendance at the meetings. The average compensation was \$325.16 per meeting of the Port Authority. The total amount of double compensation was \$1,625.80. Per the Deputy Fire Chief, firefighters are allowed to use "trade" time. "Trade" time is work hours that are traded with other firefighters. If the "trade" time is less than 24 hours, it does not require written approval and written documentation is not maintained. Per the Deputy Fire Chief, this "trade" time was probably used for the meetings attended by the firefighter.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EMPLOYEE SERVICE RECORDS

Employee service records are maintained on all employees of the City by each department. Many do not have proper leave balances maintained, and they do not record leave time earned or used. For example, an employee service record may show a beginning balance which includes the leave earned for that year instead of showing the leave earned in the "earn" column of the record. For personal leave, some departments are showing the leave and balances, while others are not accounting for it at all.

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

Thus, we were unable to determine compliance with leave policies for all employees. Additionally, employee service records were not maintained for the crossing guards or for the Hammond City Council Attorney. Service records reviewed from the Fire Department were not on prescribed or approved forms. Also noted were employee service records that lacked the hire date or had a hire date that conflicted with that shown on the Payroll Earnings History reports. A similar comment was in the prior report.

This form (Employee Service Record No. 99A) must be kept by each office or department for each employee in order to properly prepare "Payroll Schedule and Voucher, General Form No. 99." It records the hours or days worked, sick leave, vacation and days lost. It may also be used to comply with the requirements of IC 5-11-9-4 regarding recording hours worked each day by an employee. It is suggested that these be arranged alphabetically in a binder. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL ADVANCE PAYMENTS

Salaried employees receive their pay on the last day of the pay period which results in being compensated in advance of service. A similar comment was found in the previous report.

Salaries and wages of public officers may not be paid in advance. (IC 5-7-3-1) (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK RECEIPT ISSUANCE

As stated in the prior report, the City Clerk did not issue receipts in sequential order. City Clerk staff pulled receipts for use but held them in a file until the related case was finalized before actually issuing them to the customer. The receipts in the same numerical series were not chronologically issued and deposited. This did not allow for numerical continuity of receipts issued and recorded.

The City/Town Court Receipt (Form No. 214CT) . . . is to be printed in duplicate, prenumbered by the printer. The form shall be issued and recorded at the time of each receipt transaction. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

OLD TRUST ITEMS

As stated in the prior report, the Clerk's Trust register includes money held in excess of five years. Additionally, some money being held has been listed in the register as dormant. The funds have not been remitted to the Attorney General's office as unclaimed funds.

Indiana Code 32-34-1-20 (c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under Indiana Code 32-34-3."

This form (Report of Unclaimed Funds and Escheated Estates Due the State (Attorney General Form), which is furnished by the Office of the Attorney General, is to be used when reporting and paying to the Attorney General all unclaimed fees and funds five or more years old, escheated estates, and forfeited bail bonds. The form is to be prepared in triplicate. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

PARK DEPARTMENT POOL FEES

The Park Board has approved resident and nonresident rates for pool fees. Pool patrons are to purchase a resident identification card in order to obtain the resident rates. Instead of charging the nonresident rate when an identification card is not presented, the employees charged fifty cents more than the resident rate for admittance. This additional fifty cents is substantially less than the nonresident rate, resulting in lost revenue. The extra fifty cent charge has not been approved by the Park Board.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BUILDING DEPARTMENT CALCULATION OF FEES

The officials calculated the Heating, Ventilation, and Air Conditioning (HVAC) permit fees based upon the fee schedule in the ordinance approved in September 2006. This same fee schedule is still being used in 2008. A new fee schedule was approved when the Ordinance was amended in October 2007.

The officials calculated the Electrical permit fees based upon the fee schedule in the ordinance approved in September 2001. This same fee schedule is still being used in 2008. A new fee schedule was approved when the Ordinance was amended in October 2007.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSIT DEPARTMENT DEPOSITS

The Transit Department remits its collections to the City Controller's office. The money collected is sent by courier to the City Controller's office at which point the City Controller's personnel count and record the receipts. Receipt composition between the Transit Department and City Controller did not agree. We were unable to determine the point at which the composition changed or was incorrectly reported. Collections were not always remitted within a reasonable time. Collections reviewed were held up to 14 days before being remitted to the City Controller.

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

Indiana Code 5-13-6-1(c) states in part:

"Public funds deposited . . . shall be deposited in the same form in which they were received."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSIT DEPARTMENT CONTRACTS

The Hammond Transit System had a \$132,894 annual contract with the School City of Hammond to transport students to Clark Middle/High School. The School City became dissatisfied with the bus service and reduced their monthly payments and eventually cancelled the contract on March 18, 2008.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAFFIC SCHOOL CITY COURT

As stated in the prior report, defendants convicted of moving violations who were sentenced to attend traffic school were not required to pay the court cost or deferral fees.

Indiana Code 36-1-6-3(c) states:

"An ordinance defining a moving traffic violation may not be enforced under Indiana Code 33-36 and must be enforced in accordance with Indiana Code 34-28-5."

Indiana Code 9-30-3-12(d) states:

"Notwithstanding Indiana Code 33-37-4-2, any court may suspend one-half (1/2) of each applicable court cost for which a person is liable due to a traffic violation if the person enrolls in and completes a defensive driving school or a similar school conducted by an agency of the state or local government."

Indiana Code 9-30-3-16(a) states in part:

"If a person has been found to have committed a traffic offense, the court may do the following: (1) Require the person to attend and satisfactorily complete a driver improvement course that has been approved by the court and the bureau or by the bureau."

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

REDEVELOPMENT DEPARTMENT INTERNAL CONTROLS

The Redevelopment Department does not have good internal controls in place for receipt of payments. They receive payments for home loans and any events they have such as prayer breakfasts. A prescribed or approved receipt form was not in use. Instead, they used generic receipt books purchased from an office supply company. The beginning receipt number was not specified when each order was placed. This allowed receipt numbers to be repeated during the year. The officials at the Redevelopment Department did not issue receipts for payments made by check. Instead, they considered the cancelled check as the customer's receipt. Any fees charged, other than loan payments, were not approved or set by the Redevelopment Board. Deposits were not made in a timely manner to the City Controller's office.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HOME LOAN APPLICATION INTERNAL CONTROLS

In 2007, loan applications were submitted by City of Hammond employees. In order to complete the approval process, the following items were to be obtained:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.
2. An opinion of the participating jurisdiction's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law.
3. An exception from the U. S. Department of Housing and Urban Development (HUD) is received by the unit.

These items were not obtained when the HOME loans for the city employees were approved.

The 24CFR 92.355 states:

"(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, state recipient or subrecipient which are receiving HOME funds.

CITY OF HAMMOND
AUDIT RESULTS AND COMMENTS
(Continued)

(d) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:

- (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- (2) An opinion of the participating jurisdiction's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UNTIMELY PAYMENTS FROM TWENTY-FIRST CENTURY GRANTS

At December 31, 2007, various vendors were owed a total of \$133,892 from the Twenty-First Century Grant Fund. When these bills were paid in 2008, they were paid 30 to 267 days from the invoice date. The payments fell within the grant period of availability.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYMENTS WITHOUT CONTRACT

Payments totaling \$45,245 were made to the YMCA of the Hammond Area, Inc., for monitoring the Twenty-First Century grant in 2007 without a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CITY OF HAMMOND, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Hammond (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 20, 2008

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and Small Cities Cluster			
Community Development Block Grants/Entitlement Grants	14.218		
Entitlement		B-04-MC-18-0006	\$ 13,937
Entitlement		B-05-MC-18-0006	102,698
Entitlement		B-06-MC-18-0006	1,936,983
Entitlement		B-07-MC-18-0006	346,087
Emergency		S-06-MC-18-0006	90,876
Emergency		S-07-MC-18-0006	<u>2,421</u>
Total for cluster			<u>2,493,002</u>
HOME Investment Partnerships Program			
	14.239		
		M-03-MC-0006	84,940
		M-04-MC-0006	511,595
		M-05-MC-0006	223,878
		M-06-MC-0006	<u>26,205</u>
Total for program			<u>846,618</u>
Fair Housing Assistance Program - State and Local			
	14.401		
		FF205K065024	34,400
		FF205K075024	<u>32,392</u>
Total for program			<u>66,792</u>
Total for federal grantor agency			<u>3,406,412</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710	2006CKWX0039	<u>197,412</u>
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance	16.575		
VOCA Grant Victim Services		06VA071	<u>29,719</u>
Total for federal grantor agency			<u>227,131</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Northwest Indiana Regional Planning Commission			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507	IN-90-X489	<u>683,469</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Impaired Driver		PT-08-04-01-29	<u>9,364</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
Big City/Big County Seatbelt Enforcement		PT-07-04-01-35	<u>48,085</u>
Total for cluster			<u>57,449</u>
Total for federal grantor agency			<u>740,918</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Air Pollution Control Program Support Section 105	66.001	A305-5-177	<u>56,333</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>1,602,388</u>
Beach Monitoring and Notification Program Implementation Grants	66.472	7-158	<u>4,444</u>
Total for federal grantor agency			<u>1,663,165</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Indiana Department of Education Twenty-First Century Community Learning Centers Grant II	84.287		<u>857,629</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance Public Health Preparedness and Emergency Response	93.283	U90/CCU517024-07	<u>44,835</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Grant Program Buffer Zone Protection Program	97.067	2005BZPP	<u>46,483</u>
Total federal awards expended			<u>\$ 6,986,573</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HAMMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Hammond (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2007:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 197,791</u>

III. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2007.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 3,774,00</u>

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
20.507	Federal Transit-Formula Grants
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Thomas M. McDermott, Jr.
Mayor

DEPARTMENT OF PLANNING AND DEVELOPMENT

CITY OF HAMMOND

RICK CALINSKI
Executive Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2006-1, Cash Management
CFDA 84.287

Original SBA Audit Report Number: B30428
Fiscal Year: 2006
Auditee Contact Person: Richard Calinski
Title of Contact Person: Executive Director
Phone Number: 219.853.6371 Ext. 310
Status of Finding: Corrective Actions Completed

The City of Hammond, Department of Planning and Development has been utilizing the policy and procedure put in place to identify and expend grant awards for the Twenty-First Century Community Learning Centers Grants. The Community Development Director and Finance Manager have been monitoring the cash receipts and balances per Circular A-102 subpart C20(b)(7) by generating a ledger of expected expenditures for each month and adjusting the draw down balance of the federal grant so that the available cash balance does not exceed ten percent of the total grant allotment, or ten percent of the following month's disbursement, whichever is less.

Signed:

Name: Richard Calinski, Executive Director

Dated: June 23, 2008



Thomas M. McDermott, Jr.
Mayor

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF HAMMOND

RICK CALINSKI
Executive Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2006-2, Reporting
CFDA 84.287

Original SBA Audit Report Number: B30428
Fiscal Year: 2006
Auditee Contact Person: Richard Calinski
Title of Contact Person: Executive Director
Phone Number: 219.853.6371 Ext. 310
Status of Finding: Corrective Actions Completed

The City of Hammond, Department of Planning and Development has ensured compliance with 34 CFR Subpart C 80.20(a)(2)(b) by maintaining one ledger balance for the Twenty-First Century Community Learning Centers Grants in the Finance Department. This ledger is reconciled with the Controller's Office records once every month of the calendar year. Grant reports are generated only from reconciled ledgers.

Signed:

Name: Richard Calinski, Executive Director

Dated: June 23, 2008

Thomas M. McDermott, Jr., Mayor

Hammond Transit System

Dan Rabin Transit Plaza

425 Sibley Street

Hammond, IN 46320

Phone 219.853.6513

Fax 219.853.6407



Keith E. Matasovsky, Director

August 19, 2008

OFFICIAL RESPONSE

State Board of Accounts and to Whom It May Concern:

Summary Schedule of Prior Audit Findings

RE: (Finding Number 2006-3 School Bus Operation)

Federal Agency: Department of Transportation
Federal Program: Federal Transit-Formula Grants
CFDA Number: 20.507
Pass-Through Entity: Northwest Indiana Regional Planning Commission
Auditee Contact Person: Keith Matasovsky
Title of Contact Person: Director of Hammond Transit System
Phone Number: 291.853.6514

Hammond Transit System has resolved all of the remaining issues in regard to questions concerning the legality of the "Tripper Routes" that were being provided by HTS to help transport the excess capacity of riders during mornings and afternoons when school kids were trying to get to and from school. An attached letter from NIRPC Attorney documented issues that were cited as non compliance by NIRPC in operating the "tripper routes". All of the cited issues have been addressed and proper display of the "tripper route" schedules were placed at the six locations where they were missing and full compliance status was again ascertained by HTS from NIRPC compliance officers. Full funding of Federal funds through the grant process has again been restored to Hammond Transit.

If there are any other questions pertaining to this matter or matter or any others, please contact me.

Sincerely,

Keith E. Matasovsky, Director
Hammond Transit System

Cc: Barbara Cardwell

CITY OF HAMMOND
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2008, with Marty Wielgos, Chief of Staff; Barbara Cardwell, City Controller; Linda Sheets, Deputy Controller; and Ramona Campbell, Office Manager. The official response has been made a part of this report and may be found on pages 84 through 85.



CITY OF HAMMOND, INDIANA 46320

5925 CALUMET AVENUE

PHONE (219) 853-6324

State Board of Accounts
302 West Washington Street Room E418
Indianapolis, IN. 46204-2765

SUBJECT: Audit Report for the period ending 12/31/2007 Plan of Correction

OFFICIAL BONDS

We attempted to have the blanket Criminal bonds recorded at the County recorders office. They would not accept the printed copies obtained by our insurance consultant. However they have accepted individual bonds.

DISBURSEMENT IN EXCESS OF APPROPRIATIONS

We are in the process of having these funds appropriated for year 2008

OVERDRAWN CASH BALANCES

We concur with this statement. The late tax collection and underpaid taxes in Lake County is the major cause of this problem. Several of our funds noted in the report are grants that are reimbursable. The funds are in the red until the money is received.

FUNDS ESTABLISHED WITHOUT AN ORDINANCE

Certain funds were left off Ordinance # 8833 which was to established new funds. We are working on a new ordinance to clean up this error.

UNTIMELY PAYMENT OF CLAIMS SELF INSURANCE CHECKS NOT ISSUED TIMELY

We concur with this comment, the untimely distributions from the State in 2006 causing a cash flow problem is the reason for this situation. The City has yet to be certified for year 2007 this will be a continuing problem.



LACK OF ITEMIZED RECEIPTS FOR CREDIT CARD PURCHASES

We have informed the Mayor's office of the requirements in submitting a claim for processing.

COUNTY'S SHARE OF COURT COSTS

We were unaware of this requirement until notified by the State Board. As of June 2008 monthly payment are now being made.

DOUBLE COMPENSATION

Although the employee in question had traded hours, it did not reflect this on his service record. Department policy is not to record partial hours traded only whole shifts.

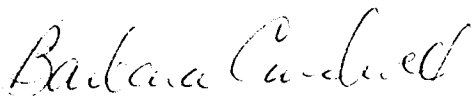
PAYROLL ADVANCE PAYMENTS

We concur with this comment. However the checks are not released to the employee before the end of their work day.

EMPLOYEE SERVICE RECORDS

The Controller's office will contact the departments that have shown to be in error and inform them of the mistakes in the service records.

Barbara Cardwell



City Controller