

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT

OF

CITY OF HAMMOND

LAKE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

11/21/2023



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 21, 2023

To: The Officials of the City of Hammond
City of Hammond
5925 Calumet Ave
Hammond, IN 46320

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of City of Hammond. We have reviewed the audit report opined upon by Crowe, LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements present fairly, in all material respects, the respective financial position of 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. As discussed in the *Disclaimer of Opinion Governmental Activities* paragraph, the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. The Independent Auditor's Report may be found pages 2-5.

We call your attention to the finding in the report. The finding appears on pages 11-12 of the Single Audit Report, which is included after the Annual Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further details. Management's Corrective Action Plan appears at the end of the Single Audit Report.

In our opinion, Crowe, LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for the City of Hammond was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

City of Hammond, Indiana

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**CITY OF HAMMOND
SCHEDULE OF OFFICIALS (UNAUDITED)
12/31/2022**

Office	Official	Term
Mayor	Thomas M. McDermott, Jr.	1/1/20 - 12/31/23
City Controller	Megan Flores	Appointed
President of the Common Council	Dave Woerpel	1/1/22 - 12/31/22
President of the Board of Public Works and Safety	Kevin Margraf	Appointed
Chief Executive Officer of the Sanitary District	Marty J. Wielgos	Appointed
Sanitary District Business Manager	Rachel Montes	Appointed
President of the Sanitary District Board of Commissioners	Sam Dimopoulous	1/1/20- 12/31/23
Chief Executive Officer of the Water Utility	Mark McLaughlin	Appointed
Water Utility Business Manager	Deborah L. Van Meter	Appointed
President of the Water Works Board of Directors	Sharon Daniels	1/1/21- 12/31/22
Director of the Port Authority	Milan A. Kruszynski	Appointed
Chairman of the Port Authority Board of Directors	Eva Huerta	1/1/21- 12/31/22
Port Authority Finance Director	Julia Pustek	Appointed

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
City of Hammond
Lake County, Indiana

Report on the Audit of the Financial Statements

Disclaimer and Unmodified Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information; and we were engaged to audit the financial statements of the governmental activities of the City of Hammond (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Enterprise Fund – Sanitary District	Unmodified
Enterprise Fund – Water Utility	Unmodified
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinion Governmental Activities

Because of the significance of the matter discussed in the *Basis for Disclaimer Opinion and Unmodified Opinions* section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. Accordingly, we do not express an opinion on governmental activities of the City, as of December 31, 2022, and for the year then ended.

Unmodified Opinions the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinions

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

Matter Giving Rise to Disclaimer Opinion on Governmental Activities

The City reported \$354,841,405 for capital assets, net of accumulated depreciation, for land and other capital assets, net investment of capital assets of \$212,076,271 and depreciation expenses of \$11,818,477 but did not provide supporting documentation for these amounts. As a result of this lack of supporting documentation, we were unable to audit the capital assets, accumulated depreciation, net investment in capital assets and depreciation expense, and it was not practicable to determine the amount of any adjustments that would be necessary to adjust reported capital assets, accumulated depreciation, net investment in capital assets, and depreciation expense. The capital assets, net of accumulated depreciation, reported represent 70 percent of the total assets of the City's governmental activities.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during the year ended December 31, 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the:

- Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios - Postemployment Healthcare Plan;
- Schedule of Proportionate Share of Net Pension Liability – Public Employees' Retirement Fund and 1977 Police and Firefighters Plan;
- Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns - 1925 Police Pension Plan;
- Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns - 1937 Firefighters' Pension Plan;
- Schedule of Contributions - Public Employees' Retirement Fund and 1977 Police and Firefighters Plan;
- Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual; and
- Schedule of ARPA Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.

as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hammond's basic financial statements. The Governmental Funds Combining Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Governmental Funds Combining Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *Schedule of Officials* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2023

Basic Financial Statements

Government-Wide Financial Statements

City of Hammond, Indiana

Statement of Net Position
December 31, 2022

	Primary Government			Component Unit Port Authority
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 83,137,755	\$ 22,705,281	\$ 105,843,036	\$ 5,586,982
Receivables:				
Property taxes, net	43,624,416	8,951,889	52,576,305	-
Casino	2,736,505	-	2,736,505	-
Accounts, net	251,991	5,185,980	5,437,971	-
Intergovernmental	1,074,649	-	1,074,649	-
Settlement	1,431,994	-	1,431,994	-
Other	855,481	4,278,494	5,133,975	583,333
Leases receivable	-	487,965	487,965	-
Accrued interest	-	3,429	3,429	-
Loans receivable, net	3,763,600	-	3,763,600	-
Prepaid items	541,789	266,722	808,511	589,931
Inventory	-	1,654,396	1,654,396	147,076
Note receivable	41,074	-	41,074	-
Internal balances	977,949	(977,949)	-	-
Total current assets	138,437,203	42,556,207	180,993,410	6,907,322
Noncurrent Assets:				
Restricted cash and cash equivalents	11,133,977	29,479,644	40,613,621	2,938,787
Taxes receivable, net	-	230,964	230,964	-
Capital assets, not being depreciated	123,905,921	6,574,807	130,480,728	5,847,244
Capital assets, net of accumulated depreciation	230,935,484	213,330,115	444,265,599	43,573,184
Total noncurrent assets	365,975,382	249,615,530	615,590,912	52,359,215
Total assets	504,412,585	292,171,737	796,584,322	59,266,537
Deferred outflows of resources				
Pension related amounts	29,340,800	2,208,108	31,548,908	310,727
Other post-employment benefit amounts	63,277,344	13,968,276	77,245,620	1,965,127
Unamortized losses related to debt refundings	76,559	909,562	986,121	-
Total deferred outflows of resources	92,694,703	17,085,946	109,780,649	2,275,854
Total assets and deferred outflows of resources	597,107,288	309,257,683	906,364,971	61,542,391

(Continued)

City of Hammond, Indiana

Statement of Net Position (Continued)
December 31, 2022

	Primary Government			Component Unit Port Authority
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts payable	\$ 7,083,880	\$ 3,541,665	\$ 10,625,545	\$ 203,115
Accrued payroll	413,799	151,003	564,802	29,697
Claims and settlements payable	10,907,663	-	10,907,663	-
Taxes payable	-	44,514	44,514	-
PERF payable	-	12,617	12,617	-
Accrued interest payable	2,080,371	905,300	2,985,671	146,484
Unearned revenue	35,745,570	-	35,745,570	416,156
Customer deposits	-	1,787,432	1,787,432	-
Compensated absences	182,454	23,425	205,879	-
Lease liabilities	2,179,515	239,747	2,419,262	-
Notes and loans payable	2,411,591	2,725,000	5,136,591	-
Revenue bonds	3,520,000	670,000	4,190,000	1,955,000
General obligation bonds	1,640,000	3,670,000	5,310,000	-
Total current liabilities	66,164,843	13,770,703	79,935,546	2,750,452
Long-term Liabilities, net of current maturities:				
Net pension liability	112,194,475	5,172,600	117,367,075	699,835
Compensated absences	182,454	502,253	684,707	34,670
Other post-employment benefits	143,682,154	22,977,758	166,659,912	2,889,439
Lease liabilities	7,800,584	694,604	8,495,188	-
Notes and loans payable	38,559,117	29,685,000	68,244,117	-
Revenue bonds	78,680,663	22,552,993	101,233,656	6,330,000
General obligation bonds, net of unamortized bond premium (discount)	6,456,593	32,472,476	38,929,069	-
Total long-term liabilities	387,556,040	114,057,684	501,613,724	9,953,944
Total liabilities	453,720,883	127,828,387	581,549,270	12,704,396
Deferred inflows of resources				
Pension related amounts	2,441,710	316,489	2,758,199	49,507
Other post-employment benefit amounts	107,753,993	21,344,860	129,098,853	2,208,536
Property taxes levied for subsequent years	43,624,416	8,951,889	52,576,305	-
Leases	-	466,743	466,743	-
Total deferred inflows of resources	153,820,119	31,079,981	184,900,100	2,258,043
Net Position				
Net investment in capital assets	212,076,271	150,936,664	363,012,935	41,135,428
Restricted for:				
General government	1,539,257	-	1,539,257	-
Public safety	4,014,667	-	4,014,667	-
Streets and equipment maintenance	1,315,931	-	1,315,931	-
Culture and recreation	1,495,481	-	1,495,481	-
Urban development and housing	24,255,013	-	24,255,013	-
Debt service	-	4,107,479	4,107,479	2,792,303
Capital projects	11,986,325	6,990,465	18,976,790	-
Unrestricted	(267,116,659)	(11,685,293)	(278,801,952)	2,652,221
Total net position (deficit)	\$ (10,433,714)	\$ 150,349,315	\$ 139,915,601	\$ 46,579,952

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 30,471,321	\$ 17,608,255	\$ 7,164,120	\$ -
Public safety	45,283,624	1,051,530	2,224,386	-
Streets and equipment maintenance	23,384,318	-	4,240,307	5,908,066
Culture and recreation	16,975,110	3,308,518	-	-
Urban redevelopment and housing	17,410,150	-	2,929,074	-
Interest and amortization expense	6,725,543	-	-	-
Total governmental activities	140,250,066	21,968,303	16,557,887	5,908,066
Business-type activities:				
Water utility	15,771,860	20,592,094	-	-
Sanitary District	32,401,103	24,491,450	-	-
Stormwater utility	49,255	4,702,546	-	-
Total business-type activities	48,222,218	49,786,090	-	-
Total primary government	\$ 188,472,284	\$ 71,754,393	\$ 16,557,887	\$ 5,908,066
Component Unit:				
Port authority	\$ 11,599,446	\$ 5,102,667	\$ -	\$ -
Total component unit	\$ 11,599,446	\$ 5,102,667	\$ -	\$ -

General revenues
Taxes:
Property
Other taxes:
Intergovernmental:
Income and use tax
Wagering
Motor vehicle highway
Payment in lieu of taxes
Auto rental tax
Other
Development agreement
Licenses and fees
Interest
Gain (Loss) on sale of capital assets
Contributed capital
Other
Total general revenues
Change in net position
Net position (deficit):
January 1, 2022, as restated
December 31, 2022

See Notes to Financial Statements.

Net (Expense), Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Port Authority
\$ (5,698,946)	\$ -	\$ (5,698,946)	\$ -
(42,007,708)	-	(42,007,708)	-
(13,235,945)	-	(13,235,945)	-
(13,666,592)	-	(13,666,592)	-
(14,481,076)	-	(14,481,076)	-
(6,725,543)	-	(6,725,543)	-
<u>(95,815,810)</u>	<u>-</u>	<u>(95,815,810)</u>	<u>-</u>
-	4,820,234	4,820,234	-
-	(7,909,653)	(7,909,653)	-
-	4,653,291	4,653,291	-
-	1,563,872	1,563,872	-
<u>(95,815,810)</u>	<u>1,563,872</u>	<u>(94,251,938)</u>	<u>-</u>
-	-	-	(6,496,779)
-	-	-	(6,496,779)
46,507,426	9,705,999	56,213,425	-
26,820	-	26,820	-
-	-	-	-
8,155,942	-	8,155,942	-
16,745,637	-	16,745,637	7,583,333
3,323,654	-	3,323,654	-
4,858,155	(4,257,656)	600,499	(1,000,000)
2,205,385	-	2,205,385	-
2,288,364	-	2,288,364	-
14,860,216	-	14,860,216	-
2,333,214	-	2,333,214	-
469,032	283,246	752,278	123,806
115,628	80,971	196,599	(32,727)
-	5,149,310	5,149,310	-
3,800,182	-	3,800,182	102,291
<u>105,689,655</u>	<u>10,961,870</u>	<u>116,651,525</u>	<u>6,776,703</u>
9,873,845	12,525,742	22,399,587	279,924
<u>(20,307,559)</u>	<u>137,823,573</u>	<u>117,516,014</u>	<u>46,300,028</u>
<u>\$ (10,433,714)</u>	<u>\$ 150,349,315</u>	<u>\$ 139,915,601</u>	<u>\$ 46,579,952</u>

Fund Financial Statements

City of Hammond, Indiana

Balance Sheet – Governmental Funds
December 31, 2022

	Major Funds			Total Governmental Funds
	General Fund	ARPA Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 10,185,820	\$ 36,513,198	\$ 35,828,595	\$ 82,527,613
Investments				
Receivables:				
Property taxes, net	33,647,950	-	9,976,466	43,624,416
Gaming	2,736,505	-	-	2,736,505
Accounts	911	-	-	911
Intergovernmental	-	-	411,043	411,043
Settlement	-	-	1,431,994	1,431,994
Other	327,971	-	443,526	771,497
Loans receivable, net	-	-	3,763,600	3,763,600
Prepaid items	306,097	-	43,852	349,949
Due from other funds	977,949	-	-	977,949
Restricted cash and investments	-	-	11,133,977	11,133,977
Note receivable	-	-	41,074	41,074
Total assets	\$ 48,183,203	\$ 36,513,198	\$ 63,074,127	\$ 147,770,528
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,397,753	\$ 788,376	\$ 2,849,240	\$ 6,035,369
Accrued payroll	215,344	-	198,455	413,799
Unearned revenues	-	35,724,822	20,748	35,745,570
Total liabilities	2,613,097	36,513,198	3,068,443	42,194,738
Deferred inflows of resources				
Property taxes levied for subsequent years	33,647,950	-	9,976,466	43,624,416
Unavailable revenue	-	-	1,431,994	1,431,994
	33,647,950	-	11,408,460	45,056,410
Fund balances				
Nonspendable - prepaid items	306,097	-	43,852	349,949
Restricted	-	-	48,521,459	48,521,459
Committed	3,576,614	-	-	3,576,614
Assigned	-	-	98,292	98,292
Unassigned	8,039,445	-	(66,379)	7,973,066
Total fund balances	11,922,156	-	48,597,224	60,519,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 48,183,203	\$ 36,513,198	\$ 63,074,127	\$ 147,770,528

See Notes to Financial Statements.

City of Hammond, Indiana

**Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2022**

Total fund balances – governmental funds	\$ 60,519,380
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	354,841,405
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Certain revenues are considered unavailable in the fund financial statements but they are recognized as revenue in the government-wide financial statements:	
Local income tax revenue	663,606
Settlements	1,431,994

Deferred outflows and deferred inflows of resources related to pensions, which will be recognized as an increase or reduction to pension expense in future reporting periods:	
Deferred outflows due to pensions	29,340,800
Deferred inflows due to pensions	(2,441,710)
Deferred outflows due to other post-employment benefits	63,277,344
Deferred inflows due to other post-employment benefits	<u>(107,753,993)</u>
	(17,577,559)

Deferred items on debt refundings that are other financing uses in the fund financial statements are deferred outflows of resources that are amortized over the life of the bonds in the government-wide financial statements.	76,559
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The pension liabilities related to the following pension plans are recorded on the Statement of Net Position, but not recorded in the funds:	
Net pension liability - Public Employees' Retirement Fund	(7,759,373)
Net pension liability - 1977 Police Officers' and Firefighters' Retirement Fund	(18,522,214)
Net pension liability - 1925 Police Pension Fund	(35,879,050)
Net pension liability - 1937 Firefighters' Pension Fund	<u>(50,033,838)</u>
	(112,194,475)

Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
Accrued interest	(2,080,371)
Compensated absences	(364,908)
Contingent liabilities	(9,643,630)
Other postemployment benefits	(143,682,154)
Notes payable	(40,970,708)
Revenue bonds	(82,200,663)
Lease liabilities	(9,980,099)
General obligation bonds	<u>(8,096,593)</u>
	(297,019,126)

An internal service fund is used by management to charge the costs of insurance. The assets and liabilities are included in the governmental activities in the statement of net position.	<u>(1,175,498)</u>
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Net position of governmental activities	<u><u>\$ (10,433,714)</u></u>
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See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 Year Ended December 31, 2022

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	ARPA Fund		
Revenues				
Property taxes	\$ 28,651,373	\$ -	\$ 17,856,053	\$ 46,507,426
Intergovernmental	25,495,566	14,106,492	17,759,878	57,361,936
Development agreement	14,860,216	-	-	14,860,216
Licenses, permits and fees	3,370,319	-	9,007	3,379,326
Charges for services	17,559,636	-	3,313,608	20,873,244
Fines and forfeits	402,292	-	-	402,292
Other	2,579,211	-	1,880,836	4,460,047
Interest	185,082	-	279,707	464,789
Total revenues	93,103,695	14,106,492	41,099,089	148,309,276
Expenditures				
Current:				
General government	23,461,601	3,443,882	2,123,501	29,028,984
Public safety	49,116,757	-	4,810,356	53,927,113
Streets and equipment maintenance	-	-	7,555,474	7,555,474
Culture and recreation	815,121	-	8,904,264	9,719,385
Urban redevelopment and housing	5,563,195	-	6,438,241	12,001,436
Debt service:				
Principal	3,319,257	-	5,915,110	9,234,367
Interest and fees	1,621,601	-	5,146,761	6,768,362
Capital outlay	1,797,725	10,662,610	17,280,931	29,741,266
Total expenditures	85,695,257	14,106,492	58,174,638	157,976,387
Excess of revenues over expenditures	7,408,438	-	(17,075,549)	(9,667,111)
Other financing sources (uses):				
Proceeds of bond issuance	-	-	6,425,000	6,425,000
Proceeds of lease arrangement	1,697,303	-	-	1,697,303
Discount on bonds issued	-	-	(92,777)	(92,777)
Sale of capital assets	131,209	-	2,100	133,309
Transfers in	4,194,816	-	16,745,830	20,940,646
Transfers out	(14,413,288)	-	(6,527,358)	(20,940,646)
Total other financing sources (uses)	(8,389,960)	-	16,552,795	8,162,835
Net change in fund balances	(981,522)	-	(522,754)	(1,504,276)
Fund balances:				
January 1, 2022	12,903,678	-	49,119,978	62,023,656
December 31, 2022	\$ 11,922,156	\$ -	\$ 48,597,224	\$ 60,519,380

See Notes to Financial Statements.

City of Hammond, Indiana

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022**

Net change in fund balances – total governmental funds \$ (1,504,276)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. Governmental funds report proceeds from sale of capital assets as other financing sources while governmental activities report only the gain or loss on sale:

Capital outlay	16,574,923	
Depreciation / amortization	(11,818,477)	
Gain or loss on sale of capital assets	<u>(17,681)</u>	4,738,765

Certain revenues are deferred inflows of resources in the fund financial statements because they are not available but are recognized in the government-wide financial statements: 2,095,600

Items related to pension expense are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements.

Deferred outflows of resources related to pension expense	10,994,297	
Deferred inflows of resources related to pension expense	<u>29,295,224</u>	40,289,521

Items related to OPEB expense are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements.

Deferred outflows of resources related to OPEB expense	(19,012,839)	
Deferred inflows of resources related to OPEB expense	<u>(89,778,391)</u>	(108,791,230)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment (refunding) reduces long-term liabilities in the Statement of Net Position:

General obligation bonds	1,580,000	
Revenue bonds	3,420,000	
Notes payable	2,205,102	
Lease liabilities	<u>2,029,265</u>	9,234,367

Long-term debt issued is recorded as an other financing source in the fund financial statements, but is recorded as a liability in the Statement of Activities:

Issuance of revenue bonds	(6,425,000)	
Issuance of lease liabilities	<u>(1,697,303)</u>	(8,122,303)

Discount on bonds is recorded as other financing uses in the fund financial statements, but the discount is reduces the liability in the Statement of Net Position. Premium on bonds is recorded as other financing sources in the fund financial statements, but the premium is recorded as a liability in the Statement of Net Position which is amortized over the life of the bonds. These activities consist of the following:

Discount on bonds issued	92,777	
Amortization of discount/premium on bonds	<u>79</u>	92,856

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of changes in the following:

Accrued interest	42,740	
Compensated absences	26,228	
Contingent liabilities	(9,000,000)	
Net pension liability:		
Public Employees' Retirement Fund	(4,654,104)	
1925 Police Pension Fund	4,452,826	
1937 Firefighters' Pension Fund	7,346,009	
Net pension asset:		
1977 Police Officers" and Firefighters' Retirement Fund	(34,744,401)	
Other post-employment benefits	<u>107,840,537</u>	71,309,835

An internal service fund is used by management to charge the costs of insurance. The activity is included in the governmental activities in the statement of activities. 530,710

Change in net position of governmental activities \$ 9,873,845

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Net Position – Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Major Funds		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 10,794,991	\$ 5,247,167	\$ 6,663,123	\$ 22,705,281	\$ 610,142
Property taxes receivable	8,951,889	-	-	8,951,889	-
Accounts receivable, customer, net	2,056,222	2,954,104	175,654	5,185,980	-
Leases receivable	-	487,965	-	487,965	-
Accrued interest	-	3,429	-	3,429	-
Other receivables	4,240,531	37,963	-	4,278,494	335,064
Inventories	911,098	743,298	-	1,654,396	-
Prepaid items	134,876	131,846	-	266,722	191,840
Total current assets	27,089,607	9,605,772	6,838,777	43,534,156	1,137,046
Noncurrent Assets:					
Restricted cash, cash equivalents and investments:					
Bond and interest account	1,247,198	1,739,640	-	2,986,838	-
Capital improvement fund	1,214,301	161,699	-	1,376,000	-
Cash with fiscal agent - bond and interest	967,017	-	-	967,017	-
Customer deposits	-	1,785,965	-	1,785,965	-
Depreciation	-	5,501,886	-	5,501,886	-
Construction account	-	691,333	-	691,333	-
Bond and interest sinking fund	-	16,153,768	-	16,153,768	-
Cost of issuance cash	-	16,837	-	16,837	-
Taxes receivable, net of allowance	230,964	-	-	230,964	-
Capital assets not being depreciated	5,101,963	1,060,344	412,500	6,574,807	-
Capital assets, net of accumulated depreciation	172,755,135	40,433,274	141,706	213,330,115	-
Total noncurrent assets	181,516,578	67,544,746	554,206	249,615,530	-
Total assets	208,606,185	77,150,518	7,392,983	293,149,686	1,137,046
Deferred outflows of resources					
Pension related amounts	1,219,189	988,919	-	2,208,108	-
OPEB related amounts	9,295,779	4,672,497	-	13,968,276	-
Deferred loss on refunding	909,562	-	-	909,562	-
	11,424,530	5,661,416	-	17,085,946	-

(Continued)

City of Hammond, Indiana

Statement of Net Position – Proprietary Funds (Continued)
December 31, 2022

	Business-Type Activities - Enterprise Funds				
	Major Funds		Nonmajor Fund		Internal Service Funds
	Sanitary District	Water Utility	Storm Water		
Utility Fund			Total		
Liabilities					
Current Liabilities:					
Accounts payable	\$ 2,548,382	\$ 574,204	\$ 419,079	\$ 3,541,665	\$ 404,881
Accrued payroll	60,783	90,220	-	151,003	-
Taxes payable	-	44,514	-	44,514	-
Claims payable	-	-	-	-	1,907,663
PERF payable	-	12,617	-	12,617	-
Due to other funds	-	977,949	-	977,949	-
Compensated absences, current	21,551	1,874	-	23,425	-
Lease liabilities, current	239,747	-	-	239,747	-
Loans payable, current	2,725,000	-	-	2,725,000	-
Revenue bonds, current	-	670,000	-	670,000	-
General obligation bonds, current	3,670,000	-	-	3,670,000	-
Accrued interest payable	779,348	125,952	-	905,300	-
Contracts and retainage payable	-	-	-	-	-
Customer deposits	-	1,787,432	-	1,787,432	-
Total current liabilities	10,044,811	4,284,762	419,079	14,748,652	2,312,544
Long-term Liabilities, net of current maturities:					
Compensated absences	316,762	185,491	-	502,253	-
Lease liabilities	694,604	-	-	694,604	-
Loans payable	29,685,000	-	-	29,685,000	-
Revenue bonds	-	22,552,993	-	22,552,993	-
General obligation bonds, net of unamortized bond premium (discount)	32,472,476	-	-	32,472,476	-
Net pension liability	2,952,933	2,219,667	-	5,172,600	-
Other post-employment benefits	16,107,053	6,870,705	-	22,977,758	-
Total long-term liabilities	82,228,828	31,828,856	-	114,057,684	-
Total liabilities	92,273,639	36,113,618	419,079	128,806,336	2,312,544
Deferred inflows of resources					
Pension related amounts	175,273	141,216	-	316,489	-
OPEB related amounts	14,857,282	6,487,578	-	21,344,860	-
Leases	-	466,743	-	466,743	-
Property taxes levied for subsequent years	8,951,889	-	-	8,951,889	-
	23,984,444	7,095,537	-	31,079,981	-
Net position					
Net investment in capital assets	109,279,833	41,493,618	163,213	150,936,664	-
Restricted for:					
Debt service	2,367,839	1,739,640	-	4,107,479	-
Capital improvements	635,547	6,354,918	-	6,990,465	-
Unrestricted	(8,510,587)	(9,985,397)	6,810,691	(11,685,293)	(1,175,498)
Total net position	\$ 103,772,632	\$ 39,602,779	\$ 6,973,904	\$ 150,349,315	\$ (1,175,498)

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Operating revenues:					
Residential sales	\$ 9,481,098	\$ 3,748,534	\$ 4,628,529	\$ 17,858,161	\$ -
Commercial and industrial sales	10,146,058	7,885,801	-	18,031,859	-
Municipal sales	3,183,292	8,549,698	-	11,732,990	-
Other charges for services	1,395,769	-	-	1,395,769	22,896,730
Other	285,233	408,061	74,017	767,311	168,932
Total operating revenues	24,491,450	20,592,094	4,702,546	49,786,090	23,065,662
Operating expenses:					
Plant and operations	13,225,544	-	-	13,225,544	-
Collections system	4,646,704	-	-	4,646,704	-
Water treatment	-	5,645,065	-	5,645,065	-
Transmission and distribution	-	3,417,191	-	3,417,191	-
Customer accounts	-	1,794,933	-	1,794,933	-
Administration and general	6,547,967	2,411,123	27,748	8,986,838	22,539,195
Depreciation / amortization	6,136,947	2,189,501	21,507	8,347,955	-
Total operating expenses	30,557,162	15,457,813	49,255	46,064,230	22,539,195
Operating income (loss)	(6,065,712)	5,134,281	4,653,291	3,721,860	526,467
Nonoperating income (expenses):					
Local tax distributions	9,705,999	-	-	9,705,999	-
Interest earned	75,786	198,579	8,881	283,246	4,243
Gain (loss) on disposal of assets	85,471	(4,500)	-	80,971	-
Interest expense	(1,815,991)	(314,047)	-	(2,130,038)	-
Fiscal charges	(27,950)	-	-	(27,950)	-
Total nonoperating income (expenses)	8,023,315	(119,968)	8,881	7,912,228	4,243
Income (loss) before contributions and transfers	1,957,603	5,014,313	4,662,172	11,634,088	530,710
Contributions and transfers:					
Contributed capital	1,816,898	3,332,412	-	5,149,310	-
Payment in lieu of taxes	(2,757,656)	(1,500,000)	-	(4,257,656)	-
Transfers In (out)	3,605,878	-	(3,605,878)	-	-
Total contributions and transfers	2,665,120	1,832,412	(3,605,878)	891,654	-
Change in net position	4,622,723	6,846,725	1,056,294	12,525,742	530,710
Net position (deficit):					
January 1, 2022, as restated	99,149,909	32,756,054	5,917,610	137,823,573	(1,706,208)
December 31, 2022	\$ 103,772,632	\$ 39,602,779	\$ 6,973,904	\$ 150,349,315	\$ (1,175,498)

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Cash flows from operating activities					
Cash received for services	\$ 24,001,998	\$ 19,753,449	\$ 4,662,961	\$ 48,418,408	\$ 23,115,101
Payments to suppliers	(18,837,227)	(7,895,178)	(29,284)	(26,761,689)	(23,824,656)
Payments to employees	(6,166,231)	(4,932,674)	-	(11,098,905)	-
Other receipts	285,233	386,839	74,017	746,089	168,932
Net cash provided by (used in) operating activities	(716,227)	7,312,436	4,707,694	11,303,903	(540,623)
Cash flows from noncapital financing activities					
Proceeds from tax anticipation warrants	2,480,000	-	-	2,480,000	-
Principal paid on tax anticipation warrants	(2,480,000)	-	-	(2,480,000)	-
Interest paid on tax anticipation warrants	(29,750)	-	-	(29,750)	-
Increase (decrease) in internal balances	-	494,037	-	494,037	-
Transfers out for payments in lieu of taxes	(2,757,656)	(1,500,000)	-	(4,257,656)	-
Transfers in/out	3,605,878	-	(3,605,878)	-	-
Net cash provided by (used in) noncapital financing activities	818,472	(1,005,963)	(3,605,878)	(3,793,369)	-
Cash flows from capital and related financing activities					
Local tax distributions	9,700,086	-	-	9,700,086	-
Proceeds from bonds	-	17,496,043	-	17,496,043	-
Acquisition and construction of capital assets	(1,949,506)	(1,032,691)	-	(2,982,197)	-
Proceeds from sale of capital assets	101,483	-	-	101,483	-
Principal paid and refunding on capital debt	(7,565,000)	(425,000)	-	(7,990,000)	-
Principal paid on lease liabilities	(69,307)	-	-	(69,307)	-
Interest paid on capital debt	(2,020,981)	(288,713)	-	(2,309,694)	-
Net cash provided by (used in) capital and related financing activities	(1,803,225)	15,749,639	-	13,946,414	-
Cash flows from investing activities					
Cash receipts from interest	75,786	195,150	8,881	279,817	4,243
Net cash provided by investing activities	75,786	195,150	8,881	279,817	4,243
Net increase (decrease) in cash and cash equivalents	(1,625,194)	22,251,262	1,110,697	21,736,765	(536,380)
Cash and cash equivalents:					
January 1, 2022	15,848,701	9,047,033	5,552,426	30,448,160	1,146,522
December 31, 2022	\$ 14,223,507	\$ 31,298,295	\$ 6,663,123	\$ 52,184,925	\$ 610,142

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (6,065,712)	\$ 5,134,281	\$ 4,653,291	\$ 3,721,860	\$ 526,467
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation / amortization	6,136,947	2,189,501	21,507	8,347,955	-
Bad debt expense	(3,078)	23,464	(6,438)	13,948	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:					
Accounts receivable, net	(69,370)	(444,075)	40,870	(472,575)	218,371
Leases receivable	-	33,458	-	33,458	-
Other receivables	(134,849)	13,491	-	(121,358)	-
Taxes receivable	-	-	-	-	-
Inventories	(43,743)	(311,209)	-	(354,952)	-
Prepaid items	(41,736)	3,150	-	(38,586)	(177,155)
Accounts payable	215,968	551,508	(1,536)	765,940	(244,282)
Accrued payroll	(214,605)	29,223	-	(185,382)	-
PERF payable	-	4,202	-	4,202	-
Claims payable	-	-	-	-	(864,024)
Taxes payable	-	(1,102)	-	(1,102)	-
Customer deposits	-	287,179	-	287,179	-
Compensated absences	(49,465)	(4,153)	-	(53,618)	-
Net pension liability	1,771,302	1,328,707	-	3,100,009	-
Other post-employment liability	(6,844,933)	(1,816,652)	-	(8,661,585)	-
Deferred outflows/inflows					
Pensions	(2,030,451)	(1,496,697)	-	(3,527,148)	-
Other post-employment benefits	6,657,498	1,842,840	-	8,500,338	-
Leases	-	(54,680)	-	(54,680)	-
Total adjustments	5,349,485	2,178,155	54,403	7,582,043	(1,067,090)
Net cash provided by (used in) operating activities	\$ (716,227)	\$ 7,312,436	\$ 4,707,694	\$ 11,303,903	\$ (540,623)
Supplemental schedule of noncash capital and related financing activities:					
Capital contributions	\$ 1,816,898	\$ 3,332,412	\$ -	\$ 5,149,310	\$ -
Purchase of equipment by lease	1,003,658	-	-	1,003,658	-
Accounts payable/retainage used to acquire capital assets	25,032	-	412,500	437,532	-

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Fiduciary Net Position –
Pension Trust Funds
December 31, 2022

	Pension Trust
Assets	
Cash and cash equivalents	<u>\$ 6,645,541</u>
Total assets	<u><u>\$ 6,645,541</u></u>
Net Position	
Restricted for pensions	<u><u>\$ 6,645,541</u></u>

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Changes in Fiduciary Net Position –
Pension Trust Funds
Year Ended December 31, 2022

Additions

Contributions:

Employer	\$ 11,044,901
Plan members	13,051
Total contributions	<u>11,057,952</u>

Total additions	<u>11,057,952</u>
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Deductions

Benefits	9,304,697
Administrative expenses	46,995
Total deductions	<u>9,351,692</u>

Change in net position	1,706,260
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Net position restricted for pensions:

January 1, 2022	<u>4,939,281</u>
December 31, 2022	<u>\$ 6,645,541</u>

See Notes to Financial Statements.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Hammond, Indiana ("City") was incorporated on April 21, 1884, under the laws of the state of Indiana. The City operates under the Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire services), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, sanitation and urban development and housing.

The accounting policies of the City conform to U.S. Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or burden is created if any one of the following relationships exists:

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

As required by accounting principles generally accepted in the United States of America ("U.S. GAAP"), the financial statements of the reporting entity include those of the primary government (the "City"), its blended component unit and discretely presented component unit. Blended component units, although legally separate entities are so integrated with the City that they are in substance part of the government's operations and/or the component unit's total debt outstanding, if any, including leases, is expected to be repaid almost entirely with the resources of the primary government; data from these units is combined with data of the primary government. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements.

Blended Component Unit

The Hammond Sanitary Building Corporation is a blended component unit of the Hammond Sanitary District. The Mayor appoints a voting majority of the Hammond Sanitary Building Corporation's board and a financial benefit/burden relationship exists between the Sanitary District and the Hammond Sanitary Building Corporation. Although it is legally separate from the Sanitary District, the Hammond Sanitary Building Corporation is reported as if it were a part of the Sanitary District because it provides services entirely to the Sanitary District. The Hammond Sanitary Building Corporation's sole purpose was to finance improvements to the Sanitary District. The Hammond Sanitary Building Corporation does not issue a separate financial statement.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit

The City has one significant entity that qualify as a discretely presented component unit.

The Hammond Port Authority is a significant discretely presented component unit of the City. The City 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. The Hammond Port Authority does not issue a separate financial statement. The financial statements are included in the discretely presented component unit portion of this report.

Related Organizations

The City's officials are also responsible for appointing members of the boards of other organizations, but the City's accountability for those organizations does not extend beyond making the appointments. The Mayor and Common Council appoint the board members of the Hammond Bond Bank, the Hammond Community Corporation, the Hammond Development Corporation and the Urban Enterprise Association of Hammond, Indiana, Inc.

The City also appoints the voting majority of the Hammond Housing Authority's Board. Hammond Housing Authority employees and retirees participate in the City's OPEB plan. As of January 1, 2021, the Hammond Housing Authority covers the costs of their participation in the City plan.

Jointly Governed Organizations

The City, in conjunction with several other governmental entities in Lake, Porter and LaPorte Counties, participates in the operation of the 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. Complete financial statements for NIRPC can be obtained from their administrative office at 6100 Southport Road, Portage, Indiana 46368.

The City is a participating entity with the State of Indiana, Lake and Porter Counties, certain cities in Lake and Porter Counties and federal agencies in a joint venture to operate the Northwest Indiana Regional Development Authority (RDA) which was created to partner with others in the "heavy lifting" required to develop the infrastructure that will make Northwest Indiana economically vibrant. The legislation that created the RDA directs the organization to focus on the region's collective assets. These, regional assets are interrelated as the basic building blocks of the local economy. The RDA uses its resources to undertake special projects for the City. Complete financial statements for the RDA can be obtained from their administrative office at 9800 Connecticut Drive, Crown Point, Indiana, 46307.

Government-wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the City, excluding fiduciary activities. Eliminations have been made to minimize the double counting of internal activities of the City. The financial activities of the City consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: 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. The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and servicing of general long-term debt (debt service funds). The City administers the following major governmental funds:

General Fund – The general operating fund of the City. The General Fund includes the statutory General Fund and other internal governmental funds used by the City for management purposes. It is used to account for all general financial resources except those specific items accounted for in another funds. Supplementary Information includes combining financial statements for General Fund Accounts.

ARPA Fund – The ARPA fund is a special revenue fund that is used to account for resources received from ARPA related funding.

Proprietary Funds

Proprietary funds are used to account for activities in a similar manner as those found in the private sector. The measurement focus is on the determination of net income. Activities of these funds include services provided to residents of the City (such as water and sanitary sewer services) and services provided to other funds (such as self-insurance). The City administers the following major proprietary funds:

Water Utility – This fund accounts for the provision of water services to the residents of the City and the sale of water to various other municipalities. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Sanitary District – This fund accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Internal Service Fund

The City's internal service fund is used to account for the City general liability coverage, employee medical coverage, workers compensation coverage and other automobile coverage. The activities are accounted for on a full accrual basis, so that all full costs are recognized and allocated to the various funds in the period the costs are incurred.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a trust fund is used.

The City administers fiduciary funds (pension trust) for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a trust fund is used.

The following are the City's fiduciary fund types and funds:

Pension Trust Funds – Used to account for and report contributions, investment activity and benefit payments related to the City's pension plans. The City has the following pension trust funds – 1925 Police Pension Fund and 1937 Firefighters' Pension Fund.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary, and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and contributions are recorded when earned and expenses including benefits and refunds paid are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the City has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants and intergovernmental revenues, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

The accrual basis of accounting is utilized by the enterprise and fiduciary funds. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Earned, but unbilled services in the enterprise fund are accrued and reported in the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City's proprietary fund types consider cash and cash equivalents to be all cash on hand, demand deposits, time deposits and all highly liquid investments with an original maturity of three months or less when purchased.

Investments

State statute (IC 5-13-9) authorizes the City to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost. A "nonparticipating" instrument is one that does not recognize market fluctuations in its valuation.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency. Open-end mutual funds and money market investments are reported at fair value. Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statements of activities and revenues, expenses, and changes in net position.

Receivables

All receivables are shown net of an allowance, if any, for uncollectible balances. Refer to Note 3 for receivables pertaining to property taxes.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased and are therefore not recorded in the Governmental Activities column of the Statement of Net Position or the governmental funds balance sheet, as associated items are not considered material. Inventories for business type activities, proprietary funds and the discretely presented component unit are recorded as expenditures when consumed rather than when purchased. For business-type activities and proprietary funds inventories for are valued at cost using the first in/first out (FIFO) method. For the discretely presented component unit, inventories are valued at cost, on a weighted average basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain assets may be classified as restricted assets on the financial statements because their use is restricted by contracts or agreements with outside third parties and lending institutions.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund Receivables, Payables and Activity

The City has the following types of transactions between funds:

Loans — amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide statement of net position.

Services provided and used — sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets or fund statements of net position.

Reimbursements — repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers — flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

Capital and Intangible Assets

Capital assets which include land and improvements, streets and sidewalks, buildings, storm sewers, sanitary sewers, water distribution system, machinery and equipment, leased assets and intangible assets, which include easements and similar items, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$100,000 for buildings and improvements, \$300,000 for infrastructure and \$10,000 for all other items, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated capital assets, donated works of art and similar items, and capital assets received in a service concession, if applicable, are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Depreciation and amortization of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

	Estimated Useful Lives
Buildings and Building Improvements	20 - 60 Years
Land Improvements	25 - 60 Years
Machinery and Equipment	3 - 40 Years
Infrastructure	25 - 60 Years
Water Distribution and Sanitary System	15 - 50 Years

Gains or losses from sales or retirements of capital assets are included in the operations on the Statement of Activities.

Deferred Inflows or Deferred Outflows of Resources and Unearned Revenue

Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods.

The City defers recognition of losses incurred on bond refundings and reports such losses as deferred outflows of resources on the Statement of Net Position.

Property taxes that are received or recorded as receivables prior to the period the levy is intended to finance are recorded as deferred inflows of resources on both fund financial statements and government-wide financial statements.

For leases, a deferred inflow of resources is recorded for the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date on both fund financial statements and government-wide statements. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

For pension and other postemployment benefits (OPEB) plans, the net difference between projected and actual earnings on plan investments, changes in assumptions, differences between expected and actual actuarial experience, the change in proportion and differences between employer contributions and proportionate share of contributions for and payments made subsequent to the plan's measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Notes 7 and 9 for pension and OPEB related disclosures, respectively.

Unearned revenues arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

Note 1. Summary of Significant Accounting Policies (Continued)

In accordance with the City's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* the net pension liability, the total OPEB liability, deferred inflows of resources, deferred outflows of resources, pension and OPEB expenses have been recognized in the government-wide financial statements. The total pension liability and total OPEB liability are the actuarially measured value of the projected benefit payments attributed to past periods of service as of the measurement date. The total pension and total OPEB expenses are comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension and OPEB liability, plan administrative expenses, and current period benefit changes. Additionally, the total pension and OPEB expenses include the annual recognition of deferred outflows and inflows of resources due to pension and OPEB assets and liabilities.

Other Postemployment Benefit (OPEB) Liabilities

The OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are derived from an actuarial valuation. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan.

Pension Liabilities

The net pension liability is the difference between the total pension liability and the individual plan's fiduciary net position as of the measurement date. For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the City's contribution requirements, information about the fiduciary net position of the individual plan and addition to / deductions from the individual plan's fiduciary net position have been determined on the same basis as they are reported within the individual plan's financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Compensated Absences

Sick Leave – Eligible employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 75 days. Upon separation of employment, accumulated sick leave is paid to employees that have been employed at least 10 years at the rate of one day's pay for every four unused accumulated sick days or after 15 years of employment at the rate of one day's pay for every two unused accumulated sick days.

Vacation Leave – Employees earn vacation leave at rates from 5 days to 30 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. However, unused vacation leave is paid to employees through cash payments upon separation of employment.

Personal Leave – Full time employees employed on July 1st are entitled to four (4) personal days during the calendar year. New employees hired after July 1st will not be entitled to personal days until July of the following year. There shall be no carryover of personal business day from year to year and there shall be no payment for personal days at the end of any calendar year or in the event of termination of the employment relationship for any reason.

Sick leave is accrued when earned. No liability is reported for vacation or personal leave.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Claims and Judgments

Liabilities resulting from health claims incurred but not reported have been reflected in the internal service fund as claims payable. These liabilities and liabilities resulting from claims and judgments have been reflected in the government-wide financial statements as claims and settlements payable.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding is amortized over the life of the bonds and is reported as deferred outflows of resources in the Statement of Net Position.

In the fund financial statements, governmental funds recognize bond issuances during the year the bonds are sold. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds' debt. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources is reported as a fund liability of a governmental fund.

Leases

Lessee: The City is a lessee in equipment and real estate leases. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Lessor: The City is a lessor in real estate leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary and governmental fund financial statements.

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

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

- For leases where the City is a lessee, the City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- For leases where the City is a lessor, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance

Within the governmental fund types, the City's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council passes formal resolutions or ordinances to commit its fund balances. On December 31, 2022, the City had committed fund balances of \$3,576,614.

Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City's City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Council has not delegated the authority to assign amounts to be used for specific purposes. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. On December 31, 2022, the City had assigned fund balances of \$98,292.

Unassigned – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund and deficit fund balances of other governmental funds.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In the General Fund, the City considers restricted amounts to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, followed by committed amounts, and then assigned amounts. Unassigned amounts are used only after the other categories of fund balance have been fully utilized.

In governmental funds other than the General Fund, the City considers restricted amounts to have been spent last. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City will first use assigned amounts, followed by committed amounts then restricted amounts.

At December 31, 2022, the City's fund balance restrictions and commitments were for the following purposes:

	Major Fund General Fund Committed	Special Revenue Restricted	Capital Projects Restricted	Debt Service Restricted	Total Nonmajor Restricted
General government	\$ -	\$ 1,280,433	\$ 10,169,864	\$ -	\$ 11,450,297
Public safety	-	2,177,891	-	-	2,177,891
Highways and streets	3,195,954	1,315,931	-	-	1,315,931
Culture and recreation	380,660	1,495,481	1,816,461	-	3,311,942
Urban redevelopment and housing	-	24,255,013	-	-	24,255,013
Debt service	-	-	-	6,010,385	6,010,385
Total	<u>\$ 3,576,614</u>	<u>\$ 30,524,749</u>	<u>\$ 11,986,325</u>	<u>\$ 6,010,385</u>	<u>\$ 48,521,459</u>

Accounting Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates. The City adopted GASB 100 *Accounting Changes and Error Corrections* for the year-ended December 31, 2022. During fiscal year 2022, the City re-evaluated its accounting estimate associated with the Local Income Tax (LIT) revenue supplemental distributions. The supplemental distributions equal the unencumbered balance from two years prior that is determined to be in excess of 15% of the certified distributions minus any supplemental or special distributions that have not yet been accounted for in the last known balance of the County's trust account. Based on information provided by the State, the City reflected an intergovernmental receivable and revenue in the amount of \$663,606 in the government-wide financial statements as of December 31, 2022.

Elimination and Reclassifications

In the process of aggregating information for the government-wide financial statements, some amounts reported as interfund activity and/or interfund balances in the fund financial statements are eliminated or reclassified.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments

The City maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "cash and cash equivalents" and "investments." In addition, investments are separately held by several of the City's funds

Authorization for investment activity is stated in Indiana Code 5-13. Indiana Code 5-13-9 has authorized investment 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. These investments are required by statute to have a stated final maturity of not more than five years.

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 percent 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 the 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 & 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 unit'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 must be fully collateralized by interest bearing obligations as determined by their current market value.

As of December 31, 2022, cash and investments consisted of the following:

	Governmental	Business Type	Fiduciary Funds	Component Unit
	Activities	Activities	Pension Funds	Port Authority
Demand Deposits	\$ 83,137,755	\$ 22,705,281	\$ 6,645,541	\$ 3,151,064
Restricted Cash	11,133,977	29,479,644	-	2,938,787
TrustIndiana	-	-	-	2,435,918
	<u>\$ 94,271,732</u>	<u>\$ 52,184,925</u>	<u>\$ 6,645,541</u>	<u>\$ 8,525,769</u>

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be returned. 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 that 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 and the Port Authority do not have formal deposit policies for custodial credit risk.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

The bank balances were insured by either the Federal Deposit Insurance Corporation or the Indiana Public Deposit Insurance Fund (Fund). The Fund provides depository insurance for all public funds held in approved depositories.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City and the Port Authority do not have formal investment policies addressing custodial credit risk.

At year-end the City and the Port Authority investments in the state external investment pool were not subject to custodial credit risk as their existence is not evidenced by securities that exist in physical book entry form.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The City must follow state statute and limit the stated final maturities of any investments to no more than five years. The City and the Port Authority do not have formal investment policies for interest rate risk.

At year-end, the Port Authority invests in the State external investment pool (TrustINDiana) which has an average maturity of less than one year.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. U.S. Treasury obligations are backed by the full faith and credit of the U.S. Government and are not considered to have credit risk. The City and the Port Authority do not have formal investment policies for credit risk.

At year-end the City and the Port Authority held investments in money market funds. Moody's and S&P rate each these money market funds Aaa/AAA, respectively. In addition, the Port Authority invests in the State external investment pool (TrustINDiana) which has not been rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The City and the Port Authority do not have formal investment policies addressing concentration of credit risk. At year-end, the City and the Port Authority were not exposed to concentration of credit risk as of December 31, 2022.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, requires the City to categorize its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

TrustIndiana is reported at NAV. TrustIndiana is a local government investment pool, which seeks to allow local units of government, as well as the State of Indiana, to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid and maximizes the return on investment. There are no unfunded commitments or restrictions on redemptions.

The City reports restricted cash and investments as follows:

	Governmental Activities	Business-Type Activities		Total	Component Unit
		Sanitary District	Water Utility		Port Authority
Customer deposits	\$ -	\$ -	\$ 1,785,965	\$ 1,785,965	\$ -
Capital improvement / projects	5,123,592	1,214,301	6,354,918	12,692,811	-
Debt service reserve cash	4,952,772	967,017	1,739,640	7,659,429	1,702,500
Bond & interest account	1,057,613	1,247,198	16,170,605	18,475,416	1,236,287
Total restricted assets	\$ 11,133,977	\$ 3,428,516	\$ 26,051,128	\$ 40,613,621	\$ 2,938,787

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and in December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates are based on the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent 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 that become delinquent if not paid by May 10 and November 10, respectively, at which time penalties and interest are assessed. Property taxes are recorded net of estimated allowance for uncollectible accounts. Property taxes not collected within 60 days after year-end or collected prior to the period they are intended to finance are reflected as deferred inflows of resources. This methodology conforms to the measurable and available criteria for revenue recognition.

Note 4. Leases Receivable

The Water Utility leases two sites to third parties. The leases are for three and eighteen years and the Water Utility will receive total monthly payments of \$6,145. The Water Utility recognized \$54,680 in lease revenue and \$43,711 in interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the Water Utility's receivable for lease payments was \$487,965. Also, the Water Utility has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$466,743. The expected future minimum payments under these agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 33,768	\$ 41,128	\$ 74,896
2024	38,064	38,021	76,085
2025	6,101	35,964	42,065
2026	7,967	35,360	43,327
2027	10,041	34,586	44,627
2028 - 2032	90,127	153,911	244,038
2033 - 2037	187,255	95,652	282,907
2038	114,642	10,757	125,399
	\$ 487,965	\$ 445,379	\$ 933,344

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Primary Government

	Balance January 1, 2022 as restated	Additions	Transfers/ Deletions	Balance December 31, 2022
<u>Governmental activities:</u>				
Capital assets not being depreciated / amortized:				
Land	\$ 80,279,981	\$ 32,108	\$ -	\$ 80,312,089
Construction in progress	30,418,032	14,999,683	1,823,883	43,593,832
Total capital assets not being depreciated / amortized	110,698,013	15,031,791	1,823,883	123,905,921
Capital assets being depreciated / amortized:				
Buildings	49,810,650	13,995	32,479	49,792,166
Improvements	115,532,365	1,632,997	-	117,165,362
Machinery and equipment	23,220,733	22,720	1,727,700	21,515,753
Leased assets - equipment	10,312,061	1,697,303	-	12,009,364
Infrastructure	195,890,023	-	-	195,890,023
Total capital assets being depreciated / amortized	394,765,832	3,367,015	1,760,179	396,372,668
Less accumulated depreciation / amortization for:				
Buildings	31,327,560	865,908	14,798	32,178,670
Improvements	21,656,158	3,258,917	-	24,915,075
Machinery and equipment	21,366,569	516,709	1,727,700	20,155,578
Leased assets - equipment	-	2,279,676	-	2,279,676
Infrastructure	81,010,918	4,897,267	-	85,908,185
Total accumulated depreciation / amortization	155,361,205	11,818,477	1,742,498	165,437,184
Total capital assets being depreciated / amortized, net	239,404,627	(8,451,462)	17,681	230,935,484
Governmental activities capital assets, net	\$ 350,102,640	\$ 6,580,329	\$ 1,841,564	\$ 354,841,405

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Balance January 1, 2022 as restated	Additions	Deletions	Balance December 31, 2022
<u>Business-type activities:</u>				
Capital assets not being depreciated / amortized:				
Land	\$ 4,516,038	\$ -	\$ -	\$ 4,516,038
Construction in progress	963,203	4,148,099	3,052,533	2,058,769
Total capital assets not being depreciated / amortized	5,479,241	4,148,099	3,052,533	6,574,807
Capital assets being depreciated / amortized:				
Land improvements	185,027,128	2,194,566	19,065	187,202,629
Buildings and improvements	67,098,247	297,675	-	67,395,922
Machinery and equipment	69,730,422	1,366,059	468,650	70,627,831
Leased assets - equipment	137,814	865,844	-	1,003,658
Water distribution and sanitary system infrastructure	93,031,029	3,615,173	121,962	96,524,240
Total capital assets being depreciated / amortized	415,024,640	8,339,317	609,677	422,754,280
Less accumulated depreciation / amortization for:				
Land improvements	73,568,837	3,027,429	19,065	76,577,201
Buildings and improvements	34,880,263	1,194,465	-	36,074,728
Machinery and equipment	38,139,979	2,048,469	448,138	39,740,310
Leased assets - equipment	-	85,301	-	85,301
Water distribution and sanitary system infrastructure	55,076,296	1,992,291	121,962	56,946,625
Total accumulated depreciation / amortization	201,665,375	8,347,955	589,165	209,424,165
Total capital assets being depreciated / amortized, net	213,359,265	(8,638)	20,512	213,330,115
Business-type activities capital assets, net	\$ 218,838,506	\$ 4,139,461	\$ 3,073,045	\$ 219,904,922

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Discretely Presented Component Unit

	Balance January 1, 2022 as restated	Additions	Deletions	Balance December 31, 2022
<u>Port Authority component unit activities:</u>				
Capital assets not being depreciated / amortized:				
Land	\$ 5,601,482	\$ -	\$ -	\$ 5,601,482
Construction in progress	1,811,176	200,832	1,766,246	245,762
Total capital assets not being depreciated / amortized	7,412,658	200,832	1,766,246	5,847,244
Capital assets being depreciated / amortized:				
Buildings	23,580,669	-	-	23,580,669
Improvements	29,736,917	2,002,932	41,974	31,697,875
Equipment	4,517,069	178,425	247,941	4,447,553
Leased assets - equipment	-	-	-	-
Infrastructure	10,461,172	-	-	10,461,172
Total capital assets being depreciated / amortized	68,295,827	2,181,357	289,915	70,187,269
Less accumulated depreciation / amortization for:				
Buildings	6,644,583	564,748	-	7,209,331
Improvements	11,804,583	848,754	34,259	12,619,078
Equipment	3,607,567	227,978	222,929	3,612,616
Leased assets - equipment	-	-	-	-
Infrastructure	2,892,749	280,311	-	3,173,060
Total accumulated depreciation / amortization	24,949,482	1,921,791	257,188	26,614,085
Total capital assets being depreciated / amortized, net	43,346,345	259,566	32,727	43,573,184
Port Authority component unit activities capital assets, net	\$ 50,759,003	\$ 460,398	\$ 1,798,973	\$ 49,420,428

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Depreciation and amortization was charged to functions/programs of the primary government as follows:

Primary Government

Governmental activities:

General government	\$ 2,503,817
Public safety	2,631,619
Streets and equipment maintenance	2,017,492
Culture and recreation	1,148,803
Urban redevelopment and housing	3,516,746
Total depreciation / amortization expense - governmental activities	<u>\$ 11,818,477</u>

Business-type activities:

Water	\$ 2,189,501
Sanitary	6,136,947
Storm water	21,507
Total depreciation / amortization expense - business-type activities	<u>\$ 8,347,955</u>

Discretely Presented Component Unit:

Port Authority	<u>\$ 1,921,791</u>
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City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

Primary Government

	Balance January 1, 2022 as restated	Additions	Deletions	Balance December 31, 2022	Due Within One Year
<i><u>Governmental Activities:</u></i>					
General obligation bonds:					
General obligation bonds	\$ 2,850,000	\$ -	\$ 775,000	\$ 2,075,000	\$ 805,000
General obligation bonds - direct placement	6,800,000	-	805,000	5,995,000	835,000
Premium/(discount)	49,011	-	22,418	26,593	-
Net - general obligation bonds	9,699,011	-	1,602,418	8,096,593	1,640,000
Revenue bonds	49,775,000	-	1,145,000	48,630,000	1,265,000
Revenue bonds - direct placement	21,225,000	6,425,000	2,075,000	25,575,000	2,045,000
Premium/(discount)	57,568	(92,777)	19,128	(54,337)	-
Net - revenue bonds	71,057,568	6,332,223	3,239,128	74,150,663	3,310,000
Conduit debt - revenue bonds	8,250,000	-	200,000	8,050,000	210,000
Notes and loans payable	43,421,480	-	2,205,102	41,216,378	2,411,591
Premium/(discount)	(256,992)	-	(11,322)	(245,670)	-
Lease liabilities	10,312,061	1,697,303	2,029,265	9,980,099	2,179,515
Compensated absences	391,136	-	26,228	364,908	182,454
	<u>\$ 142,874,264</u>	<u>\$ 8,029,526</u>	<u>\$ 9,290,819</u>	<u>\$ 141,612,971</u>	<u>\$ 9,933,560</u>

	Balance January 1, 2022 as restated	Additions	Deletions	Balance December 31, 2022	Due Within One Year
<i><u>Business-type Activities:</u></i>					
Bonds payable:					
General obligation bonds	\$ 36,155,000	\$ -	\$ 4,325,000	\$ 31,830,000	\$ 3,065,000
General obligation bonds - direct placement	2,775,000	-	595,000	2,180,000	605,000
Premium/(discount)	2,353,888	-	221,412	2,132,476	-
Net - general obligation bonds	41,283,888	-	5,141,412	36,142,476	3,670,000
Revenue bonds payable:					
Revenue bonds	-	17,145,000	-	17,145,000	225,000
Premium/(discount)	-	351,043	-	351,043	-
Revenue bonds - direct placement	6,355,000	-	425,000	5,930,000	445,000
Premium/(discount)	(237,411)	-	(34,361)	(203,050)	-
Net - revenue bonds	6,117,589	17,496,043	390,639	23,222,993	670,000
Notes and loans payable	35,055,000	-	2,645,000	32,410,000	2,725,000
Lease liabilities	137,814	865,844	69,307	934,351	239,747
Compensated absences	582,960	746	58,028	525,678	23,425
	<u>\$ 83,177,251</u>	<u>\$ 18,362,633</u>	<u>\$ 8,304,386</u>	<u>\$ 93,235,498</u>	<u>\$ 7,328,172</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Discretely Presented Component Unit

	Balance January 1, 2022			Balance December 31, 2022		Due Within One Year
		Additions	Deletions			
<i>Port Authority:</i>						
Revenue bonds	\$ 10,170,000	\$ -	\$ 1,885,000	\$ 8,285,000	\$ 1,955,000	
Compensated absences	30,969	3,701	-	34,670	-	
	<u>\$ 10,200,969</u>	<u>\$ 3,701</u>	<u>\$ 1,885,000</u>	<u>\$ 8,319,670</u>	<u>\$ 1,955,000</u>	

General obligation bonds have been issued to finance capital acquisitions or projects and to refund existing bonds. The City's bonds are to be paid using various revenue sources of the City. All pledges will remain until all bonds are retired. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The general obligation bonds are payable with either general fund resources, property tax levies, or incremental revenues available in the TIF funds as applicable. The pledged revenue and payments table in Note 6 details the fund source for all outstanding bonds. The capital loans are retired by General Fund.

The activity for the net pension liabilities and the other postemployment benefits liability is not included in the above but can be found in the Employee Retirement Funds note (Note 6) and the Postemployment Healthcare Plan note (Note 8), respectively.

The major governmental fund – General Fund, the major proprietary funds – Sanitary District and Water Utility and a discretely presented component unit – Port Authority are primarily used to liquidate the respective liabilities of compensated absences, the net pension liability and the other postemployment benefit liability.

In December 2022, the City issued Series 2022 Taxable Economic Development Revenue Tax Increment Revenue bonds in the amount of \$6,425,000 for costs related to renovation and development projects in the Downtown Allocation Area.

In December 2022, the Hammond Local Public Improvement Bond Bank issued \$17,145,000 of bonds in a private placement. The proceeds will be used for the design, construction, and acquisition of certain improvements to the waterworks including the flood basin replacement, installation of various pumps, chemical feeds and other improvements and equipment. The bonds will be secured and payable from certain water revenues received by the City under the terms of certain wholesale water purchase agreements.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Primary Government

Governmental Activities

General Obligation Bond

In 2014, the City issued \$7,300,000 of General Obligation Park Bonds, Series 2014 with principal and interest payable in semi-annual installments on January and July 15 of each year; interest rates at 3.00%. The final principal and interest payment is due July 15, 2025. The bond proceeds were used to finance the construction and equipping of a multi-purpose outdoor sports complex.

\$ 2,075,000

General Obligation Bond - Direct Placement

In 2018, the City issued \$8,700,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2018A with principal and interest payable in semi-annual installments on January and July 15 of each year; interest rates at 3.55%. The final principal and interest payment is due January 15, 2029. The bond proceeds were used to finance the acquisition, construction, renovation, installation and equipping of certain community park improvements, including certain community pools and other park improvements.

5,995,000

Revenue Bonds

In 2007, the City issued \$25,930,000 of Taxable Economic Development Revenue Bonds, Series 2007 with principal payable in annual installments on February 1 of each year and interest rates at 7.50%, payable semiannually on February 1 and August 1. The final principal and interest payment is due February 1, 2029. The bonds are paid by TIF revenues. The bond proceeds were used to finance retail development of an area previously used as a golf course.

24,990,000

In 2014, the City issued \$2,000,000 of Economic Development Revenue Bonds, Series 2014 with principal and interest payable in semi-annual installments on February and August 1 of each year and interest rates at 4.00%. The final principal and interest payment is due August 1, 2033. The bonds are paid by TIF revenues. The bond proceeds were used to finance infrastructure projects in the Hammond Roby Allocation Area.

1,530,000

In 2017, the City issued \$6,630,000 of Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2017 with principal and interest payable in semi-annual installments on January and July 1 of each year and interest rates ranging from 2.00% to 4.00%. The final principal and interest payment is due January 15, 2024. The bonds are paid by TIF revenues. The bond proceeds were used to advance refund the City's Economic Development Revenue Bonds, Series 2012.

1,395,000

In, 2018, the City issued \$5,850,000 of Economic Development Revenue Bonds, Series 2018A with principal and interest payable in semi-annual installments on February and August 1 of each year and interest rates ranging from 3.00% to 5.00%. The final principal and interest payment is due February 1, 2040. The bonds are paid by TIF revenues. The bond proceeds were used to finance various acquisition, construction, equipping and installation of economic development facilities in the Gateways Allocation Area and call the City's Economic Development Revenue Bonds, Series 2015A.

5,595,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

In 2018, the City issued \$4,170,000 of Economic Development Revenue Bonds, Series 2018B with principal and interest payable semiannually on January and July 15 with interest rates ranging from 3.00% to 5.00%. The bonds are paid by TIF revenues. The final principal and interest payment is due January 15, 2037. The bond proceeds were used to finance various acquisition, construction, equipping and installation of economic development facilities in the Hammond Central Allocation Area.

\$ 4,170,000

In 2019, the City authorized the issuance of \$8,040,000 of Taxable Economic Development Revenue Bonds, Series 2019 with principal and interest payable semiannually on February and August 1 with interest rates at 4.00%. During fiscal year 2019, \$5,000,000 was issued and the remaining \$3,040,000 was drawn during 2020. The first principal payment is due August 1, 2023 and the final principal and interest payment is due February 1, 2044. The bonds are paid by TIF revenues. The bond proceeds were used to finance the construction of a data center and technology hub.

8,040,000

In 2021, the City issued \$2,910,000 of Taxable Economic Development Revenue Bonds, Series 2021A with principal and interest payable in semi-annual installments on January and July 1 with interest rates at 4.20%. The final principal and interest payment is due January 15, 2046. The bonds are paid by TIF revenues. The bond proceeds were used to finance the infrastructure projects in the Downtown No. 1 Urban Renewal Allocation Area.

2,910,000

Total Revenue Bonds

48,630,000

Revenue Bonds - Direct Placement

In 2013, the City issued \$2,265,000 of Economic Development Revenue Bonds, Series 2013 with principal and interest payable in semi-annual installments on January and July 1 of each year and interest rates at 4.50%, payable semiannually on June 1 and December 1. The final principal and interest payment is due January 15, 2036. The bond proceeds were used to purchase land and to construct and equip a manufacturing warehouse facility on that land.

1,560,000

In 2021, the City issued \$19,585,000 of Taxable Bond Bank Refunding Bonds, Series 2021B with principal and interest payable in semi-annual installments on January and July 1 of each year and interest rates at 3.25%. The final principal and interest payment is due July 15, 2030. The bonds are paid by water and gaming revenues. The bond proceeds were used to current refund the City's Taxable Economic Development Revenue Bonds, Series 2015A.

17,590,000

In 2022, the City issued \$6,425,000 of Taxable Economic Development Revenue Bonds, Series 2022 with principal and interest payable in semi-annual installments on January and July 1 with interest rates at 7.28%. The final principal and interest payment is due January 15, 2046. The bonds are paid by TIF revenues. The bond proceeds were used to finance the renovation and development in the Downtown Allocation Area.

6,425,000

Total Revenue Bonds - Direct Placement

25,575,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Conduit Debt

In 2016, the City issued \$9,175,000 of Economic Development Revenue Refunding Bonds, Series 2016A on behalf of the Hammond Urban Academy. The Bonds were issued to refund the Economic Development Revenue Bonds, Series 2010A. The 2010A Bonds were issued to fund construction of the Hammond Urban Academy and the City pledged gaming revenues in order to issue the bonds. The Hammond Urban Academy was responsible for the payment of the 2010A and 2016A bonds, but the City is responsible for any shortfall. Since issuance, the City has made the substantial sum of the payments and are more likely than not to cover the remaining amount outstanding. The 2016A bonds are payable semiannually on January and July 15 with interest at 5.00%. The final principal and interest payment is due on July 15, 2035.

\$ 8,050,000

Notes and Loans Payable

In 2016, the Hammond Redevelopment Commission entered into an Installment Purchase Contract for \$3,750,000. Principal and interest payments are payable semiannually on January 15 and July 15 with an interest rate of 3.48%. The final principal and interest payment is due May 31, 2026. The installment contract proceeds were used to finance the construction of a fire station

2,835,568

In 2017, the City issued \$13,500,000 of Annual Appropriation Notes, Series 2017. Principal and interest payments are payable semiannually on June 30 and December 31 with an interest rate of 3.55%. The final principal and interest payment is due June 30, 2033. The proceeds were used to finance the design and installation of energy cost saving equipment and to provide other services.

10,430,000

In 2017, the City borrowed \$8,219,000 HUD Section 108 Loan, Series 2017. Principal payments are payable annually on August 1 and interest payments are paid semiannually on February and August 1 at rates ranging from 1.49% to 1.51%. The final principal and interest payment is due August 1, 2032. The proceeds were used to finance the design and construction of the Sportsplex

6,491,000

In 2018, the City borrowed \$3,325,000. Principal and interest payments are payable semiannually on June 30 and December 31 with an interest rate of 4.06%. The final principal and interest payment is due June 30, 2034. The proceeds were used to finance the design and installation of energy cost saving equipment and to provide other services.

2,631,551

In 2018, the Hammond Redevelopment Commission entered into an Installment Purchase Contract for \$6,000,000. Principal and interest payments are payable semiannually on January and July 15 with an interest rate of 3.42%. The final principal and interest payment is due July 15, 2025. The proceeds were used to finance the design and construction of the Hammond Sportsplex.

5,112,231

In 2021, the City issued \$13,897,853 of Annual Appropriation Notes, Series 2021. Principal and interest payments are payable semiannually on June 30 and December 31 with an interest rate of 3.62%. The final principal and interest payment is due December 31, 2041. The proceeds were used to finance the design and installation of energy cost saving equipment and to provide other services.

13,593,621

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

In 2021, the City entered into an installment contract with Stryker Financial Services for \$204,011. Principal payments are payable annually with an interest rate of 0.00%. The final principal payment is due November 1, 2045. The proceeds were used to finance the purchase of heart monitors

\$ 122,407

Total Notes and Loans Payable

41,216,378

Lease Liabilities

The City has entered into various leases for equipment and vehicles. Interest rates vary from 8.70% to 11.334% and the end date of the leases are from 2022 through 2028.

9,980,099

Total Governmental Activities

\$ 141,521,477

Business-type Activities

General Obligation Bonds

In 2018, the Sanitary District issued \$19,655,000 of Special Taxing District Refunding Bonds, Series 2018. Principal and interest payments are payable semi-annually on January and July 15 with interest rates ranging from 3.00% to 5.00%. The final principal and interest payment is due July 15, 2030. The bonds were used to refund outstanding balances of the Special Taxing District Bonds, Series 2006A, Special Taxing District Bonds, Series 2007B and Special Taxing District Bonds, Series 2010.

\$ 12,355,000

In 2018, the Sanitary District through the Hammond Local Public Improvement Bond Bank issued \$11,500,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2018C. Principal and interest payments are payable semi-annually on January and July 15 through 2028 and then in annual installments on July 15 with interest rates ranging from 3.75% to 5.00%. The final principal and interest payment is due January 15, 2040. The bonds will be paid by an ad valorem property tax. The bond proceeds were used to refund outstanding balances of the Special Taxing District Bonds, Series 2006A, Special Taxing District Bonds, Series 2007B and Special Taxing District Bonds, Series 2010

10,155,000

In 2021, the Hammond Sanitary Building Corporation issued \$10,535,000 of Taxable Ad Valorem Property Tax First Mortgage Bonds, Series 2021A. Principal and interest payments are payable semi-annually on January and July 15 with interest rate of 2.15%. The final principal and interest payment is due January 15, 2026. The bonds will be paid by wastewater and property tax revenues. The bond proceeds were used for cost related to infrastructure associated with the Madison Loft project.

9,320,000

Total General Obligation Bonds

31,830,000

General Obligation Bonds - Direct Placement

In 2015, the Sanitary District issued \$5,410,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2015C ("Qualified Entity Bonds"). The Qualified Entity Bonds will not be refunded, however, the amortization schedule of the Qualified Entity Bonds will be amended and restated to reflect a lower debt service as a result of the Hammond Bond Bank's refunding of the Series 2015C Bonds and a waiver of certain redemption rights. Principal and interest payments are payable semi-annually on January and July 15 with interest rate of 2.15%. The final principal and interest payment is due January 15, 2026. The bond proceeds were used for improvements to the Southwest Transmission Line.

2,180,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

In 2022, the Water Utility issued \$17,145,000 of Hammond Local Public Improvement Bank Bonds, Series 2022 ("Qualified Entity Bonds"). Principal and interest payments are payable semiannually on January and July 15 with an interest rates from 3.75 to 5.50%. The final principal and interest payment is due January 15, 2029. The bond proceeds were used for improvements to the Waterworks District.

\$ 17,145,000

Total General Obligation Bonds - Direct Placement

19,325,000

Revenue Bonds - Direct Placement

In 2018, the Water Utility issued \$7,500,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2018B. Principal and interest payments are payable semiannually on January and July 15 with an interest rate of 6.50%. The final principal and interest payment is due January 15, 2033. The bond proceeds were used for improvements to the Southwest Water Transmission Line.

5,930,000

Note Payable

In 2013, the Sanitary District entered into revolving loan program with the Indiana Finance Authority for \$52,500,000. Principal and interest payments are payable semiannually on January and July 15 with an interest rate of 2.64%. The final principal and interest payment is due January 15, 2033. The revolving loan proceeds were used to undertake a wastewater treatment system project.

32,410,000

Lease Liabilities

The Sanitary District has entered into various leases for sewer cleaning equipment. The total equipment cost is \$1,094,682 and accumulated amortization is \$495,800. Interest rates vary and the end date of the leases are from 2022 through 2033.

934,351

Total Business-type Activities

\$ 90,429,351

Discretely Presented Component Unit

Port Authority

Revenue Bonds

In 2017, the Port Authority issued \$17,025,000 of Revenue Bonds, Series 2017. Principal and interest payments are payable semiannually on January and July 15 with an interest rate of 3.85%. The final principal and interest payment is due July 15, 2026. The bond proceeds were used for various improvements to the Hammond Marina, Wolf Lake Memorial Park, Lost Marsh and other facilities and/or properties owned and/or operated by the Authority.

\$ 8,285,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Pledged Revenue and Payments

Pledged revenue information for the primary government's and discretely presented component unit's outstanding bonds is as follows:

Debt Issue	Pledged Revenue Source	Interest Rates	Pledged Revenue	Pledge Remaining	Principal and Interest Retired	Commitment End Date	Percentage of Revenue Pledged
Primary Government							
<i>Governmental Activities:</i>							
Series 2007	TIF property taxes	7.50%	\$ 1,351,432	\$ 37,172,625	\$ 1,874,250	2/1/2029	138.69%
Series 2013	TIF property taxes	4.50%	523,187	2,096,183	152,900	1/15/2036	29.22%
Series 2014	TIF property taxes	4.00%	515,648	1,897,700	174,500	8/1/2033	33.84%
Series 2016A	Gaming revenues	5.00%	16,745,637	11,353,750	610,000	7/15/2035	3.64%
Series 2017	TIF property taxes	2.00% to 4.00%	3,424,441	1,440,288	961,369	1/15/2024	28.07%
Series 2018A	TIF property taxes	3.00% to 5.00%	364,025	8,312,016	364,025	2/1/2040	100.00%
Series 2018B	TIF property taxes	3.00% to 5.00%	3,424,441	5,789,353	172,731	1/15/2037	5.04%
Series 2019	TIF property taxes	4.00%	260,800	12,074,400	321,600	2/1/2044	123.31%
Series 2021A	TIF property taxes	4.20%	766,942	4,687,755	119,844	7/15/2046	15.63%
Series 2021B	Gaming revenues	3.25%	16,745,637	20,117,362	2,485,542	7/15/2030	14.84%
Series 2022	TIF property taxes	7.28%	766,942	11,515,424	-	7/15/2046	-
				<u>\$ 116,456,856</u>			
<i>Business-type Activities:</i>							
Series 2018	Net water revenues	4.625% to 5.50%	\$ 20,592,094	\$ 34,969,723	\$ 714,062	12/31/2043	3.47%
<i>Discretely Presented Component Unit:</i>							
Series 2017	Port Authority revenues	3.85%	\$ 2,295,367	<u>\$ 9,018,521</u>	\$ 2,258,547	7/15/2026	98.40%

Debt Service Requirements

Primary Government

The information below does not include the impact of subsequent long-term debt issuances as detailed in Note 14. The future debt service requirements to amortize the outstanding governmental activities debt other than compensated absences, pension liabilities and other postemployment benefits, but including interest, are as follows:

Year Ending	General Obligation Bonds		Revenue Bonds		Notes Payable		Conduit Debt Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31,								
2023	\$ 805,000	\$ 75,000	\$ 1,265,000	\$ 2,816,590	\$ 2,411,591	\$ 1,436,935	\$ 210,000	\$ 399,875
2024	840,000	42,500	1,140,000	2,775,763	2,482,906	1,355,774	220,000	389,250
2025	430,000	8,600	880,000	2,739,373	2,557,775	1,270,391	230,000	378,125
2026	-	-	945,000	2,707,223	5,032,072	1,319,904	425,000	366,500
2027	-	-	1,060,000	2,671,335	2,770,139	1,136,725	630,000	340,500
2028-2032	-	-	31,080,000	6,112,015	15,583,576	3,893,039	3,660,000	1,190,750
2033-2037	-	-	6,035,000	2,046,826	7,270,963	1,365,400	2,675,000	238,750
2038-2042	-	-	4,715,000	773,382	3,107,356	299,894	-	-
2043-2047	-	-	1,510,000	101,630	-	-	-	-
	<u>\$ 2,075,000</u>	<u>\$ 126,100</u>	<u>\$ 48,630,000</u>	<u>\$ 22,744,137</u>	<u>\$ 41,216,378</u>	<u>\$ 12,078,062</u>	<u>\$ 8,050,000</u>	<u>\$ 3,303,750</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Year Ending	Direct Placement								
	General Obligation Bonds		Revenue Bonds		Lease liabilities		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
December 31,									
2023	\$ 835,000	\$ 205,456	\$ 2,045,000	\$ 881,058	\$ 2,179,515	\$ 697,220	\$ 9,751,106	\$ 6,512,134	
2024	865,000	175,548	2,240,000	1,024,685	2,333,278	513,696	10,121,184	6,277,216	
2025	895,000	144,574	2,445,000	940,389	1,885,943	332,530	9,323,718	5,813,982	
2026	930,000	112,535	2,535,000	848,512	1,316,753	213,239	11,183,825	5,567,913	
2027	960,000	79,254	2,625,000	752,859	1,101,704	115,758	9,146,843	5,096,431	
2028-2032	1,510,000	53,871	9,590,000	2,302,315	1,162,906	63,292	62,586,482	13,615,282	
2033-2037	-	-	2,895,000	947,331	-	-	18,875,963	4,598,307	
2038-2042	-	-	570,000	349,076	-	-	8,392,356	1,422,352	
2043-2047	-	-	630,000	107,744	-	-	2,140,000	209,374	
	<u>\$ 5,995,000</u>	<u>\$ 771,238</u>	<u>\$ 25,575,000</u>	<u>\$ 8,153,969</u>	<u>\$ 9,980,099</u>	<u>\$ 1,935,735</u>	<u>\$ 141,521,477</u>	<u>\$ 49,112,991</u>	

The future debt service requirements to amortize the outstanding business-type activities debt other than compensated absences, pension liabilities and other postemployment benefits, but including interest, are as follows:

Year Ending	General Obligation Bonds				Direct Placement			
	General Obligation Bonds		Revenue Bonds		General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31,								
2023	\$ 3,065,000	\$ 1,161,741	\$ 225,000	\$ 462,594	\$ 605,000	\$ 43,645	\$ 445,000	\$ 269,175
2024	3,190,000	1,040,256	540,000	831,787	620,000	30,530	475,000	248,247
2025	3,500,000	911,705	565,000	804,412	635,000	17,146	495,000	226,047
2026	4,060,000	762,038	595,000	775,787	320,000	3,440	515,000	202,921
2027	3,745,000	585,299	625,000	745,662	-	-	540,000	178,872
2027-2031	11,390,000	1,314,004	3,580,000	3,278,052	-	-	3,110,000	490,105
2032-2036	2,385,000	226,839	4,510,000	2,341,829	-	-	350,000	8,094
2037-2041	495,000	23,347	5,835,000	1,014,389	-	-	-	-
2042-2046	-	-	670,000	16,750	-	-	-	-
	<u>\$ 31,830,000</u>	<u>\$ 6,025,229</u>	<u>\$ 17,145,000</u>	<u>\$ 10,271,262</u>	<u>\$ 2,180,000</u>	<u>\$ 94,761</u>	<u>\$ 5,930,000</u>	<u>\$ 1,623,461</u>

Year Ending	Notes Payable		Lease liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	December 31,					
2023	\$ 2,725,000	\$ 837,738	\$ 239,747	\$ 21,827	\$ 7,304,747	\$ 2,796,720
2024	2,790,000	765,402	163,963	26,673	7,778,963	2,942,895
2025	2,865,000	691,218	170,259	20,376	8,230,259	2,670,904
2026	2,940,000	615,120	176,797	13,838	8,606,797	2,373,144
2027	3,015,000	537,042	183,585	7,050	8,108,585	2,053,925
2027-2031	16,320,000	1,439,790	-	-	34,400,000	6,521,951
2032-2036	1,755,000	23,166	-	-	9,000,000	2,599,928
2037-2041	-	-	-	-	6,330,000	1,037,736
2042-2046	-	-	-	-	670,000	16,750
	<u>\$ 32,410,000</u>	<u>\$ 4,909,476</u>	<u>\$ 934,351</u>	<u>\$ 89,764</u>	<u>\$ 90,429,351</u>	<u>\$ 23,013,953</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Discretely Presented Component Unit

The future debt service requirements to amortize the outstanding discretely presented component unit debt other than compensated absences, pension liabilities and other postemployment benefits, but including interest, are as follows:

Year Ending December 31,	Port Authority	
	Revenue	
	Bonds	
	Principal	Interest
2023	1,955,000	300,300
2024	2,030,000	224,358
2025	2,110,000	145,434
2026	2,190,000	63,429
	<u>\$ 8,285,000</u>	<u>\$ 733,521</u>

Note 7. Employee Retirement Systems

Substantially all City employees are covered under one of the following employee retirement plans. The total aggregate amounts, for all City plans, of employer's pension liability (asset), deferred outflows of resources, deferred inflows of resources and pension expenditures (income) for the period associated with net pension liabilities (assets) reported in governmental activities is as follows:

	Net Pension Liability	Pension Expense (Income)	Deferred Outflows	Deferred Inflows
Primary Government:				
<u>Governmental activities:</u>				
Public Employees Retirement Fund	\$ 7,759,373	\$ (661,309)	\$ 3,260,598	\$ 451,722
1977 Police Officers and Firefighters Pension and Disability Fund	18,522,214	(229,432)	26,080,202	1,989,714
1925 Police Officers' Pension Plan	50,033,838	(7,346,284)	-	274
1937 Firefighters' Pension Plan	35,879,050	(4,452,826)	-	-
Total governmental activities	<u>112,194,475</u>	<u>(12,689,851)</u>	<u>29,340,800</u>	<u>2,441,710</u>
<u>Business-type activities:</u>				
Public Employees Retirement Fund				
Water Utility	2,219,667	296,061	988,919	141,216
Sanitary District	2,952,933	355,094	1,219,189	175,273
Total business-type activities	<u>5,172,600</u>	<u>651,155</u>	<u>2,208,108</u>	<u>316,489</u>
<u>Discretely presented component unit:</u>				
Public Employees Retirement Fund				
Port Authority	699,835	69,007	310,727	49,507
	<u>\$ 118,066,910</u>	<u>\$ (11,969,689)</u>	<u>\$ 31,859,635</u>	<u>\$ 2,807,706</u>

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund

Plan Description

The primary government and the Discretely Presented Component Unit (Port Authority) contribute to the Indiana Public Employees' Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan. PERF provides retirement, disability, and survivor benefits to plan members and beneficiaries. All regular full-time employees of the primary government and Port Authority who are not covered by another plan are eligible to participate. State statutes (Indiana Code 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the primary government and Port Authority to contribute to the plan. The PERF retirement benefit is a hybrid plan that consists of two components: PERF DB, a monthly employer-funded defined benefit component and PERF DC, a member-funded account which is an annuity provided by the member's annuity savings account (ASA). The annuity savings account consists of member's contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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 is available online at <http://www.inprs.in.gov>.

Benefits Provided

The PERF retirement benefit consists of the sum of a defined pension benefit provided by contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the pension benefit.

A member who has reached age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal pension benefit, which remains the same for the member's lifetime.

The PERF plan also provides disability benefits to members. A member who has at least 5 years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer provided disability insurance benefits may retire for the duration of the disability if they have qualified for social security disability benefits and furnish proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. Also, under certain circumstances, upon the death in service of a member, a survivor benefit may be paid to a surviving spouse or surviving dependent children under the age of 18.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

The monthly pension benefits for members in pay status may be increased periodically as cost-of-living adjustments (COLA), however, such increases are not guaranteed by statute and have historically been provided on an “ad hoc” basis. These increases can only be granted by the Indiana General Assembly.

Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 3 percent of their annual covered payroll. The primary government and Port Authority’s contractually required contribution rate for the year ended December 31, 2022 was 11.2 percent of annual covered payroll. Contributions to the plan from the primary government and the Port Authority were \$3,213,263 and \$163,216, respectively, for the year ended December 31, 2022.

Net Pension Liability

On December 31, 2022, the primary government and Port Authority reported a combined liability of \$5,473,005 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The primary government and Port Authority’s proportion of the net pension liability was based on their respective actuarially required contribution for the year ended December 31, 2022, relative to all other contributing employers. On June 30, 2022, the primary government and discretely presented component unit proportionate share and change from prior year’s proportionate share was as follows:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented
		Water District	Sanitary District		Component Unit Port Authority
Proportionate share at June 30, 2022	0.24603%	0.07038%	0.09363%	0.41004%	0.02219%
Increase/decrease from proportionate share at June 30, 2021	0.01004%	0.00267%	0.00383%	0.01654%	-0.00024%

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

For the year ended December 31, 2022, the City recognized pension expense (income) as follows:

<u>Primary Government</u>	
Governmental Activities	\$ 1,013,604
Business Type Activities:	
Water Utility	296,061
Sanitary District	355,094
Discretely presented component unit:	
Port Authority	69,007
	<u>\$ 1,733,766</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government			Total Primary Government	Discretely Presented Component Unit Port Authority
	Governmental Activities	Business-type Activities Water Utility	Sanitary District		
Deferred Outflows of Resources to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience	\$ 167,320	\$ 47,864	\$ 63,676	\$ 278,860	\$ 15,091
Changes of assumptions	1,050,968	273,930	364,423	1,689,321	94,789
Net difference between projected and actual earnings on pension plan investments	957,589	300,643	399,960	1,658,192	86,367
Change in proportion (recognized in current year expense)	209,840	111,173	86,014	407,027	3,836
Total deferred outflows to be recognized in expense in future periods	2,385,717	733,610	914,073	4,033,400	200,083
Subsequent contributions	874,881	255,309	305,116	1,435,306	110,644
Total deferred outflows	\$ 3,260,598	\$ 988,919	\$ 1,219,189	\$ 5,468,706	\$ 310,727
Deferred Inflows of Resources to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience	\$ 29,510	\$ 8,442	\$ 11,230	49,182	\$ 2,662
Changes of assumptions	331,972	-	-	331,972	29,941
Net difference between projected and actual earnings on pension plan investments	-	94,965	126,336	221,301	-
Change in proportion (recognized in current year expense)	90,240	37,809	37,707	165,756	16,904
Total deferred inflows to be recognized in expense in future periods	\$ 451,722	\$ 141,216	\$ 175,273	\$ 768,211	\$ 49,507

The primary government reported \$1,435,306 and the Port Authority reported \$110,644 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government			Total Primary Government	Discretely Presented Component Unit Port Authority
	Governmental Activities	Business-type Activities Water Utility	Sanitary District		
Net deferred inflows of resources as of December 31,					
2023	\$ 343,347	\$ 112,102	\$ 132,033	\$ 587,482	\$ 18,389
2024	674,993	218,545	257,044	1,150,582	55,101
2025	(97,288)	(28,017)	(35,767)	(161,072)	(14,273)
2026	1,012,943	289,764	385,490	1,688,197	91,359
Total	\$ 1,933,995	\$ 592,394	\$ 738,800	\$ 3,265,189	\$ 150,576

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Actuarial Assumptions

The total pension liability (asset) in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Measurement date	June 30, 2022
Valuation date	
Assets	June 30, 2022
Liabilities	June 30, 2021, rolled forward to June 30, 2022
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.25%, net of investment expenses
Amortization method	20-year level dollar closed method (30 years for layers established prior to June 30, 2016)
Inflation	2.00%
Future salary increases	2.65% - 8.65%, based on service
Cost-of-living increases	Members in pay were granted a 1.00% COLA effective January 1, 2022 for the next biennium. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	General Employee table with a 3 year set forward for males and a 1 year set forward for females.
Retirees	General Retiree table with a 3 year set forward for males and a 1 year set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females.
Disabled	General Disabled table with a 140% load.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

Assumption changes

- The following assumptions changed from the prior year:
- The investment return assumption was lowered to 6.25% from 6.75%
- Price inflation was lowered to 2.00% from 2.25%
- General wage inflation was lowered to 2.65% from 2.75%

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.40% for fiscal years 2022 and 2023 but does not change the assumption for future years.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Discount Rate

The long-term return expectation on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.25 percent selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	20%	3.6%
Private markets	15%	7.7%
Fixed income - ex inflation-linked	20%	1.4%
Fixed income - inflation-linked	15%	-0.3%
Commodities	10%	0.9%
Real estate	10%	3.7%
Absolute return	5%	2.1%
Risk parity	20%	3.8%
Leverage offset ⁽¹⁾	-15%	-1.7%
Total	100%	

⁽¹⁾ The target benefit plan's target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

The discount rate used to measure the total pension liability is 6.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the greater of 11.2 percent of covered payroll or a rate equal to the actuarially determined contribution rate. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 6.25 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
City of Hammond	\$ 13,108,421	\$ 7,759,373	\$ 3,297,877
Water Utility	3,749,830	2,219,667	943,400
Sanitary District	4,988,585	2,952,933	1,255,051
Port Authority	1,182,278	669,835	297,443
Net pension liability	\$ 23,029,114	\$ 13,601,808	\$ 5,793,771

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at <https://www.in.gov/inprs/publications/actuarial-valuation-reports/>. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund), a cost-sharing multiple-employer plan administered by the Indiana Public Employees' Retirement System (INPRS) Board of Trustees, provides pensions for all full-time sworn police officers and firefighters hired after April 30, 1977, as defined in accordance with Indiana Code 36-8-8. The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund (Continued)

Benefits Provided

Plan members vest after 20 years of service. A member who retires at or after age 52 with 20 years of service will receive a benefit equal to 52 percent of the salary of a first-class officer or firefighter plus a percent of that salary for each six (6) months of active service over 20 years to a maximum of 12 years. At age 50, a member with 20 years of service may elect to receive a benefit reduced by a factor established by the fund's actuary.

The monthly pension benefits for members in pay status may be increased annually as cost-of-living adjustments (COLA), in accordance with statute (Indiana Code 36-8-8-15). Members are also entitled to an annual increase in their benefits based on the percentage increase in the Consumer Price Index (January-March); however, the maximum increase is 3.0 percent.

The 1977 Fund also provides disability benefits to active members. When an active member files an application for disability benefits, a determination is made by the local pension board, and reviewed by the INPRS Board of Trustees, as to whether the member has a covered impairment and whether or not it was incurred in the line of duty. The amount of disability benefit is based on when the member was first hired, the type of impairment, and other factors. Also, the heirs or estate of a fund member may be entitled to receive a \$12,000 death benefit upon the member's death.

If a member dies while receiving retirement or disability benefits, the member's surviving spouse is entitled to receive a benefit equal to 70% of the member's monthly benefit during the spouse's lifetime assuming the death did not occur in the line-of-duty. Each of a member's surviving children is entitled to a monthly benefit equal to 20 percent of the member's monthly benefit to age 18, or age 23, if a full-time student. If there are no eligible surviving spouse or children, a dependent parent(s) may receive 50 percent of the member's monthly benefit during their lifetime.

Contributions

Per Indiana State statute (IC 36 8 8 and IC 36 8 8.5), the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 6 percent of the salary of a first-class officer or firefighter. The City's contractually required contribution rate for the year ended December 31, 2021 was 17.5 percent of the salary of a first-class officer or firefighter. Contributions to the plan from the City were \$5,091,816 for the year ended December 31, 2022.

Net Pension Liability

On December 31, 2022, the City reported a net pension liability of \$18,522,214 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's actuarially required contribution for the year ended December 31, 2022 relative to all other contributing employers. On June 30, 2022, the City's proportion was 2.85902 percent, which was an increase of 0.11422 percent from its proportion measured as of June 30, 2021.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund (Continued)

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

For the year ended December 31, 2022, the City recognized pension expense of \$4,863,384. On December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows/Inflows of Resources to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 9,472,911	\$ 258,463
Changes of assumptions	5,895,204	-
Net difference between projected and actual earnings on pension plan investments	7,903,467	1,460,709
Change in proportion (recognized in current year expense)	256,987	270,542
Total deferred amounts to be recognized in expense in future periods	23,528,569	1,989,714
Subsequent contributions	2,551,633	-
	<u>\$ 26,080,202</u>	<u>\$ 1,989,714</u>

The City reported \$2,551,633 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Total
Net deferred inflows of resources as of December 31,	
2023	\$ 2,175,716
2024	3,192,059
2025	1,899,432
2026	8,745,036
2027	2,408,797
Thereafter	3,117,815
Total	<u>\$ 21,538,855</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund (Continued)

Actuarial Assumptions

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

Measurement date	June 30, 2022
Valuation date	
Assets	June 30, 2022
Liabilities	June 30, 2021, rolled forward to June 30, 2022
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.25%, net of investment expenses
Amortization method	20-year level dollar closed method
Inflation	2.00%
Future salary increases	2.65%
Cost-of-living increases	1.95% compounded annually, beginning July 1, 2023. Actual COLA increases at July 1, 2022 (3.00%) and July 1, 2021 (1.90%) are reflected in the valuation.
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3 year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3 year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females.
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund (Continued)

Discount Rate

The long-term return expectation on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.25 percent selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	20%	3.6%
Private markets	15%	7.7%
Fixed income - ex inflation-linked	20%	1.4%
Fixed income - inflation-linked	15%	-0.3%
Commodities	10%	0.9%
Real estate	10%	3.7%
Absolute return	5%	2.1%
Risk parity	20%	3.8%
Leverage offset ⁽¹⁾	-15%	-1.7%
Total	100%	

⁽¹⁾ The target benefit plan's target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

The discount rate used to measure the total pension liability is 6.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the greater of 17.5 percent of covered payroll or a rate equal to the actuarially determined contribution rate. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 6.25 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund (Continued)

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net pension liability (asset)	\$ 55,533,439	\$ 18,522,214	\$ (11,351,533)

Assumption Changes

There were no changes in assumptions since the prior year.

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at <https://www.in.gov/inprs/actuarialvaluation.htm>. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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 (Indiana Code 36-8-6). The pension board consists of nine members. Three are members by virtue of office: the Mayor, the City Controller, and the Police Chief. Five members are elected representatives of the active membership of the police department, and one additional member, a retired officer, is elected. The plan was established and may be amended 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, the financial statements are included within this report. The plan is closed to new entrants.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 70 percent continuation to the surviving beneficiary assuming the death did not occur in the line-of-duty. The benefit provisions of the 1925 Police Officers' Pension Plan for non-converted members are set forth in Indiana Code 36-8-6. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully paid police officers who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Unreduced retirement benefits are payable upon meeting 20 years of creditable service for non-converted members and age 52 with 20 years of creditable service for converted members. The retirement benefit is calculated as 50 percent (52 percent for converted members) of the base salary of a First-Class Police Officer with 20 years of service plus an additional 1 percent for each completed 6 months of service over 20 years up to a maximum of 74 percent (76 percent for converted members). Converted members can elect to receive their benefits earlier at age 50, where the benefit will be reduced by 7 percent between age 50 and 52. Benefits are fully vested when the officer completes 20 years of service.

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55 percent of the monthly salary (with longevity pay) of a First-Class Patrolman. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member had retired. If a converted member does not have twenty years of service or is not at least age fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability. In cases of catastrophic physical personal injuries that result in a degree of impairment of at least 67 percent and permanently prevents the member from performing any gainful work, the member will receive an enhanced disability benefit equal to 100 percent of base salary. Additionally, the benefit is increased by any increase in the base salary after commencement.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50 percent of a First-Class Patrolman salary, with longevity, or from 55-100 percent of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued retirement benefit determined as of the termination date and payable commencing on the normal retirement date. If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the first-class salary as approved by the employer. Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3 percent maximum and 0 percent minimum.

Employees Covered by Benefit Terms

On December 31, 2022, there were 125 members in the plan who were retirees and beneficiaries currently receiving benefits.

Contributions

Plan members are required by state statute (IC 36 8 6 4) to contribute an amount equal to six percent of the salary of a first-class patrolman. The contribution requirements of plan members are established by state statute. There are no active members in the plan and no employee contributions were made to the plan during the year ending December 31, 2022.

The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$5,990,725 during 2022 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund and contributions and benefit payments in the Police Pension Fund.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2021	\$ 59,405,406	\$ 2,025,559	\$ 57,379,847
Changes for the year:			
Interest on the total pension liability	943,688	-	943,688
Actuarial experience	11,047,641	-	11,047,641
Changes of assumptions	(13,325,063)	-	(13,325,063)
Employer contributions	-	2,307	(2,307)
Contributions - non-employer contributing entity ¹	-	5,990,725	(5,990,725)
Projected benefit payments ²	(5,123,686)	-	(5,123,686)
Benefit payments	-	(5,087,451)	5,087,451
Administrative and project expenses	-	(16,992)	16,992
Net changes	(6,457,420)	888,589	(7,346,009)
Balances at December 31, 2022	<u>\$ 52,947,986</u>	<u>\$ 2,914,148</u>	<u>\$ 50,033,838</u>

¹ Equal to distributions received by the employer from the Pension Relief Fund

² Projected benefit payments, rather than actual benefit payments, were used in the liability roll forward due to fluctuation in actual benefit payments caused by one-time DROP payments and lump sum death benefits

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

For the year ended December 31, 2022, the City recognized pension income of \$1,334,009. On December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows of Resources to be Recognized in Pension Expense in Future Periods		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 274

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and therefore will not be included in future pension expense):

	Total
Net deferred inflows of resources as of December 31, 2023	\$ 274

Actuarial Assumptions

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

Measurement date	December 31, 2022
Valuation date	January 1, 2022
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	4.12%
Price inflation	2.00%
Cost-of-living adjustment:	
Non-converted	2.65% per year in retirement beginning July 1, 2022.
Converted	1.95% per year in retirement beginning July 1, 2023. The actual cost-of-living increase of 3.00% effective July 1, 2022 is reflected in the liability valuations at January 1, 2022.
Mortality assumption:	Pub-2010 Public Retirement Plans Mortality Tables (Amount-weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3-year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3-year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2-year set forward for females
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- *Discount rate:* The discount rate used for the December 31, 2022 valuation was 4.12 percent, as directed by INPRS, based on the Barclay's 20-year Municipal Bond Index as of December 31, 2022. This is an increase from the 1.39 percent used for the December 31, 2021 valuation.
- *Cost-of-living-adjustment (COLA):* For converted members, the July 1, 2022 COLA of 3.00 percent was used in place of the ongoing valuation assumption to reflect the know increase. Beginning July 1, 2023, the assumption reverts to the assumed annual rate of 1.95 percent.

Discount Rate

The discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of the retirees and beneficiaries currently receiving benefits. Therefore, the discount rate incorporates a municipal bond rate which was 4.12 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond.

Investment Rate of Return

The fiduciary net position was projected to be depleted immediately. Therefore, there is no expected return on the Plan's assets.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 4.12 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.12%	Current Discount Rate 4.12%	1% Increase 5.12%
Net pension liability	\$ 54,324,643	\$ 50,033,838	\$ 46,285,233

Note 7. Employee Retirement Funds (Continued)

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 (Indiana Code 36-8-7). The pension board consists of eight members, which include the Mayor, the Fire Chief, the Pension Secretary, four trustees elected from active members, and one trustee elected from retired members. The plan was established and may be amended 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, the financial statements are included within this report.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 70% continuation to the surviving beneficiary. The benefit provisions of the 1937 Firefighters' Pension Plan for non-converted members are set forth in Indiana Code 36-8-7. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully paid firefighters who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Unreduced retirement benefits are payable upon meeting 20 years of creditable service for non-converted members and age 52 with 20 years of creditable service for converted members. The retirement benefit is calculated as 50 percent (52 percent for converted members) of the base salary of a First-Class Firefighter with 20 years of service plus an additional 1 percent for each completed 6 months of service over 20 years up to a maximum of 74 percent (76 percent for converted members). Converted members can elect to receive their benefits earlier at age 50, where the benefit will be reduced by 7 percent between age 50 and 52. Benefits are fully vested when the officer completes 20 years of service.

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55 percent of the monthly salary (with longevity pay) of a First-Class Firefighter. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member had retired. If a converted member does not have twenty years of service or is not at least age fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability. In cases of catastrophic physical personal injuries that result in a degree of impairment of at least 67 percent and permanently prevents the member from performing any gainful work, the member will receive an enhanced disability benefit equal to 100 percent of base salary. Additionally, the benefit is increased by any increase in the base salary after commencement.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50 percent of a First-Class Firefighter's salary, with longevity, or from 55-100 percent of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued retirement benefit determined as of the termination date and payable commencing on the normal retirement date. If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the First-Class Firefighter's salary as approved by the employer. Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3 percent maximum and 0 percent minimum.

Employees Covered by Benefit Terms

At December 31, 2022, there were 105 members in the plan who were retirees and beneficiaries currently receiving benefits.

Contributions

Plan members are required by state statute (IC 36 8 7 8) to contribute an amount equal to six percent of the salary of a first-class firefighter. The contribution requirements of plan members are established by state statute. There are no active members in the plan and no employee contributions were made to the plan during the year ending December 31, 2022.

The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$5,047,176 during 2022 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund and contributions and benefit payments in the Fire Pension Fund.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2021	\$ 43,245,598	\$ 2,913,722	\$ 40,331,876
Changes for the year:			
Interest on the total pension liability	699,471	-	699,471
Plan amendments	-	-	-
Actuarial experience	9,226,920	-	9,226,920
Changes of assumptions	(9,259,791)	-	(9,259,791)
Contributions - non-employer contributing entity ¹	-	5,047,176	(5,047,176)
Projected benefit payments ²	(4,301,755)	-	(4,301,755)
Benefit payments	-	(4,206,502)	4,206,502
Administrative and project expenses	-	(23,003)	23,003
Net changes	<u>(3,635,155)</u>	<u>817,671</u>	<u>(4,452,826)</u>
Balances at December 31, 2022	<u>\$ 39,610,443</u>	<u>\$ 3,731,393</u>	<u>\$ 35,879,050</u>

¹ Equal to distributions received by the employer from the Pension Relief Fund

² Projected benefit payments, rather than actual benefit payments, were used in the liability roll forward due to fluctuation in actual benefit payments caused by one-time DROP payments and lump sum death benefits

Pension Expense (Benefit) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the City recognized pension expense of \$666,600. On December 31, 2022, the City reported no remaining unamortized deferred outflow of resources or deferred inflows of resources.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Actuarial Assumptions

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

Measurement date	December 31, 2022
Valuation date	January 1, 2022
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	4.12%
Price inflation	2.00%
Cost-of-living adjustment:	
Non-converted	2.65% per year in retirement beginning July 1, 2022.
Converted	1.95% per year in retirement beginning July 1, 2023. The actual cost-of-living increase of 3.00% effective July 1, 2022 is reflected in the liability valuations at January 1, 2022.
Mortality assumption:	Pub-2010 Public Retirement Plans Mortality Tables (Amount-weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3-year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3-year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2-year set forward for females
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of the retirees and beneficiaries currently receiving benefits. Therefore, the discount rate incorporates a municipal bond rate which was 4.12 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond rate as of December 31, 2022.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- *Discount rate:* The discount rate used for the December 31, 2022 valuation was 4.12 percent, as directed by INPRS, based on the Barclay's 20-year Municipal Bond Index as of December 31, 2022. This is an increase from the 1.39 percent used for the December 31, 2021 valuation.
- *Cost-of-living-adjustment (COLA):* For converted members, the July 1, 2022 COLA of 3.00 percent was used in place of the ongoing valuation assumption to reflect the know increase. Beginning July 1, 2023, the assumption reverts to the assumed annual rate of 1.95 percent.

Investment Rate of Return

The fiduciary net position was projected to be depleted immediately. Therefore, there is no expected return on the Plan's assets.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 4.12 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.12%	Current Discount Rate 4.12%	1% Increase 5.12%
Net pension liability	\$ 38,874,595	\$ 35,879,050	\$ 33,249,080

City of Hammond, Indiana

Notes to Financial Statements

Note 8. Pension Trust Funds – Financial Data

Combining Schedule of Fiduciary Net Position - Pension Trust Funds

	1925 Fund	1937 Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 2,914,148	\$ 3,731,393	\$ 6,645,541
Liabilities			
Accounts payable	-	-	-
Net Position			
Restricted for pensions	\$ 2,914,148	\$ 3,731,393	\$ 6,645,541

Combining Schedule of Changes in Fiduciary Net Position - Pension Trust Funds

	1925 Fund	1937 Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 5,994,225	\$ 5,050,676	\$ 11,044,901
Miscellaneous	2,307	10,744	13,051
Total contributions	<u>5,996,532</u>	<u>5,061,420</u>	<u>11,057,952</u>
Investment income:			
Interest	-	-	-
Total additions	<u>5,996,532</u>	<u>5,061,420</u>	<u>11,057,952</u>
Deductions			
Benefits	5,087,451	4,217,246	9,304,697
Administrative expenses	20,492	26,503	46,995
Total deductions	<u>5,107,943</u>	<u>4,243,749</u>	<u>9,351,692</u>
Changes in net position	888,589	817,671	1,706,260
Net position restricted for pensions:			
January 1, 2022	<u>2,025,559</u>	<u>2,913,722</u>	<u>4,939,281</u>
December 31, 2022	<u>\$ 2,914,148</u>	<u>\$ 3,731,393</u>	<u>\$ 6,645,541</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan

Plan Description. The City's single employer defined benefit plan (Plan) provides comprehensive medical, dental, vision and life insurance benefits to eligible retirees and their dependents. To be eligible, employees must attain age 60 with 15 years of service or age 65 with 10 years of service to be eligible for lifetime health insurance benefits during retirement. The Plan is a single employer defined benefit OPEB plan administered by the City of Hammond. The employees and retirees of the Hammond Housing Authority, a related organization, participate in the City's OPEB plan. The Authority's portion of the Plan is not included in the primary government financial statements. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided: The Plan provides healthcare, dental, vision and life insurance benefits for retirees and their dependents. The benefits provide for pre-Medicare retirees and spouses, two health benefit options are available, all of these options are self-funded. Upon Medicare eligibility, health coverage is provided through a community-rated Medicare Supplement Plan.

Employees Covered by Benefit Terms. On December 31, 2022, membership in the plan consisted of the following:

	<u>Membership</u>
Retirees and beneficiaries currently receiving benefits	487
Active Plan members	<u>640</u>
Total membership	<u><u>1,127</u></u>

Actuarial Assumptions

The following are the methods and assumptions used to determine the total OPEB liability at December 31, 2022:

Measurement date	December 31, 2022
Valuation date	January 1, 2023.
	Liabilities as of December 31, 2022 are based on an actuarial valuation date of January 1, 2023 with no adjustments.
Actuarial cost method	Entry age normal - level percentage of salary
Discount rate	4.31 percent as of December 31, 2022 and 2.25 percent as of January 1, 2022
Payroll growth	2.65 percent
Inflation rate	2.00 percent
Mortality assumptions:	
General employees and retirees	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Public Safety employees and retirees	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
Surviving spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021
Health care trend rates:	
Medical	7.5 percent in 2023, decreasing to an ultimate trend rate of 4.5 percent in 2029
Dental/vision	Dental premium rates are assumed to increase by 4.00 percent annually. Vision premium rates are assumed to increase by 3.00 percent annually.

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

The following actuarial assumptions were changed from the prior year:

- The discount rate was changed from 2.25 percent to 4.31 percent to reflect the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/As or higher as of December 31, 2022.
- Health care trend rates for dental and vision have been updated to 4.0 percent annually and 3.0 percent annually, respectively.
- Mortality tables have been updated from using improvement Scale MP-2020 to scale MP-2021.
- The payroll growth assumption has been updated to follow the scales used for the Indiana Public Retirement System Public Employees' Retirement Fund (INPRS PERF) actuarial valuation as of June 30, 2022.

	<u>Total Post-employment Benefit Liability</u>
Balances at January 1, 2022	<u>\$ 288,507,064</u>
Changes for the year:	
Service cost	10,087,802
Interest on total post-employment liability	6,642,393
Differences between expected and actual experience	(66,270,936)
Changes of assumptions	(61,794,885)
Benefit payments	<u>(6,792,614)</u>
Net changes	<u>(118,128,240)</u>
Balances at December 31, 2022	<u><u>\$ 170,378,824</u></u>

The Plan's actuarial valuation includes the Hammond Housing Authority, which is a related organization. The actuarial valuation does not provide detail on the Authority's specific changes for the year. The Authority's balance of Total OPEB liability was \$1,672,492 at January 1, 2022 and \$829,473 at December 31, 2022. The Authority's net change for the year-ended December 31, 2022 was \$843,019.

The liability is reported as follows as of December 31, 2022 as follows:

Governmental Activities	\$ 143,682,154
Business-type Activities:	
Sanitary District	16,107,053
Water Utility	6,870,705
Discretely Presented Component Unit:	
Port Authority	<u>2,889,439</u>
	<u><u>\$ 169,549,351</u></u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.31%	Current Discount Rate 4.31%	1% Increase 5.31%
Governmental Activities	\$ 169,290,262	\$ 143,682,154	\$ 124,340,489
Business-type Activities:			
Sanitary District	18,977,773	16,107,053	13,938,814
Water Utility	8,095,254	6,870,705	5,945,810
Discretely Presented Component Unit			
Port Authority	3,404,418	2,889,439	2,500,480
Total other post-employment benefit liability	<u>\$ 199,767,707</u>	<u>\$ 169,549,351</u>	<u>\$ 146,725,593</u>

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease ¹	Current Healthcare Cost Trend Rate	1% Increase ²
Governmental Activities	\$ 122,253,871	\$ 143,682,154	\$ 172,586,505
Business-type Activities:			
Sanitary District	13,704,900	16,107,053	19,347,288
Water Utility	5,846,031	6,870,705	8,252,876
Discretely Presented Component Unit			
Port Authority	2,458,518	2,889,439	3,470,705
Total other post-employment benefit liability	<u>\$ 144,263,320</u>	<u>\$ 169,549,351</u>	<u>\$ 203,657,374</u>

¹ For medical premiums, 6.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 3.50 percent in 2028. Dental premiums increase by 3.00 percent annually; vision premiums increase by 2.00 percent annually.

² For medical premiums, 8.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 5.50 percent in 2028. Dental premiums increase by 5.00 percent annually; vision premiums increase by 4.00 percent annually.

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

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

For the year ended December 31, 2022, the City recognized OPEB expense in the financial statements as follows:

Governmental Activities	\$ 6,678,974
Business-type Activities:	
Sanitary District	454,716
Water Utility	30,009
Discretely Presented Component Unit:	
Port Authority	<u>264,608</u>
	<u><u>\$ 7,428,307</u></u>

At December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Sanitary District	Water Utility		
Deferred outflows of resources to be recognized in other post-employment benefit in future periods					
Differences between expected and actual experience	\$ 17,308,358	\$ 1,940,301	\$ 827,665	\$ 20,076,324	\$ 348,070
Changes of assumptions	40,893,733	4,584,268	1,955,488	47,433,489	822,371
Change in proportion (recognized in current year expense)	<u>5,075,253</u>	<u>2,771,210</u>	<u>1,889,344</u>	<u>9,735,807</u>	<u>794,686</u>
	<u><u>\$ 63,277,344</u></u>	<u><u>\$ 9,295,779</u></u>	<u><u>\$ 4,672,497</u></u>	<u><u>\$ 77,245,620</u></u>	<u><u>\$ 1,965,127</u></u>
Deferred inflows of resources to be recognized in other post-employment benefit in future periods					
Differences between expected and actual experience	\$ 51,492,747	\$ 5,772,439	\$ 2,462,320	\$ 59,727,506	\$ 1,035,516
Changes of assumptions	50,977,774	5,714,709	2,437,695	59,130,178	1,025,160
Change in proportion (recognized in current year expense)	<u>5,283,472</u>	<u>3,370,134</u>	<u>1,587,563</u>	<u>10,241,169</u>	<u>147,860</u>
	<u><u>\$ 107,753,993</u></u>	<u><u>\$ 14,857,282</u></u>	<u><u>\$ 6,487,578</u></u>	<u><u>\$ 129,098,853</u></u>	<u><u>\$ 2,208,536</u></u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

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

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Sanitary District	Water Utility		
Year ending December 31:					
2023	\$ (7,429,006)	\$ (1,126,902)	\$ (374,554)	\$ (8,930,462)	\$ (19,878)
2024	(7,416,614)	(1,126,902)	(374,555)	(8,918,071)	(32,266)
2025	(5,211,512)	(879,705)	(269,109)	(6,360,326)	12,079
2026	(5,455,049)	(907,003)	(280,754)	(6,642,806)	7,183
2027	(18,964,468)	(1,520,991)	(516,109)	(21,001,568)	(210,527)
Total	<u>\$ (44,476,649)</u>	<u>\$ (5,561,503)</u>	<u>\$ (1,815,081)</u>	<u>\$ (51,853,233)</u>	<u>\$ (243,409)</u>

Note 10. 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 provided to employees, retirees and dependents; and natural disasters. The City handles these risks of loss through a combination of risk retention and commercial insurance.

The City is insured for property and certain liability losses, subject to certain deductible amounts, except that it is self-insured for auto liability, employee and retiree health insurance, general liability (excluding certain catastrophes), and workers' compensation. In addition, the City provides insurance coverage for auto liability, employee and retiree health insurance, general liability and workers compensation to the Water Utility, the Sanitary District, and the Port Authority taking on the risk associated with claims incurred and associated with those entities.

City of Hammond, Indiana

Notes to Financial Statements

Note 10. Risk Management (Continued)

Claim expenditures and liabilities of the Self-Insurance Internal Service Fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). The City accounts for claims liabilities based on estimates of the ultimate cost of reported claims (including future claims adjustment expenses) which in turn is determined based on historical experience. The entire claims liability balance is reported as within governmental activities and as a current liability as the City has the intent to pay within one year.

The change in claims for 2022 and 2021, including an estimate of incurred by not reported claims is as follows:

Unpaid Claims at December 31, 2020	\$ 2,707,397
Incurred claims, including claims incurred but not reported	11,809,790
Claim Payments	<u>(11,745,500)</u>
Unpaid Claims at December 31, 2021	2,771,687
Incurred claims, including claims incurred but not reported	12,695,600
Claim Payments	<u>(13,559,624)</u>
Unpaid Claims at December 31, 2022	<u>\$ 1,907,663</u>

Excess policies through commercial insurance covers individual claims in excess of \$325,000 per claim for medical benefits, job related illnesses and/or injuries (workers' compensation) various self-retention amounts. In recent years, claims resulting from various items exceeded the self-retention amounts during 2022 and 2021 by \$281,019 and \$326,984 respectively.

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Interfund Activity

Other information related to individual funds includes the following:

Interfund receivables and payables

Individual fund interfund receivable and payable balances as of December 31, 2022, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>
Major Governmental:	
General Fund:	
Water Utility Fund	\$ 977,949
Total	<u>\$ 977,949</u>
<u>Fund</u>	<u>Due To Other Funds</u>
Water Utility Fund:	
General Fund	\$ 977,949
	<u>\$ 977,949</u>

Interfund debt reflects operating loans which are expected to be repaid in the following fiscal year. The loans included above relate to expenditures paid by a fund that were intended to be paid by another fund and are short-term in nature based on expected repayments.

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Interfund Activity (Continued)

Transfers

Interfund transfers for the year ended December 31, 2022, are as follows:

<u>Fund</u>	<u>Transfer From Other Funds</u>
Major Governmental Fund:	
General Fund	
Nonmajor Governmental Funds	\$ 4,194,816
Nonmajor Governmental Funds:	
General Fund	14,413,288
Nonmajor Governmental Funds	2,332,542
Major Enterprise Fund	
Water Utility Fund	
Nonmajor enterprise funds - Stormwater Utility	<u>3,605,878</u>
 Total	 <u><u>\$ 24,546,524</u></u>

<u>Fund</u>	<u>Transfer To Other Funds</u>
Major Governmental Fund:	
General Fund	
Nonmajor governmental funds	\$ 14,413,288
Nonmajor Governmental Funds:	
General Fund	4,194,816
Nonmajor governmental funds	2,332,542
Nonmajor Enterprise Fund - Stormwater Utility	
Water Utility Fund	<u>3,605,878</u>
 Total	 <u><u>\$ 24,546,524</u></u>

Interfund transfers are to assist with payment of debt and cover expenses incurred in funds where work is related to other funds.

Payments in lieu of taxes (PILOT)

In 2022, the Sanitary District, the Water Utility and the Port Authority transferred \$2,757,656, \$1,500,000 and \$1,000,000, respectively, to the City for payments in lieu of taxes as allowed under Indiana Code 36- 3-2-10.

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Contingencies, Commitments and Other

Contingencies

The City and the component unit is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, all claims that are probable of an unfavorable outcome have been accrued as a liability. Although other claims exist that may be material, the outcome for these claims cannot be determined at this time. Other than the Clean Water Act allegations discussed below, management does not expect the outcome of these matters to have an adverse impact on the City's operations.

The City and its component unit participate in a number of federal and state assisted grant programs. Many of these grants are subject to audits by or on behalf of the grantors to assure compliance with the grant program provisions. Any liability for reimbursement, which may arise as a result of audits of grant programs, is not determinable at this time, but is not believed to be material.

Noncompliance – Legal/contractual provisions

The United States, on behalf of the US, the EPA, and the State of Indiana, on behalf of the IDEM filed a Complaint alleging violations of the Clean Water Act, and simultaneously, the parties filed a Consent Decree supplanting entirely the 1999 Consent Decree and resolving all claims against the Hammond Sanitary District arising from that decree. The effective date of the Consent Decree is May 9, 2017. It required payment of civil penalties to the U.S. and the IDEM, and payment of stipulated penalties to the U.S. by July 10, 2017, which have all been paid. The Consent Decree requires completion of certain tasks within specific time frames including a Sewer Overflow Response Plan, Columbia Avenue Basin Disinfection and Bike Trail, and the Columbia Avenue Basin Post Construction Compliance Monitoring Program (Phase I and II), all of which have been submitted. It further requires submission of a final Long Term Control Plan (LTCP) by March 31, 2018, which Hammond Sanitary District submitted, and calls for the completion of the revised LTCP by March 1, 2035. The USEPA approved Hammond Sanitary District's revised LTCP on March 17, 2021, which estimates total cost of implementation at \$211,000,000, although several projects in the LTCP have already been completed. Some of the costs of these projects will also be shared with Hammond Sanitary District's customer communities. The Consent Decree contains a schedule of stipulated penalties for failure to meet the deadlines prescribed in the Consent Decree and for violations of the Hammond Sanitary District's NPDES permit. The Hammond Sanitary District is complying with the requirements of the Consent Decree and had no assessed penalties for calendar year ended December 31, 2022.

Commitments

The City is statutorily required (IC 4-33-13-5) to annually provide \$3.5 million in riverboat admission, wagering or incentive payments collected to fund the Northwest Indiana Regional Development Authority (RDA). The State of Indiana distributes the tax collected on behalf of the City directly to the RDA. At December 31st each year there may be shortfalls in tax collected by the State and distributed to the RDA. The City is required to make payments directly to the RDA to make up for any shortfall each year.

In addition to the \$3.5 million, the City is statutorily required (IC 6-3.1-20-7) to annually provide supplemental wagering tax revenue to the State of Indiana General Fund for subsequent transfer to the RDA. The State of Indiana deducts amounts each quarter from riverboat supplemental wagering tax revenue otherwise payable to Lake County and pays instead to the State General Fund.

The City by and through the City Council and its Mayor, and contingent upon the Northern Indiana Commuter Transit District (NICTD) meeting predefined contingencies, committed funding for the duration of the West Lake Corridor Project (not to exceed third (30) years). The total future commitment is uncertain but future commitments are based equates to a financial commitment equivalent to 33 1/3% of its proportional distribution of Lake County CEDIT revenue (not to exceed \$900,000 per year).

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Contingencies, Commitments and Other (Continued)

Construction Commitments

At December 31, 2022, the City has approximately \$13,500,000 in outstanding construction project commitments. The projects are comprised of work associated with the Little Cal River Trail, various street improvements and energy savings projects.

Expenditures over Budget

For the year ended December 31, 2022, expenditures/expenses exceeded budget in the following funds:

Nonmajor funds:

Special revenue funds	
Parks and Recreation	\$ 2,579,653

Deficit Fund Balances/Net Position

As of December 31, 2022, the following funds had a deficit fund balance.

Nonmajor funds:

Special revenue funds	
Motor Vehicle Highway	65,811

Note 13. New Governmental Accounting Standards

The following are GASB authoritative pronouncement that the City has not yet implemented.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the City with its year ending December 31, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement will be effective for the City with its year ending December 31, 2023.

GASB Statement No. 99, *Omnibus 2022* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The statement will be effective for the City at various times between upon issuance and with its year ending December 31, 2025.

GASB Statement No. 101, *Compensated Absences* will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the City with its year ending December 31, 2025.

City of Hammond, Indiana

Notes to Financial Statements

Note 13. New Governmental Accounting Standards (Continued)

Management has not yet completed its evaluation of the impact, if any, of the provisions of these standards on its financial statements.

Note 14. Subsequent Events

In July 2023, the City authorized the issuance of General Obligation Judgment Funding Bonds, Series 2023 in the amount up to \$9,415,000. The purpose of these bonds is to fund a settlement of certain claims and judgments against the City.

In February 2023, the City entered into a lease agreement to finance the purchase of equipment with a cost of \$294,213.

In June 2023, the City entered into a lease agreement to finance the purchase two vehicles with a cost of \$114,252.

Note 15. Restatement for Implementation of GASB Standards

The City adopted the provisions of GASB Statement No. 87, *Leases*. The city recorded leased assets and lease liabilities as of January 1, 2022. In addition, the Water Utility recognized lessor relationships. The effect of implementing this statement resulted in a restatement of beginning net position as of January 1, 2022 for the removal of capital leases historically presented under previous guidance.

The following balances as of January 1, 2022 have been restated as follows:

	Governmental Activities					
	Net Position	Machinery and Equipment	Accumulated Depreciation	Leased Assets - Equipment	Capital Lease Liability	Notes Payable
Balances January 1, 2022, as previously reported	\$ (23,048,677)	\$ 37,268,654	\$ 27,638,566	\$ -	\$ 10,721,053	\$ 43,217,469
Effect of adoption of GASB 87	2,741,118	(14,047,921)	(6,271,997)	10,312,061	(10,721,053)	204,011
Balances January 1, 2022, restated	\$ (20,307,559)	\$ 23,220,733	\$ 21,366,569	\$ 10,312,061	\$ -	\$ 43,421,480

	Business-Type Activities						
	Net Position	Lease Receivable	Deferred Inflows - Leases	Machinery and Equipment	Accumulated Depreciation	Leased Assets - Equipment	Capital Lease Liability
Balances January 1, 2022, as previously reported	\$ 138,154,624	\$ -	\$ -	\$ 70,593,193	\$ 38,429,668	\$ -	\$ 208,781
Effect of adoption of GASB 87	(331,051)	521,423	521,423	(862,771)	(289,689)	137,814	(208,781)
Balances January 1, 2022, restated	\$ 137,823,573	\$ 521,423	\$ 521,423	\$ 69,730,422	\$ 38,139,979	\$ 137,814	\$ -

	Business-Type Activities - Sanitary District				
	Net Position	Machinery and Equipment	Accumulated Depreciation	Leased Assets - Equipment	Capital Lease Liability
Balances January 1, 2022, as previously reported	\$ 99,480,960	\$ 70,593,193	\$ 38,429,668	\$ -	\$ 208,781
Effect of adoption of GASB 87	(331,051)	(862,771)	(289,689)	137,814	(208,781)
Balances January 1, 2022, restated	\$ 99,149,909	\$ 69,730,422	\$ 38,139,979	\$ 137,814	\$ -

	Business-Type Activities - Water Utility			
	Lease Receivable	Deferred Inflows - Leases		
Balances January 1, 2022, as previously reported	\$ -	\$ -		
Effect of adoption of GASB 87	521,423	521,423		
Balances January 1, 2022, restated	\$ 521,423	\$ 521,423		

**Required Supplementary Information
(Unaudited)**

City of Hammond, Indiana

**Required Supplementary Information - Postemployment Healthcare Plan
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios**

For the years ending December 31,	2022	2021	2020	2019
Total other postemployment benefit liability				
Service cost	\$ 10,087,802	\$ 10,391,654	\$ 7,042,874	\$ 5,352,293
Interest on the total other postemployment benefit liability	6,642,393	6,362,224	6,055,416	6,267,120
Differences between expected and actual experience of the total other postemployment benefit liability	(66,270,936)	(8,319,175)	35,917,552	(1,379,714)
Change in benefit terms	-	-	-	(60,099)
Changes of assumptions	(61,794,885)	(6,653,942)	66,616,945	24,529,048
Benefit payments	(6,792,614)	(5,942,710)	(3,313,129)	(2,953,580)
Net change in other post-employment benefit liability	(118,128,240)	(4,161,949)	112,319,658	31,755,068
Total other postemployment benefit liability - beginning	288,507,064	292,669,013	180,349,355	148,594,287
Total other postemployment benefit liability - ending	\$ 170,378,824	\$ 288,507,064	\$ 292,669,013	\$ 180,349,355
Covered payroll	\$ 44,101,362	\$ 44,417,264	\$ 43,228,481	Not Available
Employer other post employment benefit liability as a percentage of covered payroll	386.33%	649.54%	677.03%	Not Available

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

The employees and retirees of the Hammond Housing Authority, a related organization, participate in the City's OPEB plan. The Hammond Housing Authority proportionate share of the above ending OPEB liability consists of the following:

- 2022 – 0.49%
- 2021 – 0.58%
- 2020 – 0.56%

The Authority's balance of Total OPEB liability was \$1,672,492 at January 1, 2022 and \$829,473 at December 31, 2022. The Authority's net change for the year ended December 31, 2022 was \$843,019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability

For the years ending June 30,	2022	2021	2020	2019	2018	2017	2016
Public Employees' Retirement Fund							
City's proportionate of the net pension liability	0.43223%	0.41593%	0.41555%	0.43301%	0.42829%	0.43644%	0.42932%
City's proportionate share of the net pension liability	\$ 13,631,808	\$ 5,473,005	\$ 12,551,248	\$ 14,139,393	\$ 14,549,205	\$ 19,471,960	\$ 19,484,450
City's covered payroll	24,875,520	22,931,837	22,433,944	22,289,242	21,854,051	21,652,479	20,575,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	54.80%	23.87%	55.95%	63.44%	66.57%	89.93%	94.70%
Plan fiduciary net position as a percentage of the total pension liability	82.48%	92.51%	81.45%	80.06%	78.89%	76.65%	75.35%
1977 Police and Firefighters' Plan							
City's proportionate of the net pension liability (asset)	2.85902%	2.74480%	2.54293%	2.65930%	2.72346%	2.84192%	2.90943%
City's proportionate share of the net pension liability (asset)	\$ 18,522,214	\$ (16,222,187)	\$ 6,174,432	\$ 245,080	\$ (2,394,946)	\$ (438,374)	\$ 2,584,648
City's covered payroll	28,899,809	26,059,707	23,580,307	23,506,504	22,943,463	23,039,730	22,486,631
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.09%	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%
Plan fiduciary net position as a percentage of the total pension liability (asset) *	92.18%	107.78%	96.42%	99.86%	101.51%	100.29%	98.24%

* Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit funds) were recategorized as defined contribution funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18. DC member balances previously reported within PERF DB fund totals were transferred to the appropriate DC fund as of January 1, 2018.

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30 (measurement date).

Benefit changes:

None

Changes in assumptions:

1977 Police and Firefighters' Plan - None.

PERF - None.

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

**Required Supplementary Information - 1925 Police Pension Plan
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related
Ratios and Investment Returns**

For the year ending December 31,	2022	2021	2020	2019
Total pension liability				
Interest on the total pension liability	\$ 943,688	\$ 905,314	\$ 1,358,744	\$ 1,896,437
Changes in benefit terms	-	-	-	211,278
Differences between expected and actual experience	11,047,641	375,586	(808,560)	629,698
Changes in assumptions	(13,325,063)	(89,928)	(392,306)	5,826,406
Benefit payments	(5,123,686)	(4,338,675)	(4,408,298)	(4,611,931)
Net change in total pension liability	(6,457,420)	(3,147,703)	(4,250,420)	3,951,888
Total pension liability—beginning	59,405,406	62,553,109	66,803,529	62,851,641
Total pension liability—ending (a)	\$ 52,947,986	\$ 59,405,406	\$ 62,553,109	\$ 66,803,529
Plan fiduciary net position				
Contributions - Non-employer	\$ 2,307	\$ 4,354,196	\$ 4,403,819	\$ 4,687,914
Contributions - Employer	5,990,725	3,986	13,308	-
Pension plan net investment income	-	-	-	1,374
Benefit payments	(5,087,451)	(5,220,472)	(4,411,958)	(4,605,150)
Pension plan administrative expense	(16,992)	(15,987)	(17,645)	(15,252)
Net change in plan fiduciary net position	888,589	(878,277)	(12,476)	68,886
Plan fiduciary net position—beginning	2,025,559	2,903,836	2,916,312	2,847,426
Plan fiduciary net position—ending (b)	\$ 2,914,148	\$ 2,025,559	\$ 2,903,836	\$ 2,916,312
Net pension liability - ending (a) - (b)	\$ 50,033,838	\$ 57,379,847	\$ 59,649,273	\$ 63,887,217
Plan fiduciary net position as a percentage of the total pension liability	5.50%	3.41%	4.64%	4.37%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Employer net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

Required Supplementary Information - 1937 Firefighters' Pension Plan
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related
Ratios and Investment Returns

For the year ending December 31,	2022	2021	2020	2019
Total pension liability				
Interest on the total pension liability	\$ 699,471	\$ 663,000	\$ 1,032,204	\$ 1,494,783
Changes in benefit terms	-	-	-	45,440
Differences between expected and actual experience	9,226,920	(153,197)	(1,576,110)	47,371
Changes in assumptions	(9,259,791)	(49,515)	(1,069,043)	4,217,477
Benefit payments	(4,301,755)	(3,729,037)	(3,818,208)	(4,062,000)
Net change in total pension liability	(3,635,155)	(3,268,749)	(5,431,157)	1,743,071
Total pension liability—beginning	43,245,598	46,514,347	51,945,504	50,202,433
Total pension liability—ending (a)	\$ 39,610,443	\$ 43,245,598	\$ 46,514,347	\$ 51,945,504
Plan fiduciary net position				
Contributions - Non-employer	\$ 5,047,176	\$ 3,763,668	\$ 3,682,906	\$ 4,055,878
Benefit payments	(4,206,502)	(4,481,380)	(3,815,913)	(3,979,721)
Pension plan administrative expense	(23,003)	(25,289)	(21,291)	(68,074)
Net change in plan fiduciary net position	817,671	(743,001)	(154,298)	8,083
Plan fiduciary net position—beginning	2,913,722	3,656,723	3,811,021	3,802,938
Plan fiduciary net position—ending (b)	\$ 3,731,393	\$ 2,913,722	\$ 3,656,723	\$ 3,811,021
Net pension liability - ending (a) - (b)	\$ 35,879,050	\$ 40,331,876	\$ 42,857,624	\$ 48,134,483
Plan fiduciary net position as a percentage of the total pension liability	9.42%	6.74%	7.86%	7.34%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Employer net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

Required Supplementary Information
Schedules of Contributions

For the years ending December 31,	2022	2021	2020	2019	2018
Public Employees' Retirement Fund					
Statutorily determined contribution	\$ 3,234,741	\$ 2,692,631	\$ 2,488,380	\$ 2,531,107	\$ 2,529,689
Contributions in relation to the actuarial determined contribution	3,213,263	2,671,366	2,467,326	2,503,257	2,435,388
Contribution deficiency (excess)	\$ 21,478	\$ 21,265	\$ 21,054	\$ 27,850	\$ 94,301
Covered payroll	\$ 24,820,554	\$ 24,041,350	\$ 22,217,679	\$ 22,599,172	\$ 22,586,511
Contributions as a percentage of covered payroll	12.95%	11.11%	11.11%	11.08%	10.78%
1977 Police and Firefighters' Plan					
Statutorily determined contribution	\$ 5,119,238	\$ 5,069,411	\$ 4,125,816	\$ 4,209,311	\$ 4,061,412
Contributions in relation to the actuarial determined contribution	5,091,816	5,069,423	4,090,752	4,138,337	4,061,409
Contribution deficiency (excess)	\$ 27,422	\$ (12)	\$ 35,064	\$ 70,974	\$ 3
Covered payroll	\$ 29,252,788	\$ 28,968,064	\$ 23,375,727	\$ 23,647,816	\$ 23,208,068
Contributions as a percentage of covered payroll	17.41%	17.50%	17.50%	17.50%	17.50%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

**Required Supplementary Information
Schedules of Contributions**

For the year ending December 31,	2022	2021	2020	2019
1925 Police Pension Plan				
Statutorily determined contribution	\$ 5,087,451	\$ 5,220,472	\$ 4,411,958	\$ 4,605,150
Actual employer contributions	5,990,725	4,354,196	4,403,819	4,687,914
Contribution deficiency (excess)	\$ (903,274)	\$ 866,276	\$ 8,139	\$ (82,764)
Covered payroll	\$ -	\$ -	\$ -	\$ -
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A
1937 Firefighters' Pension Plan				
Statutorily determined contribution	\$ 4,206,502	\$ 4,481,380	\$ 3,815,913	\$ 3,979,721
Actual employer contributions	5,047,176	3,763,668	3,682,906	4,055,878
Contribution deficiency (excess)	\$ (840,674)	\$ 717,712	\$ 133,007	\$ (76,157)
Covered payroll	\$ -	\$ -	\$ -	\$ -
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to schedules:

- The following are actuarial assumptions are applicable to both plans:

Discount rate	4.12%	1.39%	1.49%	2.13%
Cost of living adjustment:				
Converted members				
July 1 of valuation year	3.00%	1.90%	2.10%	1.60%
July 1 of future years	1.95%	1.95%	2.10%	2.00%
Non-converted members	2.65%	2.65%	2.75%	2.50%
- Information was prepared prospectively beginning January 1, 2019 for GASB No. 68 purposes. Covered employee payroll is assumed to be \$0 prospectively from January 1, 2019 when it is known that there are no active employees.
- The statutorily required contribution is equal to actual member benefit payments since benefits are funded on a pay-as-you-go basis.
- The actual employer contributions include distributions received by the employer from the Pension Relief Fund.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Hammond, Indiana

Required Supplementary Information
 Schedule of General Fund Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual Budgetary Basis Amounts	Variance
Revenues				
Property taxes	\$ 42,714,907	\$ 42,714,907	\$ 28,651,373	(14,063,534)
Intergovernmental	28,166,622	28,166,622	21,314,168	(6,852,454)
Development agreement	18,250,000	18,250,000	13,879,885	(4,370,115)
Licenses, permits and fees	1,632,200	1,632,200	3,343,219	1,711,019
Charges for services	16,085,000	16,085,000	14,053,052	(2,031,948)
Fines and forfeits	326,000	326,000	400,557	74,557
Other	568,000	568,000	2,872,864	2,304,864
Interest	100,000	100,000	191,426	91,426
Total revenues	107,842,729	107,842,729	84,706,544	(23,136,185)
Expenditures				
Current:				
General government	26,278,876	26,095,244	18,933,291	7,161,953
Public safety	50,513,511	50,621,458	50,934,417	(312,959)
Culture and recreation	742,892	1,133,370	808,890	324,480
Urban redevelopment and housing	14,454,208	15,834,008	5,707,075	10,126,933
Debt service:				
Principal	2,538,485	2,538,485	2,627,310	(88,825)
Interest and fees	-	-	-	-
Capital outlay	2,272,060	2,273,029	1,484,948	788,081
Total expenditures	96,800,032	98,495,594	80,495,931	17,999,663
Excess (deficiency) of revenues over (under) expenditures	11,042,697	9,347,135	4,210,613	(5,136,522)
Other financing sources (uses)				
Proceeds from capital lease	-	-	1,697,303	1,697,303
Sale of capital assets	15,000	15,000	131,209	116,209
Transfers in	13,221,500	13,221,500	13,125,820	(95,680)
Transfers out	-	-	(20,834,360)	(20,834,360)
Total other financing sources (uses)	13,236,500	13,236,500	(5,880,028)	(19,116,528)
Change in fund balance (budgetary basis)	\$ 24,279,197	\$ 22,583,635	(1,669,415)	\$ (24,253,050)
Fund balances (Budgetary Basis):				
January 1, 2022			<u>14,094,127</u>	
December 31, 2022			<u>\$ 12,424,712</u>	
GAAP Adjustments:				
Adjust revenues for accruals			\$ 36,948,940	
Adjust expenditures for accruals			<u>(36,261,047)</u>	
Adjust expenditures for accruals			<u>687,893</u>	
Change in fund balance (GAAP basis)			<u>(981,522)</u>	
Fund balances (GAAP Basis):				
January 1, 2022			<u>12,903,678</u>	
December 31, 2022			<u>\$ 11,922,156</u>	

City of Hammond, Indiana

Required Supplementary Information
 Schedule of ARPA Fund Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual Budgetary Basis Amounts	Variance
Revenues				
Intergovernmental	\$ -	\$ -	\$ 14,106,492	14,106,492
Total revenues	<u>-</u>	<u>-</u>	<u>14,106,492</u>	<u>14,106,492</u>
Expenditures				
Current:				
General government	2,000,000	2,511,730	3,443,882	(932,152)
Capital outlay	-	17,316,654	10,662,610	6,654,044
Total expenditures	<u>2,000,000</u>	<u>19,828,384</u>	<u>14,106,492</u>	<u>5,721,892</u>
Change in fund balance (budgetary basis)	<u>\$ (2,000,000)</u>	<u>\$ (19,828,384)</u>	<u>-</u>	<u>\$ 8,384,600</u>
Fund balances (Budgetary Basis):				
January 1, 2022			<u>-</u>	
December 31, 2022			<u>\$ -</u>	

City of Hammond, Indiana

Notes to Required Supplementary Information

Note 1. Budget Information

The City follows these procedures in establishing the budgetary data in the budgetary comparison schedules:

- A.) The Mayor and the City Controller as well as the Department Directors work in conjunction to develop budgets for the subsequent calendar year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- B.) Prior to adoption, the City advertises the budget and the City Council holds public hearings to obtain taxpayer comments.
- C.) In October of each year, the budget is approved by the City Council through the passage of an ordinance.
- D.) Copies of the budget ordinance and advertisements are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval from the Indiana Department of Local Government Finance. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the City's expenditures budget. The City's maximum tax levy is restricted by Indiana law, with certain adjustments and exceptions. If the advertised budget exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the City.
- E.) The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except the General Fund, which is by object classification within each department. The City's management cannot transfer budgeted appropriations without approval of the City Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the City Council and, in some instances, by the Indiana Department of Local Government Finance.
- F.) These budgets require Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges). In addition, control is achieved for other capital projects funds by the original bond resolutions that are required by state statute to be approved by the Council for all bond issues for taxing units within the consolidated City. These originating bond resolutions serve as the basis for the appropriations for capital projects. These appropriations do not lapse at year-end. All other City sources of finance for capital projects are required to be appropriated within the providing City budgetary fund. Control over spending from funds which are not subject to the Council appropriation process is accomplished by the requirement that all disbursements of such funds be made only to a budgeted fund. The Council may amend appropriations by transferring unencumbered appropriations from one object to another within the same fund, and may also make additional appropriations to the extent of unappropriated fund balances. Transfers of appropriations from one line item to another within the object level of control may be approved by City management.

Notes to Required Supplementary Information

Note 1. Budget Information (Continued)

The budget information disclosed includes the budget ordinances as amended. Internal charges are recorded as expenditures in one fund and negative expenditures in the receiving fund. Budgeted disbursements may exceed estimated revenues as appropriations contemplate the utilization of beginning fund balances. Except for Capital Projects Funds (excluding Cumulative Capital Development Funds) and certain Special Revenue Funds, unencumbered appropriations lapse with the expiration of the budgetary period. All budgets are prepared on the cash basis of accounting with the exception of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

G.) Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major Funds:

General Fund and all sub-funds of the General Fund except for the Centrex, Diesel Fuel Tax, Homeless Prevention HPRP, Blight Elimination, Public Defender, Tobacco Education/Judgement and Pay Withholding Funds.

ARPA Fund

Non-major funds:

Special Revenue Funds including all of the Parks and Recreation funds, Motor Vehicle Highway, the Motor Vehicle Highway Restricted, the Local Road and Street, the CEDIT, the LOIT, the Haz-Mat, the State Forfeited, the Redevelopment, the Economic Development and Tourism, the LOIT Special District, the CCIF, the CCDF and several of the Grant Fund sub-funds including the Federal Forfeiture, the Pedestrian Bicyclist, the Human Relations, the Fire Grants, and the Recycling funds.

All Capital Project Funds except for the Energy Savings Fund

Debt Service Funds including the Series 2008, the Series 2014 and Series 2018A funds.

Fiduciary Funds including the Fire Pension Fund and the Police Pension Fund

H.) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Pension Trust Funds. Encumbrances do not lapse with the expiration of the budget period.

Supplementary Information

(unaudited)

Governmental Funds

City of Hammond, Indiana

Combining Balance Sheet
General Fund Accounts
December 31, 2022

	General	Façade	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Homebound	Redevelopment Event Fund	Blight Elimination
Assets									
Cash and cash equivalents	\$ 1,008,911	\$ 19,748	\$ 3,576	\$ 4	\$ 714,497	\$ -	\$ 126,536	\$ 32,147	\$ 166,814
Receivables:									
Property taxes, net	33,647,950	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other	264,646	-	-	1,481	-	395	-	-	-
Prepaid items	23,405	-	-	-	-	-	-	409	-
Due from other funds	1,189,095	-	-	-	-	-	-	-	-
Total assets	\$ 36,134,007	\$ 19,748	\$ 3,576	\$ 1,485	\$ 714,497	\$ 395	\$ 126,536	\$ 32,556	\$ 166,814
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 504,005	\$ 165,000	\$ 2,207	\$ 7,752	\$ 160,177	\$ 8,743	\$ -	\$ 6,593	\$ -
Accrued payroll	126,074	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	630,079	165,000	2,207	7,752	160,177	8,743	-	6,593	-
Deferred inflows of resources									
Property taxes levied for subsequent years	33,647,950	-	-	-	-	-	-	-	-
Fund balances									
Nonspendable - prepaid items	23,405	-	-	-	-	-	-	409	-
Committed	-	-	-	-	-	-	-	-	-
Unassigned	1,832,573	(145,252)	1,369	(6,267)	554,320	(8,348)	126,536	25,554	166,814
Total fund balances	1,855,978	(145,252)	1,369	(6,267)	554,320	(8,348)	126,536	25,963	166,814
Total liabilities, deferred inflows of resources and fund balances	\$ 36,134,007	\$ 19,748	\$ 3,576	\$ 1,485	\$ 714,497	\$ 395	\$ 126,536	\$ 32,556	\$ 166,814

City of Hammond, Indiana

Combining Balance Sheet
 General Fund Accounts - Continued
 December 31, 2022

	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations
Assets								
Cash and cash equivalents	\$ 4,067	\$ -	\$ 257	\$ 71,491	\$ 671,179	\$ 22,164	\$ 161,324	\$ 864
Receivables:								
Property taxes, net	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	5,854	-	-	54,265	55	-	-
Prepaid items	-	-	-	-	-	-	-	63
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 4,067	\$ 5,854	\$ 257	\$ 71,491	\$ 725,444	\$ 22,219	\$ 161,324	\$ 927
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 33,188	\$ -	\$ 8,520	\$ -
Accrued payroll	-	1,793	-	-	-	-	-	-
Due to other funds	-	57,276	-	-	-	-	-	-
Total liabilities	-	59,069	-	-	33,188	-	8,520	-
Deferred inflows of resources								
Property taxes levied for subsequent years	-	-	-	-	-	-	-	-
Fund balances								
Nonspendable - prepaid items	-	-	-	-	-	-	-	63
Committed	-	-	-	-	-	-	-	-
Unassigned	4,067	(53,215)	257	71,491	692,256	22,219	152,804	864
Total fund balances	4,067	(53,215)	257	71,491	692,256	22,219	152,804	927
Total liabilities, deferred inflows of resources and fund balances	\$ 4,067	\$ 5,854	\$ 257	\$ 71,491	\$ 725,444	\$ 22,219	\$ 161,324	\$ 927

City of Hammond, Indiana

Combining Balance Sheet
General Fund Accounts - Continued
December 31, 2022

	Public Safety	Gaming Revenue	Rainy Day Fund	COVID-19 Police Overtime	Ambulance Fees	Animal Control Donation	Vehicle Release	Unemployment
Assets								
Cash and cash equivalents	\$ 102,379	\$ 5,288,012	\$ 1,147,311	\$ -	\$ 19,299	\$ 5,406	\$ 159,950	\$ 1
Receivables:								
Property taxes, net	-	-	-	-	-	-	-	-
Gaming	-	2,736,505	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,275	-
Prepaid items	-	45,430	215,507	-	-	-	13,753	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 102,379	\$ 8,069,947	\$ 1,362,818	\$ -	\$ 19,299	\$ 5,406	\$ 174,978	\$ 1
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 1,466,065	\$ -	\$ -	\$ 35,353	\$ -	\$ -	\$ -
Accrued payroll	1,762	-	-	-	-	-	-	-
Due to other funds	-	-	-	153,870	-	-	-	-
Total liabilities	1,762	1,466,065	-	153,870	35,353	-	-	-
Deferred inflows of resources								
Property taxes levied for subsequent years	-	-	-	-	-	-	-	-
Fund balances								
Nonspendable - prepaid items	-	45,430	215,507	-	-	-	13,753	-
Committed	-	3,576,614	-	-	-	-	-	-
Unassigned	100,617	2,981,838	1,147,311	(153,870)	(16,054)	5,406	161,225	1
Total fund balances	100,617	6,603,882	1,362,818	(153,870)	(16,054)	5,406	174,978	1
Total liabilities, deferred inflows of resources and fund balances	\$ 102,379	\$ 8,069,947	\$ 1,362,818	\$ -	\$ 19,299	\$ 5,406	\$ 174,978	\$ 1

City of Hammond, Indiana

Combining Balance Sheet
General Fund Accounts - Continued
December 31, 2022

	Adult Probation	Henry Unit	Inspt/ Rental	Continuing Education	Pay Withholding	Bond Monies	Eliminations	Total
Assets								
Cash and cash equivalents	\$ 12,889	\$ 45	\$ 438	\$ 166,665	\$ 279,846	\$ -	\$ -	\$ 10,185,820
Receivables:								
Property taxes, net	-	-	-	-	-	-	-	33,647,950
Gaming	-	-	-	-	-	-	-	2,736,505
Accounts	-	-	-	911	-	-	-	911
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	327,971
Prepaid items	-	-	-	-	7,530	-	-	306,097
Due from other funds	-	-	-	-	-	-	(211,146)	977,949
Total assets	\$ 12,889	\$ 45	\$ 438	\$ 167,576	\$ 287,376	\$ -	\$ (211,146)	\$ 48,183,203
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 2,397,753
Accrued payroll	-	9,813	-	-	75,902	-	-	215,344
Due to other funds	-	-	-	-	-	-	(211,146)	-
Total liabilities	-	9,813	-	150	75,902	-	(211,146)	2,613,097
Deferred inflows of resources								
Property taxes levied for subsequent years	-	-	-	-	-	-	-	33,647,950
Fund balances								
Nonspendable - prepaid items	-	-	-	-	7,530	-	-	306,097
Committed	-	-	-	-	-	-	-	3,576,614
Unassigned	12,889	(9,768)	438	167,426	203,944	-	-	8,039,445
Total fund balances	12,889	(9,768)	438	167,426	211,474	-	-	11,922,156
Total liabilities, deferred inflows of resources and fund balances	\$ 12,889	\$ 45	\$ 438	\$ 167,576	\$ 287,376	\$ -	\$ (211,146)	\$ 48,183,203

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund Accounts
Year Ended December 31, 2022

	General	Façade Rebate Program	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Homebound	Redevelopment Event Fund	Blight Elimination
Revenues									
Property taxes	\$ 28,651,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,867,969	-	-	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	2,153,924	-	-	-	-	-	-	-	-
Charges for services	17,555,786	-	-	-	-	-	-	-	-
Fines and forfeits	354,370	-	-	-	-	47,922	-	-	-
Other	591,507	-	3,576	-	52,082	15,219	4,989	60,000	420
Interest	185,082	-	-	-	-	-	-	-	-
Total revenues	57,360,011	-	3,576	-	52,082	63,141	4,989	60,000	420
Expenditures									
Current:									
General government	14,917,973	-	2,207	7,422	-	278,683	-	-	-
Public safety	46,943,874	-	-	-	377,114	-	-	-	-
Culture and recreation	196,260	-	-	-	-	-	-	78,394	-
Urban redevelopment and housing	962,750	638,108	-	-	-	-	22,494	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Capital outlay	330	-	-	-	-	-	-	-	-
Total expenditures	63,021,187	638,108	2,207	7,422	377,114	278,683	22,494	78,394	-
Excess (deficiency) of revenues over (under) expenditures	(5,661,176)	(638,108)	1,369	(7,422)	(325,032)	(215,542)	(17,505)	(18,394)	420
Other financing sources (uses)									
Proceeds from lease	-	-	-	-	-	-	-	-	-
Sale of capital assets	15,305	-	-	-	-	-	-	-	-
Transfers in	11,500,000	365,000	-	5,550	300,000	167,841	-	-	-
Transfers out	(3,470,268)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,045,037	365,000	-	5,550	300,000	167,841	-	-	-
Change in fund balance	2,383,861	(273,108)	1,369	(1,872)	(25,032)	(47,701)	(17,505)	(18,394)	420
Fund balances:									
January 1, 2022	(527,883)	127,856	-	(4,395)	579,352	39,353	144,041	44,357	166,394
December 31, 2022	\$ 1,855,978	\$ (145,252)	\$ 1,369	\$ (6,267)	\$ 554,320	\$ (8,348)	\$ 126,536	\$ 25,963	\$ 166,814

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2022

	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual Records	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	115,251	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	660,707	18,865	-	-
Charges for services	3,850	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	140,528	250
Interest	-	-	-	-	-	-	-	-
Total revenues	3,850	115,251	-	-	660,707	18,865	140,528	250
Expenditures								
Current:								
General government	-	-	134	1,679	-	21,565	-	387
Public safety	1,662	134,402	-	-	395,337	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	894,290	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,662	134,402	134	1,679	395,337	21,565	894,290	387
Excess (deficiency) of revenues over (under) expenditures	2,188	(19,151)	(134)	(1,679)	265,370	(2,700)	(753,762)	(137)
Other financing sources (uses)								
Proceeds from lease	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	115,904	-
Transfers in	-	-	-	-	-	-	2,403	-
Transfers out	-	(1,310)	-	-	-	-	(134,043)	-
Total other financing sources (uses)	-	(1,310)	-	-	-	-	(15,736)	-
Change in fund balance	2,188	(20,461)	(134)	(1,679)	265,370	(2,700)	(769,498)	(137)
Fund balances:								
January 1, 2022	1,879	(32,754)	391	73,170	426,886	24,919	922,302	1,064
December 31, 2022	\$ 4,067	\$ (53,215)	\$ 257	\$ 71,491	\$ 692,256	\$ 22,219	\$ 152,804	\$ 927

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2022

	Public Safety	Gaming Revenue	Rainy Day Fund	COVID-19 Police Overtime	Ambulance User Fees For Equipment	Animal Control Donation	Vehicle Release	Unemployment
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	766,709	16,745,637	-	-	-	-	-	-
Development agreement	-	14,860,216	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	149,850	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	14,000	1,650,166	2,590	-	-	835	931	-
Interest	-	-	-	-	-	-	-	-
Total revenues	780,709	33,256,019	2,590	-	-	835	150,781	-
Expenditures								
Current:								
General government	-	8,211,513	12,114	-	-	-	-	7,924
Public safety	181,875	-	-	-	-	-	198,580	-
Culture and recreation	-	540,467	-	-	-	-	-	-
Urban redevelopment and housing	-	3,045,553	-	-	-	-	-	-
Debt service:								
Principal	254,146	200,000	2,783,507	-	81,604	-	-	-
Interest and fees	42,091	410,000	1,169,510	-	-	-	-	-
Capital outlay	7,947	-	1,697,303	-	92,145	-	-	-
Total expenditures	486,059	12,407,533	5,662,434	-	173,749	-	198,580	7,924
Excess (deficiency) of revenues over (under) expenditures	294,650	20,848,486	(5,659,844)	-	(173,749)	835	(47,799)	(7,924)
Other financing sources (uses)								
Proceeds from lease	-	-	1,697,303	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	4,626,790	-	134,043	-	-	7,925
Transfers out	(446,000)	(23,633,803)	-	-	(100,000)	-	(100,000)	-
Total other financing sources (uses)	(446,000)	(23,633,803)	6,324,093	-	34,043	-	(100,000)	7,925
Change in fund balance	(151,350)	(2,785,317)	664,249	-	(139,706)	835	(147,799)	1
Fund balances:								
January 1, 2022	251,967	9,389,199	698,569	(153,870)	123,652	4,571	322,777	-
December 31, 2022	\$ 100,617	\$ 6,603,882	\$ 1,362,818	\$ (153,870)	\$ (16,054)	\$ 5,406	\$ 174,978	\$ 1

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2022

	Adult Probation	Henry Unit	Inspt/ Rental	Continuing Education	Pay Withholding	Bond Monies	Eliminations	Total
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,651,373
Intergovernmental	-	-	-	-	-	-	-	25,495,566
Development agreement	-	-	-	-	-	-	-	14,860,216
Licenses, permits and fees	-	-	-	162,473	-	224,500	-	3,370,319
Charges for services	-	-	-	-	-	-	-	17,559,636
Fines and forfeits	-	-	-	-	-	-	-	402,292
Other	-	-	-	953	41,165	-	-	2,579,211
Interest	-	-	-	-	-	-	-	185,082
Total revenues	-	-	-	163,426	41,165	224,500	-	93,103,695
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	23,461,601
Public safety	-	557,268	-	102,145	-	224,500	-	49,116,757
Culture and recreation	-	-	-	-	-	-	-	815,121
Urban redevelopment and housing	-	-	-	-	-	-	-	5,563,195
Debt service:								
Principal	-	-	-	-	-	-	-	3,319,257
Interest and fees	-	-	-	-	-	-	-	1,621,601
Capital outlay	-	-	-	-	-	-	-	1,797,725
Total expenditures	-	557,268	-	102,145	-	224,500	-	85,695,257
Excess (deficiency) of revenues over (under) expenditures	-	(557,268)	-	61,281	41,165	-	-	7,408,438
Other financing sources (uses)								
Proceeds from lease	-	-	-	-	-	-	-	1,697,303
Sale of capital assets	-	-	-	-	-	-	-	131,209
Transfers in	-	557,400	-	-	-	-	(13,472,136)	4,194,816
Transfers out	-	-	-	-	-	-	13,472,136	(14,413,288)
Total other financing sources (uses)	-	557,400	-	-	-	-	-	(8,389,960)
Change in fund balance	-	132	-	61,281	41,165	-	-	(981,522)
Fund balances:								
January 1, 2022	12,889	(9,900)	438	106,145	170,309	-	-	12,903,678
December 31, 2022	\$ 12,889	\$ (9,768)	\$ 438	\$ 167,426	\$ 211,474	\$ -	\$ -	\$ 11,922,156

City of Hammond, Indiana

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 26,547,069	\$ -	\$ 9,281,526	\$ 35,828,595
Receivables:				
Property taxes, net	8,311,702	1,664,764	-	9,976,466
Accounts	-	-	-	-
Intergovernmental	411,043	-	-	411,043
Settlement receivable	1,431,994	-	-	1,431,994
Other	443,526	-	-	443,526
Loans receivable, net	3,763,600	-	-	3,763,600
Prepaid items	43,852	-	-	43,852
Restricted cash and cash equivalents	306,129	6,010,385	4,817,463	11,133,977
Note receivable	41,074	-	-	41,074
Total assets	\$ 41,299,989	\$ 7,675,149	\$ 14,098,989	\$ 63,074,127
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 736,576	\$ -	\$ 2,112,664	\$ 2,849,240
Accrued payroll	198,455	-	-	198,455
Unearned revenue	20,748	-	-	20,748
Total liabilities	955,779	-	2,112,664	3,068,443
Deferred inflows of resources				
Property taxes levied for subsequent years	8,311,702	1,664,764	-	9,976,466
Unavailable revenue	1,431,994	-	-	1,431,994
Total deferred inflows of resources	9,743,696	1,664,764	-	11,408,460
Fund balances (deficits)				
Nonspendable - prepaid items	43,852	-	-	43,852
Restricted:				
General government	1,280,433	-	10,169,864	11,450,297
Public safety	2,177,891	-	-	2,177,891
Highways and streets	1,315,931	-	-	1,315,931
Culture and recreation	1,495,481	-	1,816,461	3,311,942
Urban redevelopment and housing	24,255,013	-	-	24,255,013
Debt service	-	6,010,385	-	6,010,385
Assigned	98,292	-	-	98,292
Unassigned (deficit)	(66,379)	-	-	(66,379)
Total fund balances (deficits)	30,600,514	6,010,385	11,986,325	48,597,224
Total liabilities, deferred inflows of resources and fund balances	\$ 41,299,989	\$ 7,675,149	\$ 14,098,989	\$ 63,074,127

City of Hammond, Indiana

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 16,132,978	\$ 1,723,075	\$ -	\$ 17,856,053
Intergovernmental taxes	17,672,600	87,278	-	17,759,878
Licenses and permits	9,007	-	-	9,007
Charges for services	3,313,608	-	-	3,313,608
Other	1,381,094	486,849	12,893	1,880,836
Interest	-	210,003	69,704	279,707
Total revenues	38,509,287	2,507,205	82,597	41,099,089
Expenditures				
Current:				
General government	2,117,807	-	5,694	2,123,501
Public safety	4,810,356	-	-	4,810,356
Streets and equipment maintenance	7,555,474	-	-	7,555,474
Culture and recreation	8,904,264	-	-	8,904,264
Urban redevelopment and housing	6,438,241	-	-	6,438,241
Debt service:				
Principal retirement	810,878	4,800,000	304,232	5,915,110
Interest and fees	502,599	3,985,849	658,313	5,146,761
Capital outlay	3,731,962	-	13,548,969	17,280,931
Total expenditures	34,871,581	8,785,849	14,517,208	58,174,638
Excess (deficiency) of revenues over (under) expenditures	3,637,706	(6,278,644)	(14,434,611)	(17,075,549)
Other financing sources (uses):				
Proceeds of bond issuance	-	-	6,425,000	6,425,000
Discount on bonds issued	-	-	(92,777)	(92,777)
Sale of capital assets	2,100	-	-	2,100
Transfers in	5,094,591	6,649,280	5,001,959	16,745,830
Transfers out	(5,945,135)	-	(582,223)	(6,527,358)
	(848,444)	6,649,280	10,751,959	16,552,795
Change in fund balance	2,789,262	370,636	(3,682,652)	(522,754)
Fund balances:				
January 1, 2022	27,811,252	5,639,749	15,668,977	49,119,978
December 31, 2022	\$ 30,600,514	\$ 6,010,385	\$ 11,986,325	\$ 48,597,224

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2022

	Gateways TIF*	Hammond Central TIF*	Hammond Downtown TIF	Roby TIF*	State Line TIF	Technology Park	West Point TIF
Assets							
Cash and cash equivalents	\$ 3,211,198	\$ 9,209,434	\$ 961,403	\$ 889,902	\$ 315,914	\$ 1,402,194	\$ 1,692,658
Receivables:							
Property taxes, net	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other taxes							
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Restricted cash and cash equivalents	306,129	-	-	-	-	-	-
Note receivable	-	-	41,074	-	-	-	-
Total assets	\$ 3,517,327	\$ 9,209,434	\$ 1,002,477	\$ 889,902	\$ 315,914	\$ 1,402,194	\$ 1,692,658
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 5	\$ 31,063	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	5	31,063	-	-	-	-	-
Deferred inflows of resources							
Property taxes levied for subsequent years	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances							
Nonspendable - prepaid items	-	-	-	-	-	-	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	3,517,322	9,178,371	1,002,477	889,902	315,914	1,402,194	1,692,658
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	3,517,322	9,178,371	1,002,477	889,902	315,914	1,402,194	1,692,658
Total liabilities, deferred inflows of resources and fund balances	\$ 3,517,327	\$ 9,209,434	\$ 1,002,477	\$ 889,902	\$ 315,914	\$ 1,402,194	\$ 1,692,658

* See Combining Balance Sheets for these special revenue funds on subsequent pages

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2022

	Woodmar Gateways TIF	Parks and Recreation*	Grants*	Motor Vehicle Highway	Motor Vehicle Highway - Restricted	Local Road and Street Tax	County Economic Development Income Tax
Assets							
Cash and cash equivalents	\$ 622,611	\$ 1,703,501	\$ 1,445,290	\$ 871	\$ 213,447	\$ 1,043,255	\$ 793,438
Receivables:							
Property taxes, net	-	4,685,915	-	1,982,945	-	-	-
Intergovernmental receivables	-	-	-	140,911	140,911	129,221	-
Settlement	-	-	-	-	-	-	-
Other	-	4,427	439,099	-	-	-	-
Loans receivable, net	-	-	3,763,600	-	-	-	-
Prepaid items	-	2,281	40,213	568	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 622,611	\$ 6,396,124	\$ 5,688,202	\$ 2,125,295	\$ 354,358	\$ 1,172,476	\$ 793,438
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 132,890	\$ 185,222	\$ 69,628	\$ -	\$ 210,903	\$ 98,126
Accrued payroll	-	58,809	1,113	138,533	-	-	-
Unearned revenue	-	20,748	-	-	-	-	-
Total liabilities	-	212,447	186,335	208,161	-	210,903	98,126
Deferred inflows of resources							
Property taxes levied for subsequent years	-	4,685,915	-	1,982,945	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	4,685,915	-	1,982,945	-	-	-
Fund balances							
Nonspendable - prepaid items	-	2,281	40,213	568	-	-	-
Restricted							
General government	-	-	-	-	-	-	695,312
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	354,358	961,573	-
Culture and recreation	-	1,495,481	-	-	-	-	-
Urban redevelopment and housing	622,611	-	5,461,654	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(66,379)	-	-	-
Total fund balances	622,611	1,497,762	5,501,867	(65,811)	354,358	961,573	695,312
Total liabilities, deferred inflows of resources and fund balances	\$ 622,611	\$ 6,396,124	\$ 5,688,202	\$ 2,125,295	\$ 354,358	\$ 1,172,476	\$ 793,438

* See Combining Balance Sheets for these special revenue funds on subsequent pages

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2022

	Evidence Money	Local Option Income Tax	Haz-Mat	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Assets							
Cash and cash equivalents	\$ 20,631	\$ 1,900,439	\$ 30,695	\$ 3,728	\$ 254,168	\$ 4,924	\$ 81,486
Receivables:							
Property taxes, net	-	-	-	-	492,642	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	790	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 20,631	\$ 1,900,439	\$ 30,695	\$ 3,728	\$ 747,600	\$ 4,924	\$ 81,486
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,075	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	1,075	-	-
Deferred inflows of resources							
Property taxes levied for subsequent years	-	-	-	-	492,642	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	492,642	-	-
Fund balances							
Nonspendable - prepaid items	-	-	-	-	790	-	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	20,631	1,900,439	-	3,728	253,093	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	30,695	-	-	4,924	81,486
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	20,631	1,900,439	30,695	3,728	253,883	4,924	81,486
Total liabilities, deferred inflows of resources and fund balances	\$ 20,631	\$ 1,900,439	\$ 30,695	\$ 3,728	\$ 747,600	\$ 4,924	\$ 81,486

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2022

	C.C.I.F.	C.C.D.F.	Opioid Settlement Fund	VSET User	CITLI	LCDDF	Total
Assets							
Cash and cash equivalents	\$ 62,469	\$ 180,339	\$ 503,074	\$ -	\$ -	\$ -	\$ 26,547,069
Receivables:							
Property taxes, net	-	1,150,200	-	-	-	-	8,311,702
Intergovernmental receivables	-	-	-	-	-	-	411,043
Settlement	-	-	1,431,994	-	-	-	1,431,994
Other	-	-	-	-	-	-	443,526
Loans receivable, net	-	-	-	-	-	-	3,763,600
Prepaid items	-	-	-	-	-	-	43,852
Restricted cash and cash equivalents	-	-	-	-	-	-	306,129
Note receivable	-	-	-	-	-	-	41,074
Total assets	\$ 62,469	\$ 1,330,539	\$ 1,935,068	\$ -	\$ -	\$ -	\$ 41,299,989
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 7,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736,576
Accrued payroll	-	-	-	-	-	-	198,455
Unearned revenue	-	-	-	-	-	-	20,748
Total liabilities	7,664	-	-	-	-	-	955,779
Deferred inflows of resources							
Property taxes levied for subsequent years	-	1,150,200	-	-	-	-	8,311,702
Unavailable revenue	-	-	1,431,994	-	-	-	1,431,994
Total deferred inflows of resources	-	1,150,200	1,431,994	-	-	-	9,743,696
Fund balances							
Nonspendable - prepaid items	-	-	-	-	-	-	43,852
Restricted							
General government	-	180,339	404,782	-	-	-	1,280,433
Public safety	-	-	-	-	-	-	2,177,891
Highways and streets	-	-	-	-	-	-	1,315,931
Culture and recreation	-	-	-	-	-	-	1,495,481
Urban redevelopment and housing	54,805	-	-	-	-	-	24,255,013
Assigned	-	-	98,292	-	-	-	98,292
Unassigned	-	-	-	-	-	-	(66,379)
Total fund balances	54,805	180,339	503,074	-	-	-	30,600,514
Total liabilities, deferred inflows of resources and fund balances	\$ 62,469	\$ 1,330,539	\$ 1,935,068	\$ -	\$ -	\$ -	\$ 41,299,989

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2022

	Gateways TIF*	Hammond Central TIF*	Hammond Downtown TIF	Roby TIF*	State Line TIF	Technology Park	West Point TIF
Revenues							
Property taxes	\$ 2,066,395	\$ 3,424,441	\$ 766,942	\$ 515,648	\$ 479,108	\$ -	\$ 523,187
Intergovernmental	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	-	-	32	-	-	-	-
Total revenues	2,066,395	3,424,441	766,974	515,648	479,108	-	523,187
Expenditures							
Current:							
General government	60	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	246,860	1,689,907	236,226	34,887	-	75,000	-
Debt service:							
Principal	147,589	231,289	-	-	-	-	-
Interest and fees	103,983	183,328	-	-	-	-	-
Capital outlay	-	(117,012)	-	-	-	-	21,918
Total expenditures	498,492	1,987,512	236,226	34,887	-	75,000	21,918
Excess (deficiency) of revenues over (under) expenditures	1,567,903	1,436,929	530,748	480,761	479,108	(75,000)	501,269
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(364,025)	(1,134,100)	-	(174,500)	(163,202)	-	(152,900)
Total other financing sources (uses)	(364,025)	(1,134,100)	-	(174,500)	(163,202)	-	(152,900)
Change in fund balance	1,203,878	302,829	530,748	306,261	315,906	(75,000)	348,369
Fund balances:							
January 1, 2022	2,313,444	8,875,542	471,729	583,641	8	1,477,194	1,344,289
December 31, 2022	\$ 3,517,322	\$ 9,178,371	\$ 1,002,477	\$ 889,902	\$ 315,914	\$ 1,402,194	\$ 1,692,658

* See Combining Statement of Revenues, Expenditures and Changes in Fund Balances for these special revenue funds on subsequent pages

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued

Nonmajor Special Revenue Funds

Year Ended December 31, 2022

	Woodmar Gateway TIF	Parks and Recreation*	Grants*	Motor Vehicle Highway	Motor Vehicle Highway - Restricted	Local Road and Street Tax	County Economic Development Income Tax
Revenues							
Property taxes	\$ 1,351,432	\$ 3,989,988	\$ -	\$ 1,690,114	\$ -	\$ -	\$ -
Intergovernmental	-	295,714	4,177,039	1,928,652	1,513,442	1,480,344	3,672,941
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	3,313,608	-	-	-	-	-
Other	-	43,391	1,142,325	174,552	-	-	5,736
Total revenues	1,351,432	7,642,701	5,319,364	3,793,318	1,513,442	1,480,344	3,678,677
Expenditures							
Current:							
General government	-	-	63,946	45,988	-	-	1,827,846
Public safety	-	198,664	52,769	-	-	-	496,345
Highways and streets	-	-	-	6,020,118	-	1,535,356	-
Culture and recreation	-	8,904,264	-	-	-	-	-
Urban redevelopment and housing	-	-	3,706,966	-	-	-	-
Debt service:							
Principal	-	432,000	-	-	-	-	-
Interest and fees	-	215,288	-	-	-	-	-
Capital outlay	-	9,386	1,652,259	-	1,491,877	-	672,402
Total expenditures	-	9,759,602	5,475,940	6,066,106	1,491,877	1,535,356	2,996,593
Excess (deficiency) of revenues over (under) expenditures	1,351,432	(2,116,901)	(156,576)	(2,272,788)	21,565	(55,012)	682,084
Other financing sources (uses)							
Sale of capital assets	-	2,100	-	-	-	-	-
Transfers in	-	1,960,288	842,682	2,281,877	-	-	4,200
Transfers out	(1,400,697)	-	(664,711)	-	-	(229,000)	(817,000)
Total other financing sources (uses)	(1,400,697)	1,962,388	177,971	2,281,877	-	(229,000)	(812,800)
Change in fund balance	(49,265)	(154,513)	21,395	9,089	21,565	(284,012)	(130,716)
Fund balances:							
January 1, 2022	671,876	1,652,275	5,480,472	(74,900)	332,793	1,245,585	826,028
December 31, 2022	\$ 622,611	\$ 1,497,762	\$ 5,501,867	\$ (65,811)	\$ 354,358	\$ 961,573	\$ 695,312

* See Combining Statement of Revenues, Expenditures and Changes in Fund Balances for these special revenue funds on subsequent pages

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued

Nonmajor Special Revenue Funds

Year Ended December 31, 2022

	Evidence Money	Local Option Income Tax	Hazardous Materials	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 421,155	\$ -	\$ -
Intergovernmental	-	3,819,395	-	2,743	27,128	10,800	-
Licenses, permits and fees	-	-	9,007	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	15,058	-	-	-	-	-	-
Total revenues	15,058	3,819,395	9,007	2,743	448,283	10,800	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	15,056	4,000,000	13,773	2,064	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	428,247	20,148	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,132	-	-
Total expenditures	15,056	4,000,000	13,773	2,064	429,379	20,148	-
Excess (deficiency) of revenues over (under) expenditures	2	(180,605)	(4,766)	679	18,904	(9,348)	-
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Change in fund balance	2	(180,605)	(4,766)	679	18,904	(9,348)	-
Fund balances:							
January 1, 2022	20,629	2,081,044	35,461	3,049	234,979	14,272	81,486
December 31, 2022	\$ 20,631	\$ 1,900,439	\$ 30,695	\$ 3,728	\$ 253,883	\$ 4,924	\$ 81,486

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued

Nonmajor Special Revenue Funds

Year Ended December 31, 2022

	C.C.I.F.	C.C.D.F.	Opioid Settlement Fund	VSET User	CITLI	LCDDF	Total
Revenues							
Property taxes	\$ -	\$ 904,568	\$ -	\$ -	\$ -	\$ -	\$ 16,132,978
Intergovernmental	141,349	63,337	503,074	8,523	28,119	-	17,672,600
Licenses, permits and fees	-	-	-	-	-	-	9,007
Charges for services	-	-	-	-	-	-	3,313,608
Other	-	-	-	-	-	-	1,381,094
Total revenues	141,349	967,905	503,074	8,523	28,119	-	38,509,287
Expenditures							
Current:							
General government	179,967	-	-	-	-	-	2,117,807
Public safety	-	-	-	7,419	24,076	190	4,810,356
Highways and streets	-	-	-	-	-	-	7,555,474
Culture and recreation	-	-	-	-	-	-	8,904,264
Urban redevelopment and housing	-	-	-	-	-	-	6,438,241
Debt service:							
Principal	-	-	-	-	-	-	810,878
Interest and fees	-	-	-	-	-	-	502,599
Capital outlay	-	-	-	-	-	-	3,731,962
Total expenditures	179,967	-	-	7,419	24,076	190	34,871,581
Excess (deficiency) of revenues over (under) expenditures	(38,618)	967,905	503,074	1,104	4,043	(190)	3,637,706
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	2,100
Transfers in	-	-	-	949	2,803	1,792	5,094,591
Transfers out	-	(845,000)	-	-	-	-	(5,945,135)
Total other financing sources (uses)	-	(845,000)	-	949	2,803	1,792	(848,444)
Change in fund balance	(38,618)	122,905	503,074	2,053	6,846	1,602	2,789,262
Fund balances:							
January 1, 2022	93,423	57,434	-	(2,053)	(6,846)	(1,602)	27,811,252
December 31, 2022	\$ 54,805	\$ 180,339	\$ 503,074	\$ -	\$ -	\$ -	\$ 30,600,514

City of Hammond, Indiana

Combining Balance Sheet
Gateways TIF Funds
December 31, 2022

	Gateways TIF	Collateral ST#8	GTW18A Const AC	Total
Assets				
Cash and cash equivalents	\$ 3,146,470	\$ 64,728	\$ -	\$ 3,211,198
Restricted cash and cash equivalents	-	-	306,129	306,129
Total assets	\$ 3,146,470	\$ 64,728	\$ 306,129	\$ 3,517,327
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 5	\$ -	\$ 5
Total liabilities	-	5	-	5
Fund balances				
Restricted	3,146,470	64,723	306,129	3,517,322
Total fund balances	3,146,470	64,723	306,129	3,517,322
Total liabilities, deferred inflows of resources and fund balances	\$ 3,146,470	\$ 64,728	\$ 306,129	\$ 3,517,327

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Gateways TIF Funds
 Year Ended December 31, 2022

	Gateways TIF	Collateral ST#8	GTW18A Const AC	Total
Revenues				
Property taxes	\$ 2,066,395	\$ -	\$ -	\$ 2,066,395
Total revenues	2,066,395	-	-	2,066,395
Expenditures				
Current:				
General government	-	60	-	60
Urban redevelopment and housing	246,860	-	-	246,860
Debt service:				
Principal	147,589	-	-	147,589
Interest and fees	103,983	-	-	103,983
Total expenditures	498,432	60	-	498,492
Excess (deficiency) of revenues over (under) expenditures	1,567,963	(60)	-	1,567,903
Other financing sources (uses)				
Transfers out	(364,025)	-	-	(364,025)
Total other financing sources (uses)	(364,025)	-	-	(364,025)
Change in fund balance	1,203,938	(60)	-	1,203,878
Fund balances:				
January 1, 2022	1,942,532	64,783	306,129	2,313,444
December 31, 2022	\$ 3,146,470	\$ 64,723	\$ 306,129	\$ 3,517,322

City of Hammond, Indiana

Combining Balance Sheet
Hammond Central TIF Funds
December 31, 2022

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Total
Assets						
Cash and cash equivalents	\$ 1,425,064	\$ 1,015,746	\$ 3,459,130	\$ 3,297,427	\$ 12,067	\$ 9,209,434
Prepaid items	-	-	-	-	-	-
Total assets	\$ 1,425,064	\$ 1,015,746	\$ 3,459,130	\$ 3,297,427	\$ 12,067	\$ 9,209,434
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 31,063	\$ -	\$ 31,063
Total liabilities	-	-	-	31,063	-	31,063
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted	1,425,064	1,015,746	3,459,130	3,266,364	12,067	9,178,371
Total fund balances	1,425,064	1,015,746	3,459,130	3,266,364	12,067	9,178,371
Total liabilities, deferred inflows of resources and fund balances	\$ 1,425,064	\$ 1,015,746	\$ 3,459,130	\$ 3,297,427	\$ 12,067	\$ 9,209,434

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Hammond Central TIF Funds
Year Ended December 31, 2022

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Eliminations	Total
Revenues							
Property taxes	\$ 551,589	\$ 20,141	\$ 326,081	\$ 2,526,630	\$ -	\$ -	\$ 3,424,441
Total revenues	551,589	20,141	326,081	2,526,630	-	-	3,424,441
Expenditures							
Current:							
Urban redevelopment and housing	94,904	1,601	-	1,593,402	-	-	1,689,907
Debt service:							
Principal	-	-	-	231,289	-	-	231,289
Interest and fees	-	-	-	183,328	-	-	183,328
Capital outlay	-	-	(117,012)	-	-	-	(117,012)
Total expenditures	94,904	1,601	(117,012)	2,008,019	-	-	1,987,512
Excess of revenues over expenditures	456,685	18,540	443,093	518,611	-	-	1,436,929
Other financing sources (uses)							
Transfers in	-	-	-	414,617	-	(414,617)	-
Transfers out	-	(587,348)	-	(961,369)	-	414,617	(1,134,100)
Total other financing sources (uses)	-	(587,348)	-	(546,752)	-	-	(1,134,100)
Change in fund balance	456,685	(568,808)	443,093	(28,141)	-	-	302,829
Fund balances:							
January 1, 2022	968,379	1,584,554	3,016,037	3,294,505	12,067	-	8,875,542
December 31, 2022	\$ 1,425,064	\$ 1,015,746	\$ 3,459,130	\$ 3,266,364	\$ 12,067	\$ -	\$ 9,178,371

City of Hammond, Indiana

Combining Balance Sheet
Roby TIF Funds
December 31, 2022

	Roby TIF	Marina	Total
Assets			
Cash and cash equivalents	\$ 889,799	\$ 103	\$ 889,902
Total assets	\$ 889,799	\$ 103	\$ 889,902
Liabilities, Deferred Inflows of Resources and Fund Balances			
Fund balances			
Restricted	889,799	103	889,902
Total fund balances	889,799	103	889,902
Total liabilities, deferred inflows of resources and fund balances	\$ 889,799	\$ 103	\$ 889,902

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Roby TIF Funds
 Year Ended December 31, 2022

	Roby TIF	Marina	Total
Revenues			
Property taxes	\$ 515,648	\$ -	\$ 515,648
Total revenues	<u>515,648</u>	<u>-</u>	<u>515,648</u>
Expenditures			
Current:			
Urban redevelopment and housing	34,887	-	34,887
Total expenditures	<u>34,887</u>	<u>-</u>	<u>34,887</u>
Excess of revenues over expenditures	<u>480,761</u>	<u>-</u>	<u>480,761</u>
Other financing sources (uses)			
Transfers out	(174,500)	-	(174,500)
Total other financing sources (uses)	<u>(174,500)</u>	<u>-</u>	<u>(174,500)</u>
Change in fund balance	306,261	-	306,261
Fund balances:			
January 1, 2022	<u>583,538</u>	<u>103</u>	<u>583,641</u>
December 31, 2022	<u>\$ 889,799</u>	<u>\$ 103</u>	<u>\$ 889,902</u>

City of Hammond, Indiana

Combining Balance Sheet
Parks and Recreation Funds
December 31, 2022

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Assets						
Cash and cash equivalents	\$ 7,073	\$ 6,220	\$ 1,654,612	\$ 573	\$ 35,023	\$ 1,703,501
Accounts receivable:						
Property taxes, net	4,685,915	-	-	-	-	4,685,915
Accounts	-	-	-	-	-	-
Other	4,427	-	-	-	-	4,427
Prepaid items	605	-	-	469	1,207	2,281
Total assets	\$ 4,698,020	\$ 6,220	\$ 1,654,612	\$ 1,042	\$ 36,230	\$ 6,396,124
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 116,882	\$ -	\$ 5,158	\$ -	\$ 10,850	\$ 132,890
Accrued payroll	58,340	-	-	-	469	58,809
Unearned revenue	20,748	-	-	-	-	20,748
Total liabilities	195,970	-	5,158	-	11,319	212,447
Deferred inflows of resources						
Property taxes levied for subsequent years	4,685,915	-	-	-	-	4,685,915
Fund balances						
Nonspendable - prepaid items	605	-	-	469	1,207	2,281
Restricted		6,220	1,649,454	573	23,704	1,679,951
Unassigned	(184,470)	-	-	-	-	(184,470)
Total fund balances	(183,865)	6,220	1,649,454	1,042	24,911	1,497,762
Total liabilities, deferred inflows of resources and fund balances	\$ 4,698,020	\$ 6,220	\$ 1,654,612	\$ 1,042	\$ 36,230	\$ 6,396,124

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Parks and Recreation Funds
Year Ended December 31, 2022

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Revenues						
Property taxes	\$ 3,989,988	\$ -	\$ -	\$ -	\$ -	\$ 3,989,988
Intergovernmental	279,694	-	-	16,020	-	295,714
Charges for services	1,298,237	-	596,086	-	1,419,285	3,313,608
Other	43,191	200	-	-	-	43,391
Total revenues	5,611,110	200	596,086	16,020	1,419,285	7,642,701
Expenditures						
Current:						
Public safety	-	-	-	-	198,664	198,664
Culture and recreation	5,962,405	-	397,930	23,091	2,520,838	8,904,264
Debt service:						
Principal	432,000	-	-	-	-	432,000
Interest and fees	215,288	-	-	-	-	215,288
Capital outlay	9,386	-	-	-	-	9,386
Total expenditures	6,619,079	-	397,930	23,091	2,719,502	9,759,602
Excess (deficiency) of revenues over (under) expenditures	(1,007,969)	200	198,156	(7,071)	(1,300,217)	(2,116,901)
Other financing sources (uses)						
Sale of capital assets	2,100	-	-	-	-	2,100
Transfers in	647,288	-	8,000	-	1,305,000	1,960,288
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	649,388	-	8,000	-	1,305,000	1,962,388
Change in fund balance	(358,581)	200	206,156	(7,071)	4,783	(154,513)
Fund balances:						
January 1, 2022	174,716	6,020	1,443,298	8,113	20,128	1,652,275
December 31, 2022	\$ (183,865)	\$ 6,220	\$ 1,649,454	\$ 1,042	\$ 24,911	\$ 1,497,762

City of Hammond, Indiana

Combining Balance Sheet
Grants Funds
December 31, 2022

	Neighborhood Stabilization	Federal Forfeiture	Regional Public Safety Training	Walmart	FY22 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs	Judicial Assistance Grants
Assets								
Cash and cash equivalents	\$ 133,873	\$ 12,367	\$ (9,996)	\$ 5,000	\$ -	\$ 36,088	\$ -	\$ 340
Receivables, other	-	34,772	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	\$ 133,873	\$ 47,139	\$ (9,996)	\$ 5,000	\$ -	\$ 36,088	\$ -	\$ 340
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,750
Accrued payroll	-	-	-	-	-	-	-	-
Total liabilities	-	50	-	-	-	-	-	14,750
Fund balances								
Nonspendable - prepaid items	-	-	-	-	-	-	-	-
Restricted	133,873	47,089	-	5,000	-	36,088	-	-
Unassigned	-	-	(9,996)	-	-	-	-	(14,410)
Total fund balances	133,873	47,089	(9,996)	5,000	-	36,088	-	(14,410)
Total liabilities, deferred inflows of resources and fund balances	\$ 133,873	\$ 47,139	\$ (9,996)	\$ 5,000	\$ -	\$ 36,088	\$ -	\$ 340

City of Hammond, Indiana

Combining Balance Sheet - continued

Grants Funds

December 31, 2022

	Human Relations	Human Relations (Federal)	C.D.B.G.	C.D.B.G. Donation	Affordable Housing	Emergency/ C.D.B.G.
Assets						
Cash and cash equivalents	\$ 1,890	\$ 29,894	\$ (366,919)	\$ 122,438	\$ 1,105,434	\$ 7,553
Receivables, other	-	-	332,651	-	3,354	68,322
Loans receivable, net	-	-	606,031	-	3,157,569	-
Prepaid items	-	167	5,196	-	9,924	24,926
Total assets	\$ 1,890	\$ 30,061	\$ 576,959	\$ 122,438	\$ 4,276,281	\$ 100,801
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 129,609	\$ -	\$ 8,258	\$ 32,255
Accrued payroll	-	1,113	-	-	-	-
Total liabilities	-	1,113	129,609	-	8,258	32,255
Fund balances						
Nonspendable - prepaid items	-	167	5,196	-	9,924	24,926
Restricted	1,890	28,781	442,154	122,438	4,258,099	43,620
Unassigned	-	-	-	-	-	-
Total fund balances	1,890	28,948	447,350	122,438	4,268,023	68,546
Total liabilities, deferred inflows of resources and fund balances	\$ 1,890	\$ 30,061	\$ 576,959	\$ 122,438	\$ 4,276,281	\$ 100,801

City of Hammond, Indiana

Combining Balance Sheet - continued

Grants Funds

December 31, 2022

	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Assets					
Cash and cash equivalents	\$ 305,137	\$ 36,022	\$ 26,169	\$ -	\$ 1,445,290
Receivables, other	-	-	-	-	439,099
Loans receivable, net	-	-	-	-	3,763,600
Prepaid items	-	-	-	-	40,213
Total assets	\$ 305,137	\$ 36,022	\$ 26,169	\$ -	\$ 5,688,202
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 300	\$ -	\$ 185,222
Accrued payroll	-	-	-	-	1,113
Total liabilities	-	-	300	-	186,335
Fund balances					
Nonspendable - prepaid items	-	-	-	-	40,213
Restricted	305,137	36,022	25,869	-	5,486,060
Unassigned	-	-	-	-	(24,406)
Total fund balances	305,137	36,022	25,869	-	5,501,867
Total liabilities, deferred inflows of resources and fund balances	\$ 305,137	\$ 36,022	\$ 26,169	\$ -	\$ 5,688,202

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Grants Funds

Year Ended December 31, 2022

	Neighborhood Stabilization	Federal Forfeiture	Regional Public Safety Training	Walmart	FY22 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs	Judicial Assistance Grants
Revenues								
Intergovernmental	\$ -	\$ 44,750	\$ -	\$ 5,000	\$ 6,659	\$ 39,871	\$ -	\$ 34,239
Other	9,227	-	-	-	-	-	-	-
Total revenues	9,227	44,750	-	5,000	6,659	39,871	-	34,239
Expenditures								
Current:								
General government	-	-	9,996	-	-	-	-	-
Public safety	-	9,250	-	-	6,757	17,006	-	-
Urban redevelopment and housing	435	-	-	-	-	-	-	-
Debt service:								
Capital outlay	-	-	-	-	-	-	-	21,360
Total expenditures	435	9,250	9,996	-	6,757	17,006	-	21,360
Excess (deficiency) of revenues over (under) expenditures	8,792	35,500	(9,996)	5,000	(98)	22,865	-	12,879
Other financing sources (uses)								
Transfers in	-	-	-	-	98	13,223	-	-
Transfers out	-	-	-	-	-	-	(13,223)	(4,200)
Total other financing sources (uses)	-	-	-	-	98	13,223	(13,223)	(4,200)
Change in fund balance	8,792	35,500	(9,996)	5,000	-	36,088	(13,223)	8,679
Fund balances:								
January 1, 2022	125,081	11,589	-	-	-	-	13,223	(23,089)
December 31, 2022	\$ 133,873	\$ 47,089	\$ (9,996)	\$ 5,000	\$ -	\$ 36,088	\$ -	\$ (14,410)

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued

Grants Funds

Year Ended December 31, 2022

	Human Relations	Human Relations (Federal)	C.D.B.G.	C.D.B.G. Donation	Affordable Housing	Emergency/ C.D.B.G.
Revenues						
Intergovernmental	\$ -	\$ 45,300	\$ 1,978,439	\$ -	\$ 485,306	\$ 347,424
Other	-	-	23,341	13,375	480,595	603,211
Total revenues	-	45,300	2,001,780	13,375	965,901	950,635
Expenditures						
Current:						
General government	150	45,700	-	8,100	-	-
Public safety	-	-	-	-	-	-
Urban redevelopment and housing	-	-	1,519,242	-	908,334	868,265
Debt service:						
Capital outlay	-	-	-	-	-	-
Total expenditures	150	45,700	1,519,242	8,100	908,334	868,265
Excess (deficiency) of revenues over (under) expenditures	(150)	(400)	482,538	5,275	57,567	82,370
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(647,288)	-	-	-
Total other financing sources (uses)	-	-	(647,288)	-	-	-
Change in fund balance	(150)	(400)	(164,750)	5,275	57,567	82,370
Fund balances:						
January 1, 2022	2,040	29,348	612,100	117,163	4,210,456	(13,824)
December 31, 2022	\$ 1,890	\$ 28,948	\$ 447,350	\$ 122,438	\$ 4,268,023	\$ 68,546

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued

Grants Funds

Year Ended December 31, 2022

	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Revenues					
Intergovernmental	\$ 779,361	\$ -	\$ -	\$ 410,690	\$ 4,177,039
Other	-	3,413	9,163	-	1,142,325
Total revenues	779,361	3,413	9,163	410,690	5,319,364
Expenditures					
Current:					
General government	-	-	-	-	63,946
Public safety	-	412	19,344	-	52,769
Urban redevelopment and housing	-	-	-	410,690	3,706,966
Debt service:					
Capital outlay	1,630,899	-	-	-	1,652,259
Total expenditures	1,630,899	412	19,344	410,690	5,475,940
Excess (deficiency) of revenues over (under) expenditures	(851,538)	3,001	(10,181)	-	(156,576)
Other financing sources (uses)					
Transfers in	829,361	-	-	-	842,682
Transfers out	-	-	-	-	(664,711)
Total other financing sources (uses)	829,361	-	-	-	177,971
Change in fund balance	(22,177)	3,001	(10,181)	-	21,395
Fund balances:					
January 1, 2022	327,314	33,021	36,050	-	5,480,472
December 31, 2022	\$ 305,137	\$ 36,022	\$ 25,869	\$ -	\$ 5,501,867

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2022

	General Obligation Bonds			Revenue Bonds		
	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)
Assets						
Restricted cash and cash equivalents	286,860	521,412	148	3	6	3,036,115
Receivables:						
Property taxes, net	650,347	1,014,417	-	-	-	-
Total assets	\$ 937,207	\$ 1,535,829	\$ 148	\$ 3	\$ 6	\$ 3,036,115
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources						
Property taxes levied for subsequent years	650,347	1,014,417	-	-	-	-
Fund balances						
Restricted	286,860	521,412	148	3	6	3,036,115
Unrestricted	-	-	-	-	-	-
Total fund balances	286,860	521,412	148	3	6	3,036,115
Total liabilities, deferred inflows of resources and fund balances	\$ 937,207	\$ 1,535,829	\$ 148	\$ 3	\$ 6	\$ 3,036,115

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Debt Service Funds
 December 31, 2022

	Revenue Bonds						Total
	Series 2017	Series 2018A	Series 2018B	Series 2019	Series 2021A	Series 2022	
	(Potash)	(Gateway)	(Lear Seating)	(Data Center)		COI	
Assets							
Restricted cash and cash equivalents	663,000	721,831	172,731	-	249,184	359,095	6,010,385
Receivables:							
Property taxes, net	-	-	-	-	-	-	1,664,764
Total assets	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 249,184	\$ 359,095	\$ 7,675,149
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources							
Property taxes levied for subsequent ye	-	-	-	-	-	-	1,664,764
Fund balances							
Restricted	663,000	721,831	172,731	-	249,184	359,095	6,010,385
Unrestricted	-	-	-	-	-	-	-
Total fund balances	663,000	721,831	172,731	-	249,184	359,095	6,010,385
Total liabilities, deferred inflows of resources and fund balances	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 249,184	\$ 359,095	\$ 7,675,149

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended December 31, 2022

	General Obligation Bonds			Refunding Bonds		
	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)
Revenues						
Property taxes	\$ 794,702	\$ 928,373	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,282	46,996	-	-	-	-
Other	-	-	265,249	-	-	-
Interest	-	-	208,446	3	6	-
Total revenues	834,984	975,369	473,695	3	6	-
Expenditures						
Debt service:						
Principal	775,000	805,000	-	80,000	110,000	1,995,000
Interest and fees	107,800	235,301	1,874,250	72,900	64,500	496,050
Total expenditures	882,800	1,040,301	1,874,250	152,900	174,500	2,491,050
Deficiency of revenues over expenditures	(47,816)	(64,932)	(1,400,555)	(152,897)	(174,494)	(2,491,050)
Other financing sources (uses)						
Transfers in	-	1,092,736	1,400,697	152,900	174,500	2,627,310
Transfers out	-	(1,040,011)	-	-	-	-
Total other financing sources (uses)	-	52,725	1,400,697	152,900	174,500	2,627,310
Change in fund balance	(47,816)	(12,207)	142	3	6	136,260
Fund balances:						
January 1, 2022	334,676	533,619	6	-	-	2,899,855
December 31, 2022	\$ 286,860	\$ 521,412	\$ 148	\$ 3	\$ 6	\$ 3,036,115

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
 Nonmajor Debt Service Funds
 Year Ended December 31, 2022

	Refunding Bonds							Total
	Series 2017	Series 2018A	Series 2018B	Series 2019	Series 2021A	Series 2022	Eliminations	
	(Potash)	(Gateway)	(Lear Seating)	(Data Center)	COI			
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,723,075
Intergovernmental	-	-	-	-	-	-	-	87,278
Other	-	-	-	221,600	-	-	-	486,849
Interest	-	-	-	-	1,548	-	-	210,003
Total revenues	-	-	-	221,600	1,548	-	-	2,507,205
Expenditures								
Debt service:								
Principal	905,000	130,000	-	-	-	-	-	4,800,000
Interest and fees	56,369	241,375	172,731	321,600	119,845	223,128	-	3,985,849
Total expenditures	961,369	371,375	172,731	321,600	119,845	223,128	-	8,785,849
Deficiency of revenues over expenditures	(961,369)	(371,375)	(172,731)	(100,000)	(118,297)	(223,128)	-	(6,278,644)
Other financing sources (uses)								
Transfers in	961,369	364,025	172,731	160,800	-	582,223	(1,040,011)	6,649,280
Transfers out	-	-	-	-	-	-	1,040,011	-
Total other financing sources (uses)	961,369	364,025	172,731	160,800	-	582,223	-	6,649,280
Change in fund balance	-	(7,350)	-	60,800	(118,297)	359,095	-	370,636
Fund balances:								
January 1, 2022	663,000	729,181	172,731	(60,800)	367,481	-	-	5,639,749
December 31, 2022	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 249,184	\$ 359,095	\$ -	\$ 6,010,385

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2022

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Police Equipment	Energy	2021A Construction Bond	2022 Construction Bond	City Wide Engineering	Total
Assets										
Cash and cash equivalents	\$ 242,707	\$ 650	\$ -	\$ -	\$ -	\$ 6,250,594	\$ 2,787,575	\$ -	\$ -	\$ 9,281,526
Restricted cash and cash equivalents	-	-	1,815,811	1,652	-	-	-	3,000,000	-	4,817,463
Total assets	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,652	\$ -	\$ 6,250,594	\$ 2,787,575	\$ 3,000,000	\$ -	\$ 14,098,989
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,112,664	\$ -	\$ -	\$ -	\$ 2,112,664
Total liabilities	-	-	-	-	-	2,112,664	-	-	-	2,112,664
Fund balances										
Restricted	242,707	650	1,815,811	1,652	-	4,137,930	2,787,575	3,000,000	-	11,986,325
Total fund balances	242,707	650	1,815,811	1,652	-	4,137,930	2,787,575	3,000,000	-	11,986,325
Total liabilities, deferred inflows of resources and fund balances	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,652	\$ -	\$ 6,250,594	\$ 2,787,575	\$ 3,000,000	\$ -	\$ 14,098,989

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 Year Ended December 31, 2022

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Police Equipment	Energy	2021A Construction Bond	2022 Construction Bond	City Wide Engineering	Total
Revenues										
Other	\$ -	\$ -	\$ -	\$ 5,543	\$ -	\$ 7,350	\$ -	\$ -	\$ -	\$ 12,893
Interest	-	-	-	-	-	52,275	17,429	-	-	69,704
Total revenues	-	-	-	5,543	-	59,625	17,429	-	-	82,597
Expenditures										
Current:										
General government	-	-	-	5,694	-	-	-	-	-	5,694
Debt service:										
Principal	-	-	-	304,232	-	-	-	-	-	304,232
Interest and fees	-	-	-	658,313	-	-	-	-	-	658,313
Capital outlay	-	-	-	-	655,390	6,656,226	-	2,750,000	3,487,353	13,548,969
Total expenditures	-	-	-	968,239	655,390	6,656,226	-	2,750,000	3,487,353	14,517,208
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(962,696)	(655,390)	(6,596,601)	17,429	(2,750,000)	(3,487,353)	(14,434,611)
Other financing sources (uses)										
Proceeds of bond issuance	-	-	-	-	-	-	-	6,425,000	-	6,425,000
Discount on bonds issued	-	-	-	-	-	-	-	(92,777)	-	(92,777)
Transfers in	-	-	-	962,545	552,061	-	-	-	3,487,353	5,001,959
Transfers out	-	-	-	-	-	-	-	(582,223)	-	(582,223)
Total other financing sources (uses)	-	-	-	962,545	552,061	-	-	5,750,000	3,487,353	10,751,959
Change in fund balance	-	-	-	(151)	(103,329)	(6,596,601)	17,429	3,000,000	-	(3,682,652)
Fund balances:										
January 1, 2022	242,707	650	1,815,811	1,803	103,329	10,734,531	2,770,146	-	-	15,668,977
December 31, 2022	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,652	\$ -	\$ 4,137,930	\$ 2,787,575	\$ 3,000,000	\$ -	\$ 11,986,325

CITY OF HAMMOND
Lake County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**
Year ended December 31, 2022

CITY OF HAMMOND
Lake County, Indiana

SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE
Year ended December 31, 2022

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CITY OF HAMMOND
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay	01-01-20 to 01-16-20
	Megan Flores	01-17-20 to 12-31-22
Mayor	Thomas M. McDermott, Jr.	01-01-20 to 12-31-22

INDEPENDENT AUDITOR'S 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*

Those Charged with Governance
City of Hammond
Lake County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information; and were engaged to audit the financial statements of the governmental activities of the City of Hammond (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2022.

The opinion on governmental activities was disclaimed because there was not sufficient appropriate audit evidence for capital assets, accumulated depreciation, net investment in capital assets and depreciation expense of the City. Because of the significance of the matter discussed in the Basis for Disclaimer Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. Accordingly, we did not express an opinion on governmental activities of the City, as of December 31, 2022, and for the year then ended.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

City of Hammond's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Those Charged with Governance
City of Hammond
Lake County, Indiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited City of Hammond's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on City of Hammond's major federal program for the year ended December 31, 2022. City of Hammond's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hammond complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Hammond's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Hammond's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Hammond's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information; and we were engaged to audit the governmental activities, of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 28, 2023, which contained a disclaimer of opinion to the governmental activities, unmodified opinions on the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2023

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipients
Department of Housing and Urban Development					
<i>Entitlement Grants Cluster</i>					
Community Development Block Grants/Entitlement Grants	Direct Award	14.218	B-20-MC-18-0006	\$ 497,056	\$ 102,703
	Direct Award	14.218	B-20-MW-18-0006	170,573	-
	Direct Award	14.218	B-11-MN-18-0006	338	-
	Direct Award	14.218	B-21-MC-18-0006	987,614	28,485
COVID-19	Direct Award	14.218	B-22-MC-18-0006	20,336	-
	Direct Award	14.218	B-08-MN-18-0006	97	-
Total Community Development Block Grants/Entitlement Grants				<u>1,676,014</u>	<u>131,188</u>
Total Entitlement Grants Cluster				<u>1,676,014</u>	<u>131,188</u>
Emergency Solutions Grant Program	Direct Award	14.231	E-19-MC18-0006	37,576	-
	Direct Award	14.231	E-20-MC-18-0006	126,798	-
	Direct Award	14.231	E-20-MW-18-0006	572,471	-
COVID -19	Direct Award	14.231	E-21-MC-18-0006	145,467	-
Total Emergency Solutions Grant Program				<u>882,312</u>	<u>-</u>
Home Investment Partnership Program	Direct Award	14.239	M-20-MC-18-0204	83,104	-
	Direct Award	14.239	M-19-MC-18-0204	145,875	-
	Direct Award	14.239	M-21-MC-0204	253,151	-
	Direct Award	14.239	M-18-MC-18-0204	317,252	-
Total Home Investment Partnership Program				<u>799,382</u>	<u>-</u>
Total Department of Housing and Urban Development				<u>3,357,709</u>	<u>131,188</u>
Department of Justice					
Bulletproof Vest Partnership Program	Direct Award	16.607	15-0404-0-1-754	22,500	-
Equitable Sharing Program	Direct Award	16.922	2022	9,200	-
Total Department of Justice				<u>31,700</u>	<u>-</u>

(Continued)

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipients
Department of Transportation					
<i>Highway Planning and Construction Cluster</i>					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES#1500416	\$ 3,042	\$ -
	Indiana Department of Transportation	20.205	DES# 1500221	128,443	-
	Indiana Department of Transportation	20.205	DES#1500222	394,682	-
	Indiana Department of Transportation	20.205	DES#1601163	40,158	-
	Indiana Department of Transportation	20.205	DES#1297017	29,954	-
Total Highway Planning and Construction				<u>596,279</u>	-
Total Highway Planning and Construction Cluster				<u>596,279</u>	-
<i>Highway Safety Cluster</i>					
Comprehensive Highway Injury Reduction Program (CHIRP)	Indiana Criminal Justice Institute	20.600	CHIRP-2022-00056	36,642	-
	Indiana Criminal Justice Institute	20.600	SAVE-2022-00037	17,371	-
Total Comprehensive Highway Injury Reduction Program (CHIRP)				<u>54,013</u>	-
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616	CHIRP-2022-00056	6,659	-
Total Highway Safety Cluster				<u>60,672</u>	-
Total Department of Transportation				<u>656,951</u>	-
Department of Treasury					
COVID-19 Coronavirus State and Local Fiscal Recovery	Direct Award	21.027	CY 2022	14,106,492	-
Total Department of Treasury				<u>14,106,492</u>	-
Total Schedule of Expenditures of Federal Awards				<u>\$ 18,152,852</u>	<u>\$ 131,188</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF HAMMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Hammond (the "City") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF HAMMOND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended December 31, 2022

SECTION 1 - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditor's report issued:

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Each Major Fund – General Fund, Sanitary District and Water Utility Enterprise Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs

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

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

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

SECTION 2 - FINANCIAL STATEMENT FINDINGS

FINDING 2022-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness
Repeat Finding: 2021-001

Criteria:

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories." All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Capital Assets: Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Condition and Context:

Capital Assets: There were no effective internal controls in place to ensure the accuracy and completeness of capital assets records for Governmental Activities. The City was unable to provide supporting documentation for beginning capital asset balances. As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the City. Our financial statement opinion on Governmental Activities reflects this matter.

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

Cause: Management of the City had not established an effective system of internal controls over financial transactions and reporting for certain financial reporting and transactions related to capital assets.

Effect: The failure to establish a system of internal controls may allow for material misstatements or irregularities to remain undetected. This resulted in a disclaimer opinion on the Governmental Activities opinion unit related to Capital Assets

Repeat Finding: Yes, this is a partial repeat finding as some matters were addressed from the prior finding (2021-001)

Recommendation: We recommend that the City complete their capital assets inventory analysis to support capital assets balances for Governmental Activities. We also recommend that grant revenue be reviewed and approved to ensure that revenue is recognized when the expenditures are incurred

Views of Responsible Officials and Planned Corrective Actions: For the views of the responsible officials, refer to the Corrective Action Plan that is attached to this report.

SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



Megan E. Flores
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2021-001- *Internal Controls over Financial Reporting (Material Weakness)*

Condition: There were no effective internal controls in place to ensure the accuracy and completeness of capital assets records for Governmental Activities. The City was unable to provide supporting documentation for beginning capital asset balances. As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the City. Our financial statement opinion on Governmental Activities reflects this matter.

Context: As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the City. Our financial statement opinion on Governmental Activities reflects this matter.

Status: Repeated, see Finding 2022-001.

FINDING 2021-002- *Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)*

Condition: The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. Due to the lack of effective internal controls, the following errors resulted in the misclassification of Assistance Listing Numbers (ALN) and

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Megan E. Flores
Controller

CITY OF HAMMOND

understatement of the total federal awards expended on the SEFA by \$10,000. ALN 14.401 –Fair Housing Assistance Program was understated by \$10,000. Two awards totaling \$1,064,790 were reported as ALN 14.231 Emergency Solutions Grant but were actually related to ALN 14.218 CDBG Entitlement Grant awards.

Status: Implemented.

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Controller

CITY OF HAMMOND

CORRECTIVE ACTION PLAN

Finding 2022-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness
Repeat Finding: 2021-001

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories." All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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CITY OF HAMMOND

complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Context: Capital Assets: There were no effective internal controls in place to ensure the accuracy and completeness of capital assets records for Governmental Activities. The City was unable to provide supporting documentation for beginning capital asset balances. As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the City. Our financial statement opinion on Governmental Activities reflects this matter.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Description of Corrective Action Plan:

The City continues to work with RSM annually to accurately identify and report any new assets acquired. The City plans to engage RSM and possibly another outside agency to assist in identifying and calculating beginning capital asset balances, more specifically as it relates to infrastructure assets. The City plans to undergo a physical inventory check in 2024.

Anticipated Completion Date: December 2024



(Signature)

Controller

(Title)

9-27-2023

(Date)

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