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November 1, 2023

Board of Directors  
Housing Authority of the City of Hammond  
1402 173<sup>rd</sup> St.  
Hammond, IN 46324

We have reviewed the audit report of the Housing Authority of the City of Hammond, which was opined upon by CohnReznick LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Hammond, as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**Housing Authority of the  
City of Hammond, Indiana**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**December 31, 2022**

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# Housing Authority of the City of Hammond, Indiana

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## Independent Auditor's Report

To the Board of Commissioners  
Housing Authority of the City of Hammond, Indiana

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Hammond, Indiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Hammond, Indiana's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Hammond, Indiana 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 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*, 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 Housing Authority of the City of Hammond, Indiana 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. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

The Housing Authority of the City of Hammond, Indiana's 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 Housing Authority of the City of Hammond, Indiana's ability to continue as a going concern for 12 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 Housing Authority of the City of Hammond, Indiana'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 Housing Authority of the City of Hammond, Indiana's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Hammond, Indiana's basic financial statements. The accompanying HUD financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The HUD financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD financial data schedule and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of the Housing Authority of the City of Hammond, Indiana'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 Housing Authority of the City of Hammond, Indiana'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 Housing Authority of the City of Hammond, Indiana's internal control over financial reporting and compliance.



Chicago, Illinois  
September 22, 2023

## Housing Authority of the City of Hammond, Indiana

### Management's Discussion and Analysis (MD&A) (Unaudited) December 31, 2022

This section of the Housing Authority of the City of Hammond, Indiana's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on December 31, 2022. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended December 31, 2022. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

#### Financial highlights

- Total assets were \$25.1 million at December 31, 2022, and increased by \$249 thousand from \$24.9 million at December 31, 2021.
- Net capital assets were \$1.7 million at December 31, 2022, and had a decrease of \$318 thousand from \$2.0 million at December 31, 2021. This was primarily due to depreciation of assets.
- Total liabilities increased by \$105 thousand to \$3.9 million at December 31, 2022, from \$3.8 million at December 31, 2021.
- Total net position was \$20.9 million at December 31, 2022, a decrease of \$159 thousand from \$21.0 million at December 31, 2021.
- Total revenue was \$8.4 million at December 31, 2022, a decrease of \$26 thousand from the December 31, 2021 balance of \$8.4 million.
- Total expenses increased by \$456 thousand to \$8.5 million at December 31, 2022 from \$8.1 million at December 31, 2021.

#### Using this report

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner. Net Position is reported in three broad categories:

## Housing Authority of the City of Hammond, Indiana

### Management's Discussion and Analysis (MD&A) (Unaudited) December 31, 2022

*Net Investment in Capital Assets:* This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

*Unrestricted Net Position:* Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position."

The *Statement of Revenue, Expenses and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

- These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from HUD.
- Overview of the financial statements.
- The Authority's basic financial statements are presented as an enterprise fund consisting of the primary government and discretely presented component units.

**Fund Financial Statements** are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's funds only consisted of a **Proprietary Fund**.

The Authority's **Proprietary Fund** is comprised of enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

*Low-Rent Public Housing* - Under the Low-Rent Public Housing Program, the Authority rents units it owns to low-income families. The Low-Rent Public Housing Program is operated under an annual contribution contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a family's adjusted gross household income.

*Capital Fund Program ("CFP")* - The Low-Rent Public Housing Program also includes the CFP, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

## Housing Authority of the City of Hammond, Indiana

### Management's Discussion and Analysis (MD&A) (Unaudited) December 31, 2022

*Section 8 Housing Choice Vouchers* - The Housing Choice Voucher is the federal government's programs for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The programs are administered locally by public housing authorities ("PHAs"). The PHAs receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

*Component Units* - The Authority has oversight responsibility including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the Authority includes all component units of which the Authority appointed a voting majority of the unit's board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

*Discretely Presented Component Units* - Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. The Authority has included as discretely presented component units the activity for: Flagstone Village, LLC, American Heartland Homes One, LLC, American Heartland Homes Two, LLC, Golden Manor, LP, and Saxony Townhomes, LP. These entities are shown as discretely presented component units because the Authority is financially accountable for it, but does not have the same board as the entity.

#### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year:

	2022	2021	Change	Percent Change
<b>Assets</b>				
Current assets	\$ 4,071,385	\$ 4,207,866	\$ (136,481)	-3.2%
Restricted assets	282,126	169,181	112,945	66.8%
Capital assets, net	1,684,271	2,001,975	(317,704)	-15.9%
Noncurrent assets	19,071,450	18,480,771	590,679	3.2%
<b>Total assets</b>	<b>\$ 25,109,232</b>	<b>\$ 24,859,793</b>	<b>\$ 249,439</b>	<b>1.0%</b>
<b>Liabilities</b>				
Current liabilities	\$ 358,642	\$ 323,493	\$ 35,149	10.9%
Noncurrent liabilities	3,586,512	3,516,789	69,723	2.0%
<b>Total liabilities</b>	<b>3,945,154</b>	<b>3,840,282</b>	<b>104,872</b>	<b>2.7%</b>
Deferred inflow of resources	303,634	-	303,634	100.0%
<b>Net Position</b>				
Net investment in capital assets	1,684,271	2,001,975	(317,704)	-15.9%
Restricted	95,103	11,461	83,642	729.8%
Unrestricted	19,081,070	19,006,075	74,995	0.4%
<b>Total net position</b>	<b>20,860,444</b>	<b>21,019,511</b>	<b>(159,067)</b>	<b>-0.8%</b>
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>\$ 25,109,232</b>	<b>\$ 24,859,793</b>	<b>\$ 249,439</b>	<b>1.0%</b>

The Authority's total net position at December 31, 2022 was approximately \$20.9 million.

## Housing Authority of the City of Hammond, Indiana

### Management's Discussion and Analysis (MD&A) (Unaudited) December 31, 2022

#### Capital Assets

The following table reflects the condensed activity of capital assets compared to the prior year:

	2022	2021
Land	\$ 374,408	\$ 374,408
Buildings and improvements	12,957,036	12,957,036
Furniture, equipment, and machinery	544,649	544,649
Accumulated depreciation	(12,191,822)	(11,874,118)
Total	\$ 1,684,271	\$ 2,001,975

Depreciation expense was \$317,704. Additional information can be found in the Notes to Financial Statements.

#### Notes and Accrued Interest Receivable

The Authority has several notes receivable outstanding, which total \$15,077,054, as a result of funds loaned to its mixed income developers. These are long-term notes that will mature in 2035, 2051, and 2065. Interest payments are accumulated and are not required to be paid until the developments generate positive cash flow per HUD regulations. Accumulated interest as of year-end totaled \$3,180,056.

Total liabilities increased by \$105 thousand or 2.7 percent to \$3.9 million. Additional information can be found in the Notes to Financial Statements.

#### Statement of Revenue, Expenses and Changes in Net Position

The following table reflects the condensed Statement of Revenue, Expenses and Changes in Net Position compared to the prior year.

	2022	2021	Change	Percent Change
Operating revenues and expenses				
Operating revenues	\$ 1,118,425	\$ 1,234,503	\$ (116,078)	-9.4%
Governmental operating revenues	6,709,880	6,572,655	137,225	2.1%
Depreciation expense	(317,704)	(321,903)	4,199	-1.3%
Other operating expenses	(8,222,236)	(7,762,347)	(459,889)	5.9%
Operating income (loss)	(711,635)	(277,092)	(434,543)	156.8%
Non-operating revenues and expenses				
Interest revenue	403,788	360,263	43,525	12.1%
Other non-routine revenues/(expenses)	16,352	239,759	(223,407)	-93.2%
HUD capital grants and capital contributions	132,428	-	132,428	100.0%
Change in net position	(159,067)	322,930	(481,997)	-149.3%
Net Position, beginning	21,019,511	20,696,581	322,930	1.6%
Net Position, end	\$ 20,860,444	\$ 21,019,511	\$ (159,067)	-0.8%

The Authority's total operating revenues decreased by approximately \$116 thousand or 9.4 percent for the year ended December 31, 2022.

## Housing Authority of the City of Hammond, Indiana

### Management's Discussion and Analysis (MD&A) (Unaudited) December 31, 2022

Total operating expenses, including depreciation, increased by approximately \$456 thousand or 5.6 percent for a total balance of approximately \$8.5 million for the year ended December 31, 2022. Changes are shown in the table below:

Expenses	Year ended December 31,		Change	Percent Change
	2022	2021		
Expenses				
Administrative	\$ 1,304,251	\$ 1,083,719	\$ 220,532	20.3%
Tenant services	37,410	283,002	(245,592)	-86.8%
Utilities	273,068	244,381	28,687	11.7%
Maintenance and operations	741,058	649,236	91,822	14.1%
Protective services	93,602	77,118	16,484	21.4%
General	1,020,938	847,332	173,606	20.5%
Housing assistance payments	4,751,909	4,577,559	174,350	3.8%
Depreciation	317,704	321,903	(4,199)	-1.3%
Total operating expenses	<u>\$ 8,539,940</u>	<u>\$ 8,084,250</u>	<u>\$ 455,690</u>	<u>5.6%</u>

Expenses primarily increased in administrative expenses, general, and housing assistance payments.

#### Budgetary control

For the operating budget, management submits a proposed budget for revenues and expenses for all programs, functions, activities, or objectives for the following fiscal year to the governing body ("Board"). The Board reviews, approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. Full funding of the operating subsidy is dependent on the availability of federal funds.

The Authority prepares annual five-year budgets for its capital grants and project budgets for other grants. Capital project budgets are approved and are adopted for five years by the Board and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five-year plan and are monitored by the Authority and HUD. Line item variances are resolved and approved by HUD.

#### Major initiatives

Current Year: The Hammond Housing Authority continues to provide comprehensive service in the City of Hammond to assure the existence of affordable housing for low- to moderate-income individuals, families, senior citizens, handicapped and disabled individuals. Under the leadership of a dedicated Board of Commissioners, and the hard work of true professionals in the field of affordable housing, the Authority continues to thrive, considering the various challenges for federally subsidized housing providers. Improvements have included working hard to enhance our operations internally and seeking external funds to support our residents whenever possible. Below are some of our accomplishments.

The year moved with continuous improvements for the Hammond Housing Authority. Ongoing capital improvements specifically for Turner Park. Another year of continued progress, persistence, productivity and pride can define the activities that encompass the year.

## **Housing Authority of the City of Hammond, Indiana**

### **Management's Discussion and Analysis (MD&A)**

**(Unaudited)**

**December 31, 2022**

#### **Economic Outlook**

The Hammond Housing Authority is primarily depended upon HUD for the funding of its programs; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs are always affected by the future federal budget.

#### **Contacting the Authority's Financial Management**

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maria Carmen Paniagua, Executive Director, Housing Authority of the City of Hammond, Indiana 1402 173rd Street, Hammond, Indiana 46324 or call (219) 989-3260.

**Housing Authority of the City of Hammond, Indiana**

**Statement of Net Position  
December 31, 2022**

Assets

	Primary Government	Discrete Component Units	Total Reporting Entity
<b>Current assets</b>			
Cash and cash equivalents - unrestricted	\$ 2,268,514	\$ 1,548,209	\$ 3,816,723
Investments - unrestricted	1,403,854	-	1,403,854
Accounts receivable - tenants (net of allowance)	25,620	53,641	79,261
Accounts receivable - other	253,542	126,278	379,820
Inventories	30,896	-	30,896
Prepaid expenses	88,959	119,122	208,081
<b>Total current assets</b>	<u>4,071,385</u>	<u>1,847,250</u>	<u>5,918,635</u>
<b>Restricted assets</b>			
Cash and cash equivalents - restricted	282,126	962,031	1,244,157
Investments - restricted	-	1,871,735	1,871,735
<b>Total restricted assets</b>	<u>282,126</u>	<u>2,833,766</u>	<u>3,115,892</u>
<b>Capital assets</b>			
Land	374,408	1,138,757	1,513,165
Buildings and improvements	12,957,036	54,832,493	67,789,529
Furniture, equipment and machinery	544,649	1,655,169	2,199,818
	13,876,093	57,626,419	71,502,512
Less accumulated depreciation	<u>(12,191,822)</u>	<u>(18,940,943)</u>	<u>(31,132,765)</u>
<b>Total capital assets</b>	<u>1,684,271</u>	<u>38,685,476</u>	<u>40,369,747</u>
<b>Noncurrent assets</b>			
Notes receivable - discrete component units	15,077,054	-	15,077,054
Investments in joint ventures	146,154	-	146,154
Lease receivable	303,634	-	303,634
Other assets	3,544,608	762,177	4,306,785
<b>Total noncurrent assets</b>	<u>19,071,450</u>	<u>762,177</u>	<u>19,833,627</u>
<b>Total assets</b>	<u>\$ 25,109,232</u>	<u>\$ 44,128,669</u>	<u>\$ 69,237,901</u>

**Housing Authority of the City of Hammond, Indiana**

**Statement of Net Position  
December 31, 2022**

Liabilities, Deferred Inflow of Resources, and Net Position

	Primary Government	Discrete Component Units	Total Reporting Entity
Current liabilities			
Accounts payable	\$ 217,851	\$ 114,386	\$ 332,237
Current portion of long-term debt	-	24,180	24,180
Accrued wages and payroll taxes payable	14,671	5,437	20,108
Tenant security deposits	59,301	185,000	244,301
Unearned revenues	9,319	55,655	64,974
Other current liabilities	45,733	1,280,132	1,325,865
Accrued liabilities - other	11,767	301,490	313,257
Total current liabilities	<u>358,642</u>	<u>1,966,280</u>	<u>2,324,922</u>
Noncurrent liabilities			
Other noncurrent liabilities	3,586,512	223,981	3,810,493
Long-term debt, net of current portion	-	19,621,162	19,621,162
Total noncurrent liabilities	<u>3,586,512</u>	<u>19,845,143</u>	<u>23,431,655</u>
Total liabilities	<u>3,945,154</u>	<u>21,811,423</u>	<u>25,756,577</u>
Deferred inflow of resources			
Deferred inflow of resources - leases	303,634	-	303,634
Total deferred inflow of resources	<u>303,634</u>	<u>-</u>	<u>303,634</u>
Net position			
Net investment in capital assets	1,684,271	19,301,974	20,986,245
Restricted			
Voucher programs reserve	95,103	2,648,766	2,743,869
Unrestricted net position	19,081,070	366,506	19,447,576
Total net position	<u>20,860,444</u>	<u>22,317,246</u>	<u>43,177,690</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 25,109,232</u>	<u>\$ 44,128,669</u>	<u>\$ 69,237,901</u>

See Notes to Financial Statements.

**Housing Authority of the City of Hammond, Indiana**

**Statement of Revenue, Expenses and Changes in Net Position  
Year Ended December 31, 2022**

	Primary Government	Discrete Component Units	Total Reporting Entity
Operating revenue			
Net tenant rental revenue	\$ 718,680	\$ 3,520,683	\$ 4,239,363
HUD operating grants	6,709,880	-	6,709,880
Other revenue	399,745	81,547	481,292
Total operating revenue	<u>7,828,305</u>	<u>3,602,230</u>	<u>11,430,535</u>
Operating expenses			
Administrative	1,304,251	1,039,449	2,343,700
Tenant services	37,410	56,752	94,162
Utilities	273,068	417,327	690,395
Maintenance and operations	741,058	712,813	1,453,871
Protective services	93,602	-	93,602
General	1,020,938	432,932	1,453,870
Housing assistance payments	4,751,909	-	4,751,909
Amortization	-	26,956	26,956
Depreciation	317,704	1,763,640	2,081,344
Total operating expenses	<u>8,539,940</u>	<u>4,449,869</u>	<u>12,989,809</u>
Operating income (loss)	<u>(711,635)</u>	<u>(847,639)</u>	<u>(1,559,274)</u>
Non-operating revenue (expenses)			
Other revenue (expenses)	16,352	(14,258)	2,094
Interest expense	-	(557,048)	(557,048)
Notes receivable interest income	391,146	-	391,146
Interest income - unrestricted	12,642	1,594	14,236
Total non-operating revenue (expenses)	<u>420,140</u>	<u>(569,712)</u>	<u>(149,572)</u>
Income (loss) before capital grants	(291,495)	(1,417,351)	(1,708,846)
HUD capital grants	<u>132,428</u>	<u>-</u>	<u>132,428</u>
Change in net position	(159,067)	(1,417,351)	(1,576,418)
Net position - beginning	<u>21,019,511</u>	<u>23,734,597</u>	<u>44,754,108</u>
Net position - end	<u>\$ 20,860,444</u>	<u>\$ 22,317,246</u>	<u>\$ 43,177,690</u>

See Notes to Financial Statements.

**Housing Authority of the City of Hammond, Indiana**

**Statement of Cash Flows  
Year Ended December 31, 2022**

	Primary Government
Cash flows from operating activities	
Dwelling rent receipts	\$ 649,830
Operating subsidy and grant receipts	6,709,834
Other income receipts	319,955
Total receipts	7,679,619
Payments to vendors	(2,678,882)
Payments to employees	(737,459)
Housing assistance payments	(4,751,909)
Total disbursements	(8,168,250)
Net cash used in operating activities	(488,631)
Cash flows from investing activities	
Investment income	12,642
Interest received on notes receivable	391,146
Increase in other assets	(53,774)
Increase in deferred revenue	69,723
Developer fee receipts	42,365
Payment of co-development fees	(37,976)
Proceeds from sales of investments	157,359
Issued notes receivable	(237,660)
Net cash provided by investing activities	343,825
Cash flows from capital and related financing activities	
Capital grants receipts	132,428
Non-operating revenues	16,352
Net cash provided by capital and related financing activities	148,780
Net increase in cash and cash equivalents	3,974
Cash and cash equivalents, beginning	2,546,666
Cash and cash equivalents, end	\$ 2,550,640
Reconciliation to Statement of Net Position:	
Cash and cash equivalents - unrestricted	\$ 2,268,514
Cash and cash equivalents - restricted	282,126
Total	\$ 2,550,640
Supplementary schedule of non-cash investing, capital and financing transactions:	
Increase in lease receivable	\$ (303,634)
Increase in deferred inflows of resources	303,634
	\$ -

**Housing Authority of the City of Hammond, Indiana**

**Statement of Cash Flows  
Year Ended December 31, 2022**

	<u>Primary Government</u>
Reconciliation of operating income (loss) to net cash used in operating activities	
Operating income (loss)	<u>\$ (711,635)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities	
Depreciation	317,704
Bad debt expense	65,380
Changes in asset and liability accounts	
(Increase) decrease in assets	
Accounts receivable - tenants	(84,351)
Accounts receivable - other	(79,790)
Prepaid expenses	(31,088)
Increase (decrease) in liabilities	
Accounts payable	42,832
Accounts payable - HUD	(46)
Tenant security deposits payable	(49,416)
Accrued wages and payroll taxes payable	14,671
Other current liabilities	27,571
Unearned revenues	<u>(463)</u>
Total adjustments	<u>223,004</u>
Net cash used in operating activities	<u><u>\$ (488,631)</u></u>

See Notes to Financial Statements.

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

#### Note 1 - Organization and summary of significant accounting policies

##### Organization

The Housing Authority of the City of Hammond, Indiana (the "Authority") is a municipal corporation created and organized under the Housing Authority Act of the State of Indiana which was organized to provide affordable housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development ("HUD") and other Federal Agencies.

HUD has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and to provide funds to assist the Public Housing Authorities ("PHAs") in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions (subsidies) to PHAs for the purpose of maintaining the low rent character of the local housing program.

##### Reporting entity

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City of Hammond. The Board of Commissioners has decision making authority and the power to designate management. The Authority's Board elects its own chairperson and each member can only be removed for cause.

The reporting entity for the Authority includes its Enterprises Funds. The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low-income and elderly persons. The majority of funding is provided by HUD. All funds and programs are included in these statements.

##### Component Units

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following component units:

**Homestead Enterprise Housing, Inc. (HEH, a Blended Component Unit)** is an Indiana nonprofit corporation organized in 1978 by the Housing Authority of the City of Hammond, Indiana, under the authority of the Indiana Not for Profit Corporation Act of 1971. HEH's purpose is to issue bonds for private developers to construct federally subsidized low-income housing. HEH also develops and provides affordable housing. HEH acquires, rehabilitates and sells property to low-income families.

**Flagstone Village, LLC (Discrete Component Unit)** is a limited liability company that was organized in 2012 to develop, construct, own, maintain, and operate a 76-unit rental housing apartment complex for low-income persons.

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

**American Heartland Homes One, LLC** (*Discrete Component Unit*) is a limited liability company that was organized in 2009 to develop, construct, own, maintain, and operate a 94-unit rental housing apartment complex for low-income persons.

**American Heartland Homes Two, LLC** (*Discrete Component Unit*) is a limited liability company that was organized in 2011 to develop, construct, own, maintain, and operate a 49-unit rental housing apartment complex for low-income persons.

**Saxony Townhomes, LP** (*Discrete Component Unit*) is a limited partnership that was organized in 2007 to develop, construct, own, maintain, and operate a 68-unit rental housing apartment complex for low-income persons.

**Golden Manor, LP** (*Discrete Component Unit*) is a limited partnership that was organized in 2006 to develop, construct, own, maintain, and operate an 80-unit rental housing apartment complex for senior low-income persons.

Additional information concerning these entities can be obtained by contacting the finance department of the Authority at 1402 173rd Street, Hammond, Indiana, 46324.

#### **Basis of presentations and accounting**

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities; and therefore, presents only the financial statements required for the enterprise fund.

The Authority has multiple programs which are accounted for as a single enterprise fund.

Enterprise Fund - In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

#### **Cash and cash equivalents**

Cash and cash equivalents are defined as short-term, highly-liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less.

#### **Investments**

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. GASB Statement No. 40 requires general disclosures by investment type with disclosures of the specific risks to which those investments are exposed. Investments exposed to credit risk, custodial credit risk,

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

concentration of credit risk (5% of total investments), interest rate risk, and foreign currency risk must be disclosed, and the government reporting unit is required to describe their deposit or investment policies (or the lack of a policy) that relate to the risks stated above, if they are subject to them.

Concentration of credit risk is the risk of loss attributed to the magnitude of an agency's investment in a single user. All investments are insured by securities issued or guaranteed by the U.S. government or its agencies or registered and held by the Authority or its agent in the Authority's name. The Authority does not have a policy limiting its exposure to concentrations of credit risk.

Credit risk is also the risk that an issuer or other counterparty to a debt investment will not fulfill its obligation. The Authority's statement of investment objectives and guidelines states that investments in non-convertible fixed-income securities other than short-term securities will be restricted to issues with a maximum fixed or expected average maturity of ten years and will be made primarily in (1) securities issued or guaranteed by the U.S. government or its agencies (2) marketable issues of non-nuclear utility companies rated at the time of purchase within the three highest grades assigned by Moody's Investor Services, Inc. (AAA, AA or A) or by Standard & Poor's (AAA, AA or A) and (3) bond mutual funds which invest primarily in bonds with rating of A and higher.

**Restricted assets**

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

**Accounts receivable**

Tenant accounts receivable are carried at the amount considered by management to be collectible.

**Prepaid items**

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

**Inventory**

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

**Capital assets**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments in excess of \$5,000 are capitalized. Small dollar value minor equipment items are expensed. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation on assets has been expensed in the statement of revenue, expenses and changes in net position. Estimated useful lives are as follows:

Buildings and improvements	40 years
Furniture, equipment and machinery	5 years
Automobiles	5 years

**Impairment of long-lived assets**

Under the provisions of GAAP for governmental entities, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of the carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical costs of the capital asset that should be written off. No such impairment loss was recognized during the year ended December 31, 2022.

#### **Unearned revenue**

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenues.

#### **Compensated absences**

The Authority allows regular full-time employees to accumulate the following compensated absences. Vacation is accrued based on length of employment, ranging from 10 vacation days per two years of continuous service to 30 vacation days after 20 years of continuous service. Vacations are not allowed to be accumulated from year to year. Sick pay is granted at the rate of one day per month, the days carry over from year to year and are limited to 960 hours.

#### **Deferred outflow and inflows of resources**

In addition to assets and liabilities, the statement of net position will report separate sections for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption or increase of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow or resources (expense or revenue) until then. The Authority has one item that meets this criterion for deferred inflows of resources: leases.

#### **Net investment in capital assets**

Net investment in capital assets is recorded in an amount equal to capital assets, net of accumulated depreciation and reduced by any debt attributable to the acquisition of those assets.

#### **Restricted net position**

Net position is reported as restricted when constraints placed on net assets' use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

#### **Retirement plan**

The Authority has established a 457(b) deferred compensation plan for its employees in accordance with the Internal Revenue Code Section 501. The plan is administered by a private administrator. All contributions are immediately vested. For calendar year 2022, salary deferral could not exceed \$20,500.

#### **Revenue accounting policies**

Dwelling rent income, HUD grants received for operations, other operating grants and miscellaneous operating income are reported as operating revenue. HUD grants received for capital assets and all other revenue are reported as non-operating revenue.

#### **Use of estimates**

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, investment valuations, inventory valuations, account receivable valuations, and note receivable valuations.

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

#### **Use of restricted assets**

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

#### **Eliminations**

The Authority manages several programs. Many charges are paid by the Authority's various programs to other programs within the Authority. Subsequently, intercompany revenues and expenses have been eliminated.

#### **Risk management**

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss with the following insurance coverage: worker's compensation, property and equipment, liability, flood and automobile. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

#### **Programs administered by the Authority**

The Authority administers annual contribution contracts to provide low-income housing with primary financial support from HUD. The primary programs administered by the Authority are as follows:

- Low-Income Public Housing - The low-rent housing program provides subsidized housing to low-income residents. The Authority is the owner of public housing units located throughout the city. The Authority receives revenue from dwelling rental income and operating subsidies and capital repair funds from HUD. "Capital Funds," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments.
- Housing Choice Vouchers Program ("HCV") - The Authority participates in the Housing Choice Voucher Program. This program is designed to provide privately owned, decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the program, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies.

#### **New accounting updates**

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). This statement is effective for financial statements with periods beginning after June 15, 2022. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. This statement is effective for

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

financial statements with periods beginning after June 15, 2022. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 99, *Omnibus 2022*. GASB Statement No. 99 addresses a variety of topics including, among other things, Accounting and Financial Reporting for Derivative Instruments, Leases, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and Subscription-Based Information Technology Arrangements. This statement is effective for financial statements with periods beginning after June 15, 2021 through June 15, 2023. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, effective for financial statements with periods beginning after June 15, 2023. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 101, *Compensated Absences*, effective for financial statements beginning after December 15, 2023. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 was effective immediately and postponed the effective dates of certain GASB Statements and Implementation Guides for one year from their respective original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The adoption of this statement provided for early adoption of any of the postponed GASB Statements and Implementation Guides.

The GASB issued Statement No. 87, *Leases*. The standard increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The standard became effective in fiscal year 2022. As a result of the adoption of the standard, the Authority recorded deferred inflow of resources and corresponding lease receivable of \$303,634 as of January 1, 2022. These changes had no effect on the beginning net position of the primary government since the deferred inflow equals the amount of lease receivable.

The implementation of GASB Statement No. 87 had the following effect on net position as reported December 31, 2021:

	<u>Primary Government</u>
Net position December 31, 2021	\$ 21,019,511
Adjustments:	
Lease receivable	303,634
Deferred inflows - leases	<u>(303,634)</u>
Restated net position December 31, 2021	<u>\$ 21,019,511</u>

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

The Authority accounted for its existing operating leases with residential tenants of the property as operating leases. Adopting GASB Statement No. 87 in accounting for residential tenant leases did not result in adjustments to the financial statements.

The Authority recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the risk-free rate of 3.879% (10 yr. U.S. Treasury yield at December 31, 2022).

Total lease costs on an undiscounted basis are recognized as rent expense over the term of the lease on a straight-line basis. Annual rent expense comprises amortization of the right-of-use asset plus interest on the lease liability adjusted for any variations in lease payment amounts.

See Note 12 regarding the Authority's right-of-use assets and regarding its lease liabilities.

#### **Note 2 - Deposits and investments**

##### **Cash and cash equivalents**

HUD requires that deposits of HUD program funds be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Company ("FDIC") insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

##### **Risks**

*Credit Risk* - HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally-insured investments.

*Interest Rate Risk* - The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

*Custodial Credit Risk* - The Housing Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of, or a guarantee of principal and interest by the U.S. Government.

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

As of December 31, 2022, the Authority's deposits and investments were exposed to this risk because the amounts were in excess of FDIC insurance limits; however, the accounts were collateralized with securities held by the pledging financial institutions in the Authority's name. The following schedule summarizes the custodial credit risk:

	Balance reported on the Authority's Financial Statements	Balance deposited with the Financial Institution	FDIC Insured	Uninsured Amount (fully collateralized)
Bank deposits	\$ 2,550,640	\$ 2,540,279	\$ 500,000	\$ 2,040,279
Investment account - money market	1,403,854	1,403,854	-	1,403,854
	<u>\$ 3,954,494</u>	<u>\$ 3,944,133</u>	<u>\$ 500,000</u>	<u>\$ 3,444,133</u>

Cash and cash equivalents and investments are reported on the statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 2,268,514
Cash and cash equivalents - restricted	282,126
Investments - unrestricted	1,403,854
Total	<u>\$ 3,954,494</u>

#### Note 3 - Restricted cash and investments

Restricted cash and investments as of December 31, 2022 for the primary government consisted of the following:

Tenant security deposits	\$ 61,286
HCV reserve	95,103
FSS escrow	125,737
Total restricted cash	<u>\$ 282,126</u>

Restricted cash and investments as of December 31, 2022 for the discrete component units consisted of the following:

Tenant security deposits	\$ 200,954
Mortgage escrows	761,077
Project reserves	1,871,735
Total restricted cash and investments	<u>\$ 2,833,766</u>

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

**Note 4 - Accounts receivable**

At December 31, 2022, accounts receivable for the primary government totaled \$279,162 and consisted of the following:

Accounts receivable - tenants, net of allowance of \$0	\$ 25,620
Accounts receivable - DCUs	<u>253,542</u>
	<u>\$ 279,162</u>

The Authority reviews the accounts receivable periodically. In fiscal year 2022, the Authority wrote-off \$27,392 of receivables.

**Note 5 - Developer fees receivable**

HEH was the developer and/or general partner in the development of the Golden Manor, Saxony Townhomes, American Heartland Homes One ("AHH1"), American Heartland Homes Two ("AHH2"), and Flagstone Village housing projects. HEH earned a development fee for its services in connection with the development of these projects. Development fees outstanding which are included in other assets on the accompanying statement of net position at December 31, 2022 were as follows:

Saxony Townhomes	\$ 223,981
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HEH has entered into development consulting agreements with unrelated third parties for the management of the construction related to the Golden Manor, Saxony Townhomes, AHH1, AHH2, and Flagstone Village. As of December 31, 2022, the outstanding development consulting fees payable totaled \$145,663, which is included in other noncurrent liabilities on the statement of net position.

**Note 6 - Notes receivable**

1. The Authority entered into a purchase money mortgage with American Heartland Homes One, LLC (AHH1) on June 29, 2010 to loan the company \$846,000 at a rate of 4.3 percent. The mortgage requires base payments to commence on the first day of the calendar month following completion of the project and on the first day of each calendar month thereafter, in an amount equal to \$4,187. The mortgage also calls for additional annual payments to commence on May 1, 2012 in an amount equal to available net cash flow of the company. No payments have been made. All unpaid principal and interest are due on December 31, 2035. As of December 31, 2022, the mortgage receivable was \$846,000 with accrued interest of \$586,255.
2. The Authority entered into a mixed finance agreement with AHH1 on June 29, 2010, to loan the company an amount not to exceed \$11,500,000 at a rate of 1.25 percent. The loan matures on December 31, 2065. The agreement calls for payments to commence on May 1, 2012, in an amount equal to available net cash flow of the company. All unpaid principal and interest are due at maturity. In prior years, AHH1 repaid sums in the total amount of \$4,835,234. As of December 31, 2022, the mortgage receivable was \$6,664,766 with accrued interest of \$664,239.

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

3. The Authority entered into a purchase money mortgage with American Heartland Homes Two, LLC (AHH2) on August 18, 2011, to loan the company \$3,313,941 at a rate of 3 percent. The mortgage requires annual payments equal to the amount of available net cash flow of the company. All unpaid principal and accrued interest are due on December 31, 2051. As of December 31, 2022, the mortgage receivable was \$3,313,941 with accrued interest of \$784,546.
4. The Authority entered into an agreement with Flagstone Village, LLC (Flagstone) on October 20, 2015 to loan the company an amount not to exceed \$3,630,000 at a rate of 4.4 percent. The loan matures on December 31, 2055. The agreement calls for payments in annual installments on or before May 1 each year in an amount equal to the amount of available net cash flow. All unpaid principal and interest are due at maturity. As of December 31, 2022, the mortgage receivable was \$3,630,000 with accrued interest of \$1,093,128.
5. HEH entered into an agreement with Golden Manor, LP on June 26, 2010 to loan the partnership an amount not to exceed \$750,000 at a rate of 1.25 percent. The loan matures on December 31, 2065. The agreement calls for annual payments to commence on May 1, 2010, in the amount equal to 50 percent of available net cash flow. All unpaid principal and accrued interest are due at maturity. As of December 31, 2022, Golden Manor, LP owed HEH \$134,687 with accrued interest of \$10,793.
6. HEH entered into an agreement with American Heartland Homes One, LLC (AHH1) on June 29, 2010 to loan the company \$250,000 at a rate of 1.25 percent. The mortgage requires annual payments equal to the amount of one-half of available net cash flow. The loan matures December 31, 2065. All unpaid principal and interest are due on December 31, 2065. As of December 31, 2022, AHH1 owed HEH \$250,000 with accrued interest of \$41,095.
7. During the year ended December 31, 2022, HEH advanced funds to Golden Manor, LP in the amount of \$237,660. These advances are noninterest-bearing and unsecured.

	Note	Accrued Interest
American Heartland Homes One, LLC	\$ 846,000	\$ 586,255
American Heartland Homes One, LLC	6,664,766	664,239
American Heartland Homes Two, LLC	3,313,941	784,546
Flagstone Village, LLC	3,630,000	1,093,128
Golden Manor, LP	134,687	10,793
American Heartland Homes One, LLC	250,000	41,095
Golden Manor, LP	237,660	-
	\$ 15,077,054	\$ 3,180,056

The Authority recognizes interest income from the notes receivable when cash payments are received. During the year ended December 31, 2022, the Authority recognized interest income of \$391,146. Accrued but unpaid interest under the terms of the loan agreements totaled \$3,180,056 at December 31, 2022, which is included in other noncurrent liabilities on the statement of net position.

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

**Note 7 - Capital assets**

Summaries of the primary government's capital asset balances and activity as of December 31, 2022 and the year then ended are as follows:

	Balance December 31, 2021	Additions	Transfers, Reclassifications and Deletions	Balance December 31, 2022
Non-depreciable				
Land	\$ 374,408	\$ -	\$ -	\$ 374,408
Depreciable				
Buildings and improvements	12,957,036	-	-	12,957,036
Furniture and equipment	544,649	-	-	544,649
	<u>13,876,093</u>	<u>-</u>	<u>-</u>	<u>13,876,093</u>
Accumulated depreciation				
Buildings and improvements	(11,329,469)	(317,704)	-	(11,647,173)
Furniture and equipment	(544,649)	-	-	(544,649)
	<u>(11,874,118)</u>	<u>(317,704)</u>	<u>-</u>	<u>(12,191,822)</u>
Total accumulated depreciation	<u>(11,874,118)</u>	<u>(317,704)</u>	<u>-</u>	<u>(12,191,822)</u>
Total capital assets, net	<u>\$ 2,001,975</u>	<u>\$ (317,704)</u>	<u>\$ -</u>	<u>\$ 1,684,271</u>

Summaries of the discretely presented component units' capital asset balances and activity as of December 31, 2022 and the year then ended are as follows:

	Balance December 31, 2021	Additions	Transfers, Reclassifications and Deletions	Balance December 31, 2022
Non-depreciable				
Land	\$ 1,138,757	\$ -	\$ -	\$ 1,138,757
Depreciable				
Buildings and improvements	54,825,875	6,618	-	54,832,493
Furniture and equipment	1,618,919	36,250	-	1,655,169
	<u>57,583,551</u>	<u>42,868</u>	<u>-</u>	<u>57,626,419</u>
Accumulated depreciation				
Buildings and improvements	(15,678,909)	(1,763,640)	-	(17,442,549)
Furniture and equipment	(1,498,394)	-	-	(1,498,394)
	<u>(17,177,303)</u>	<u>(1,763,640)</u>	<u>-</u>	<u>(18,940,943)</u>
Total accumulated depreciation	<u>(17,177,303)</u>	<u>(1,763,640)</u>	<u>-</u>	<u>(18,940,943)</u>
Total capital assets, net	<u>\$ 40,406,248</u>	<u>\$ (1,720,772)</u>	<u>\$ -</u>	<u>\$ 38,685,476</u>

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

**Note 8 - Long-term debt**

The discretely presented component units owe amounts to the Authority as outlined in Note 6 in the amount of \$15,077,054 and accrued interest of \$3,180,056. Additionally, Saxony Townhomes, LP entered into mortgages in the amount of \$2,062,000 which bear interest at the lesser of the prime rate or 7%. The loans required monthly principal payments totaling \$5,015 plus accrued and unpaid interest. The outstanding balance as of December 31, 2022 was \$1,388,232.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Discrete Component Units</b>					
American Heartland Homes One, LLC	\$ 846,000	\$ -	\$ -	\$ 846,000	\$ -
American Heartland Homes One, LLC	6,664,766	-	-	6,664,766	-
American Heartland Homes Two, LLC	3,313,941	-	-	3,313,941	-
Flagstone Village, LLC	3,630,000	-	-	3,630,000	-
Golden Manor, LP	134,687	-	-	134,687	-
American Heartland Homes One, LLC	250,000	-	-	250,000	-
Saxony Townhomes, LP	1,412,412	-	(24,180)	1,388,232	24,180
Golden Manor, LP	-	237,660	-	237,660	-
Accrued Interest	3,225,848	176,944	(222,736)	3,180,056	-
	<u>\$ 19,477,654</u>	<u>\$ 414,604</u>	<u>\$ (246,916)</u>	<u>\$ 19,645,342</u>	<u>\$ 24,180</u>
<b>Primary Government</b>					
Developer fee payable	\$ 183,639	\$ -	\$ (37,976)	\$ 145,663	\$ -
Accrued interest	129,757	16,965	-	146,722	-
Deferred revenue	3,105,255	465,947	(391,146)	3,180,056	-
Family self sufficiency escrow	98,138	15,933	-	114,071	-
	<u>\$ 3,516,789</u>	<u>\$ 498,845</u>	<u>\$ (429,122)</u>	<u>\$ 3,586,512</u>	<u>\$ -</u>

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

**Note 9 - Condensed financial statements - Discrete Component Units**

	AHH1	AHH2	Flagstone	Golden Manor	Saxony	Total
<b>Assets</b>						
Current assets	\$ 1,326,830	\$ 1,062,389	\$ 1,092,157	\$ 483,937	\$ 715,703	\$ 4,681,016
Noncurrent assets	72,032	156,985	515,616	2,302	15,242	762,177
Capital assets, net	9,872,398	7,041,765	11,139,260	5,180,720	5,451,333	38,685,476
<b>Total assets</b>	<b>\$ 11,271,260</b>	<b>\$ 8,261,139</b>	<b>\$ 12,747,033</b>	<b>\$ 5,666,959</b>	<b>\$ 6,182,278</b>	<b>\$ 44,128,669</b>
<b>Liabilities</b>						
Current liabilities	\$ 243,488	\$ 602,508	\$ 562,732	\$ 312,469	\$ 245,083	\$ 1,966,280
Noncurrent liabilities	9,052,355	4,098,487	4,723,128	372,347	1,598,826	19,845,143
<b>Total liabilities</b>	<b>9,295,843</b>	<b>4,700,995</b>	<b>5,285,860</b>	<b>684,816</b>	<b>1,843,909</b>	<b>21,811,423</b>
<b>Net position</b>						
Net investment in capital assets	820,043	2,943,278	6,416,132	5,046,033	4,076,488	19,301,974
Restricted	819,095	664,779	469,205	351,478	344,209	2,648,766
Unrestricted	336,279	(47,913)	575,836	(415,368)	(82,328)	366,506
<b>Total net position</b>	<b>1,975,417</b>	<b>3,560,144</b>	<b>7,461,173</b>	<b>4,982,143</b>	<b>4,338,369</b>	<b>22,317,246</b>
<b>Total liabilities and net position</b>	<b>\$ 11,271,260</b>	<b>\$ 8,261,139</b>	<b>\$ 12,747,033</b>	<b>\$ 5,666,959</b>	<b>\$ 6,182,278</b>	<b>\$ 44,128,669</b>

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

	<u>AHH1</u>	<u>AHH2</u>	<u>Flagstone</u>	<u>Golden Manor</u>	<u>Saxony</u>	<u>Total</u>
Operating revenues						
Dwelling rent	\$ 1,020,086	\$ 591,913	\$ 733,803	\$ 525,977	\$ 648,904	\$ 3,520,683
Total operating revenues	<u>1,020,086</u>	<u>591,913</u>	<u>733,803</u>	<u>525,977</u>	<u>648,904</u>	<u>3,520,683</u>
Operating expenses						
Administration	279,167	173,271	198,266	183,990	204,755	1,039,449
Utility services	128,629	84,321	79,295	73,326	51,756	417,327
Ordinary maintenance	201,315	114,928	149,648	159,977	86,945	712,813
General	134,452	93,046	150,061	94,912	31,471	503,942
Depreciation and amortization	377,103	284,969	613,739	226,898	287,887	1,790,596
Total operating expenses	<u>1,120,666</u>	<u>750,535</u>	<u>1,191,009</u>	<u>739,103</u>	<u>662,814</u>	<u>4,464,127</u>
Operating income (loss)	<u>(100,580)</u>	<u>(158,622)</u>	<u>(457,206)</u>	<u>(213,126)</u>	<u>(13,910)</u>	<u>(943,444)</u>
Non-operating revenues (expenses)						
Interest revenue	-	-	-	1,174	420	1,594
Interest expense	(153,124)	(122,258)	(199,059)	(13,362)	(69,245)	(557,048)
Other non-operating revenues (expenses)	28,952	9,624	42,101	245	625	81,547
Total non-operating revenues (expenses)	<u>(124,172)</u>	<u>(112,634)</u>	<u>(156,958)</u>	<u>(11,943)</u>	<u>(68,200)</u>	<u>(473,907)</u>
Change in net position	(224,752)	(271,256)	(614,164)	(225,069)	(82,110)	(1,417,351)
Net position, beginning	<u>2,200,169</u>	<u>3,831,400</u>	<u>8,075,337</u>	<u>5,207,212</u>	<u>4,420,479</u>	<u>23,734,597</u>
Net position, end	<u>\$ 1,975,417</u>	<u>\$ 3,560,144</u>	<u>\$ 7,461,173</u>	<u>\$ 4,982,143</u>	<u>\$ 4,338,369</u>	<u>\$ 22,317,246</u>

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

**Note 10 - Condensed financial statements - Blended Component Unit**

	HEH
Assets	
Current assets	\$ 140,156
Noncurrent assets	1,184,953
Total assets	\$ 1,325,109
Liabilities	
Current liabilities	\$ 137,055
Noncurrent liabilities	411,039
Total liabilities	548,094
Net position	
Unrestricted	777,015
Total net position	777,015
Total liabilities and net position	\$ 1,325,109
	HEH
Operating revenues	
Other revenue	\$ 7,872
Total operating revenues	7,872
Operating expenses	
Administration	201,623
Ordinary maintenance	280
General	120,810
Total operating expenses	322,713
Operating income (loss)	(314,841)
Change in net position	(314,841)
Net position, beginning	1,091,856
Net position, end	\$ 777,015

## Housing Authority of the City of Hammond, Indiana

### Notes to Financial Statements December 31, 2022

	<u>HEH</u>
Cash flows from (used in) operating activities	\$ (314,841)
Cash flows from (used in) investing activities	(23,309)
Cash flows from (used in) capital and related financing activities	<u>-</u>
Net increase (decrease) in cash	(338,150)
Beginning cash	<u>459,298</u>
Ending cash	<u>\$ 121,148</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	<u>\$ (314,841)</u>
Net cash provided by (used in) operating activities	<u>\$ (314,841)</u>

#### Note 11 - Commitments and contingencies

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

#### Note 12 - Leases

The Authority is under numerous ground lease agreements as lessor with lease terms of 75 years. As of December 31, 2022, the remaining deferred inflow relating to the leases is \$303,634.

##### Right-of-use asset

A certain discrete component unit is obligated to the Housing Authority of the City of Hammond, Indiana, (the "Landlord") an affiliate of the Managing Member, a base ground rent of \$1 in 2011 and \$4,900 per year until December 31, 2086. The base rent shall be payable in advance on the first day of each lease year from cash flows, as defined, and is cumulative. For the year ended December 31, 2022, \$4,900 was incurred and paid. As of December 31, 2022, the ground lease payable was \$4,900.

A certain discrete component unit entered into a ground lease agreement with the Housing Authority of the City of Hammond, Indiana (the "Landlord"), an affiliate of the Managing Member. The lease is for 75 years and expires in December 2090. Base rent shall be one dollar per year for the lease year 2015, and \$7,600 per year thereafter. Base rent shall be payable annually in advance on the first day of each lease year from available net cash flow as defined in the Operating Agreement. If for any reason the base rent is not paid in any lease year, the unpaid portion thereof shall accrue and be payable on a cumulative basis in the first year in which there is sufficient available net cash flow. For the year ended December 31, 2022, ground lease expense of \$7,600 was incurred and charged to operations. As of December 31, 2022, the ground lease payable was \$7,600.

**Housing Authority of the City of Hammond, Indiana**

**Notes to Financial Statements  
December 31, 2022**

A certain discrete component unit also made improvements to land being leased in the amount of \$290,175 that are amortized over the term of the lease. For the year ended December 31, 2022, amortization of \$3,869 was included in amortization expense on the accompanying statement of revenue, expenses and changes in net position. As of December 31, 2022, accumulated amortization on deferred ground lease costs totaled \$27,857.

**Lease liability**

Lease payments included in the measurement of the lease liability at December 31, 2022 total \$838,000, and include fixed payments.

The lease liability at December 31, 2022 of \$303,634 is the present value of remaining scheduled lease payments discounted using the risk free rate of 3.879%. It does not include any deferred lease payable amounts. Future remaining scheduled lease payments during the lease term are shown in the table below. The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on December 31, 2022, which is recorded on a present value basis, as described above.

	2023	\$	12,500
	2024		12,500
	2025		12,500
	2026		12,500
	2027		12,500
	Thereafter		<u>775,500</u>
			838,000
	Less effects of discounting		<u>(534,366)</u>
	Lease liability	\$	<u><u>303,634</u></u>

**Note 13 - Economic dependency**

The Authority received approximately 92% of its revenues from the federal government in the fiscal year. If the amount of revenues received from HUD falls below critical levels, the Authority's operating results could be adversely affected.

**Note 14 - Subsequent events**

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes. Management evaluated the activity of the Housing Authority of the City of Hammond, Indiana through September 22, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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*

To the Board of Commissioners  
Housing Authority of the City of Hammond, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Hammond, Indiana (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2023. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units.

*Report on Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Hammond, Indiana'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*.

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.

*CohnReznick LLP*

Chicago, Illinois  
September 22, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Commissioners  
Housing Authority of the City of Hammond, Indiana

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

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

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

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

*Responsibilities of Management for Compliance*

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

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Hammond, Indiana'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 the Housing Authority of the City of Hammond, Indiana's compliance with the requirements of each 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 the Housing Authority of the City of Hammond, Indiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the City of Hammond, Indiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Hammond, Indiana's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### Report on Internal Control over Compliance

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

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

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

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

*CohnReznick LLP*

Chicago, Illinois  
September 22, 2023

Housing Authority of the City of Hammond, Indiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2022

I. Summary of Auditor's Results

**Financial Statements:**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted  Yes  No

**Federal Awards:**

Internal Control over major federal programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

- ALN 14.850 Public and Indian Housing
- ALN 14.872 Public Housing Capital Fund

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

Auditee qualified as low-risk auditee  Yes  No

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

## **Supplementary Information**

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule December 31, 2022

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash-unrestricted	\$ 280,219	\$ 1,938,771	\$ 1,597,733	\$ 3,816,723	\$ -	\$ 3,816,723
113	Cash-other restricted	-	981,917	-	981,917	-	981,917
114	Cash-tenant security deposits	61,286	200,954	-	262,240	-	262,240
100	<b>Total Cash</b>	<u>341,505</u>	<u>3,121,642</u>	<u>1,597,733</u>	<u>5,060,880</u>	<u>-</u>	<u>5,060,880</u>
121	Accounts receivable - PHA projects	8,975	-	-	8,975	-	8,975
125	Account receivable - miscellaneous	-	145,286	225,569	370,855	-	370,855
126	Accounts receivable - tenants	8,118	75,083	-	83,201	-	83,201
126.1	Allowance for doubtful accounts - tenants	-	(3,940)	-	(3,940)	-	(3,940)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	72,896	72,896	(72,896)	-
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<u>17,093</u>	<u>216,429</u>	<u>298,465</u>	<u>531,987</u>	<u>(72,896)</u>	<u>459,091</u>
131	Investments - unrestricted	1,285,788	-	118,066	1,403,854	-	1,403,854
132	Investments - restricted	-	1,871,735	-	1,871,735	-	1,871,735
142	Prepaid expenses and other assets	51,180	148,141	8,760	208,081	-	208,081
143	Inventories	30,896	-	-	30,896	-	30,896
144	Inter program - due from	15,441	-	1,096,068	1,111,509	(1,111,509)	-
150	<b>Total Current Assets</b>	<u>1,741,903</u>	<u>5,357,947</u>	<u>3,119,092</u>	<u>10,218,942</u>	<u>(1,184,405)</u>	<u>9,034,537</u>
161	Land	294,336	1,138,757	80,072	1,513,165	-	1,513,165
162	Buildings	956,584	48,764,774	199,692	49,921,050	-	49,921,050
163	Furniture, equipment and machinery - dwellings	296,894	1,655,169	-	1,952,063	-	1,952,063
164	Furniture, equipment and machinery - administration	-	-	247,755	247,755	-	247,755
165	Leasehold improvements	11,765,780	6,067,719	34,980	17,868,479	-	17,868,479
166	Accumulated depreciation	(11,709,395)	(18,940,943)	(482,427)	(31,132,765)	-	(31,132,765)
160	<b>Total capital assets, net of accumulated depreciation</b>	<u>1,604,199</u>	<u>38,685,476</u>	<u>80,072</u>	<u>40,369,747</u>	<u>-</u>	<u>40,369,747</u>
171	Notes, Loans, & mortgages receivable – Non-current	-	622,347	14,454,707	15,077,054	-	15,077,054
174	Other assets	-	1,178,629	3,431,790	4,610,419	-	4,610,419
176	Investment in joint venture	-	146,154	-	146,154	-	146,154
180	<b>Total Non-current Assets</b>	<u>1,604,199</u>	<u>40,632,606</u>	<u>17,966,569</u>	<u>60,203,374</u>	<u>-</u>	<u>60,203,374</u>
290	<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 3,346,102</u>	<u>\$ 45,990,553</u>	<u>\$ 21,085,661</u>	<u>\$ 70,422,316</u>	<u>\$ (1,184,405)</u>	<u>\$ 69,237,911</u>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule December 31, 2022

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
312	Accounts payable <= 90 days	\$ 163,293	\$ 157,543	\$ 11,401	\$ 332,237	\$ -	\$ 332,237
321	Accrued wage/payroll taxes payable	-	5,437	14,671	20,108	-	20,108
341	Tenant security deposits	59,301	185,000	-	244,301	-	244,301
342	Unearned revenue	9,319	55,655	-	64,974	-	64,974
345	Other current liabilities	21,010	1,285,366	19,489	1,325,865	-	1,325,865
346	Accrued liabilities - other	11,767	301,490	-	313,257	-	313,257
347	Inter program - due to	110,020	1,000,670	819	1,111,509	(1,111,509)	-
348	Loan liability - current	-	24,180	-	24,180	-	24,180
<b>310</b>	<b>Total Current Liabilities</b>	<b>374,710</b>	<b>3,015,341</b>	<b>46,380</b>	<b>3,436,431</b>	<b>(1,111,509)</b>	<b>2,324,922</b>
353	Non-current liabilities - other	-	755,232	3,128,157	3,883,389	(72,896)	3,810,493
355	Loan liability – Non-current	-	19,621,162	-	19,621,162	-	19,621,162
<b>350</b>	<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>20,376,394</b>	<b>3,128,157</b>	<b>23,504,551</b>	<b>(72,896)</b>	<b>23,431,655</b>
<b>300</b>	<b>Total Liabilities</b>	<b>374,710</b>	<b>23,391,735</b>	<b>3,174,537</b>	<b>26,940,982</b>	<b>(1,184,405)</b>	<b>25,756,577</b>
400	Deferred inflows of resources	-	-	303,634	303,634	-	303,634
508.4	Net investment in capital assets	1,604,199	19,301,974	80,072	20,986,245	-	20,986,245
511.4	Restricted net position	-	2,743,869	-	2,743,869	-	2,743,869
512.4	Unrestricted net position	1,367,193	552,975	17,527,418	19,447,586	-	19,447,586
513	<b>Total Equity - Net Assets/Position</b>	<b>2,971,392</b>	<b>22,598,818</b>	<b>17,607,490</b>	<b>43,177,700</b>	<b>-</b>	<b>43,177,700</b>
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$ 3,346,102</b>	<b>\$ 45,990,553</b>	<b>\$ 21,085,661</b>	<b>\$ 70,422,316</b>	<b>\$ (1,184,405)</b>	<b>\$ 69,237,911</b>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net tenant rental revenue	\$ 649,867	\$ 3,464,024	\$ -	\$ 4,113,891	\$ -	\$ 4,113,891
70400	Tenant revenue - other	44,975	80,497	-	125,472	-	125,472
70500	<b>Total Tenant Revenue</b>	<b>694,842</b>	<b>3,544,521</b>	<b>-</b>	<b>4,239,363</b>	<b>-</b>	<b>4,239,363</b>
70600	HUD PHA operating grants	1,389,848	5,320,032	-	6,709,880	-	6,709,880
70610	Capital grants	-	-	132,428	132,428	-	132,428
70710	Management Fee	-	-	378,319	378,319	(236,828)	141,491
70720	Asset Management Fee	-	-	32,640	32,640	(23,640)	9,000
70730	Bookkeeping Fee	-	-	85,398	85,398	(73,268)	12,130
70750	Other Fees	-	-	230,390	230,390	(119,990)	110,400
70700	<b>Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>726,747</b>	<b>726,747</b>	<b>(453,726)</b>	<b>273,021</b>
71100	Investment income - unrestricted	12,206	1,594	436	14,236	-	14,236
71200	Mortgage interest income	-	-	391,146	391,146	-	391,146
71400	Fraud recovery	-	21,932	-	21,932	-	21,932
71500	Other revenue	29,296	99,959	57,084	186,339	-	186,339
70000	<b>Total Revenue</b>	<b>2,126,192</b>	<b>8,988,038</b>	<b>1,307,841</b>	<b>12,422,071</b>	<b>(453,726)</b>	<b>11,968,345</b>
91100	Administrative salaries	117,526	496,528	219,633	833,687	-	833,687
91200	Auditing fees	10,467	9,694	5,467	25,628	-	25,628
91300	Management Fee	147,068	209,750	-	356,818	(356,818)	-
91310	Bookkeeping Fee	17,168	56,100	-	73,268	(73,268)	-
91400	Advertising and Marketing	128	43	17	188	-	188
91500	Employee benefit contributions - administrative	61,591	103,650	89,900	255,141	-	255,141
91600	Office Expenses	35,677	77,258	33,478	146,413	-	146,413
91700	Legal Expense	18,446	73,802	8,722	100,970	-	100,970
91900	Other	171,740	809,933	-	981,673	-	981,673
91000	<b>Total Operating-Administrative</b>	<b>579,811</b>	<b>1,836,758</b>	<b>357,217</b>	<b>2,773,786</b>	<b>(430,086)</b>	<b>2,343,700</b>
92000	Asset Management Fee	23,640	-	-	23,640	(23,640)	-
92100	Tenant services - salaries	-	30,847	-	30,847	-	30,847
92300	Employee benefit contributions - tenant services	-	8,563	-	8,563	-	8,563
92400	Tenant services - other	-	54,752	-	54,752	-	54,752
92500	<b>Total Tenant Services</b>	<b>23,640</b>	<b>94,162</b>	<b>-</b>	<b>117,802</b>	<b>(23,640)</b>	<b>94,162</b>
93100	Water	48,527	108,371	596	157,494	-	157,494
93200	Electricity	109,221	219,382	11,942	340,545	-	340,545
93300	Gas	37,766	11,984	2,771	52,521	-	52,521
93600	Sewer	-	29,101	-	29,101	-	29,101
93800	Other utilities expense	62,119	48,489	126	110,734	-	110,734
93000	<b>Total Utilities</b>	<b>257,633</b>	<b>417,327</b>	<b>15,435</b>	<b>690,395</b>	<b>-</b>	<b>690,395</b>
94100	Ordinary maintenance and operations - labor	95,323	129,961	63,163	288,447	-	288,447
94200	Ordinary maintenance and operations - materials and other	102,245	584,077	8,861	695,183	-	695,183
94300	Ordinary Maintenance and Operations Contracts	357,240	342	32,831	390,413	-	390,413
94500	Employee benefit contribution - ordinary maintenance	52,497	-	27,331	79,828	-	79,828
94000	<b>Total Maintenance</b>	<b>607,305</b>	<b>714,380</b>	<b>132,186</b>	<b>1,453,871</b>	<b>-</b>	<b>1,453,871</b>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
95200	Protective services - other contract costs	55,135	-	32,012	87,147	-	87,147
95300	Protective services - other	4,343	-	2,112	6,455	-	6,455
95000	<b>Total Protective Services</b>	<b>59,478</b>	<b>-</b>	<b>34,124</b>	<b>93,602</b>	<b>-</b>	<b>93,602</b>
96110	Property Insurance	34,267	371,740	244	406,251	-	406,251
96120	Liability Insurance	16,774	17,495	6,868	41,137	-	41,137
96140	All other Insurance	5,732	8,545	7,518	21,795	-	21,795
96100	<b>Total Insurance Premiums</b>	<b>56,773</b>	<b>397,780</b>	<b>14,630</b>	<b>469,183</b>	<b>-</b>	<b>469,183</b>
96200	Other general expenses	723,678	170,180	25,449	919,307	-	919,307
96400	Bad debt - tenant rents	29,812	35,568	-	65,380	-	65,380
96000	<b>Total Other General Expenses</b>	<b>753,490</b>	<b>205,748</b>	<b>25,449</b>	<b>984,687</b>	<b>-</b>	<b>984,687</b>
96710	Interest of Mortgage (or Bonds) Payable	-	557,048	-	557,048	-	557,048
96730	Amortization of Bond Issue Costs	-	26,956	-	26,956	-	26,956
96700	<b>Interest expense and Amortization cost</b>	<b>-</b>	<b>584,004</b>	<b>-</b>	<b>584,004</b>	<b>-</b>	<b>584,004</b>
96900	<b>Total Operating Expenses</b>	<b>2,338,130</b>	<b>4,250,159</b>	<b>579,041</b>	<b>7,167,330</b>	<b>(453,726)</b>	<b>6,713,604</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>(211,938)</b>	<b>4,737,879</b>	<b>728,800</b>	<b>5,254,741</b>	<b>-</b>	<b>5,254,741</b>
97300	Housing assistance payments	-	4,751,909	-	4,751,909	-	4,751,909
97400	Depreciation expense	317,704	1,763,640	-	2,081,344	-	2,081,344
97800	Dwelling units rent expense	-	14,258	-	14,258	-	14,258
90000	<b>Total Expenses</b>	<b>2,655,834</b>	<b>10,779,966</b>	<b>579,041</b>	<b>14,014,841</b>	<b>(453,726)</b>	<b>13,561,115</b>
10080	Special items, net gain/loss	20,149	4,975	(8,772)	16,352	-	16,352
10100	<b>Total other financing sources (uses)</b>	<b>20,149</b>	<b>4,975</b>	<b>(8,772)</b>	<b>16,352</b>	<b>-</b>	<b>16,352</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>\$ (509,493)</b>	<b>\$ (1,786,953)</b>	<b>\$ 720,028</b>	<b>\$ (1,576,418)</b>	<b>-</b>	<b>\$ (1,576,418)</b>
11030	Beginning equity	3,480,885	24,385,771	16,887,452	44,754,108	-	44,754,108
11170-001	Administrative Fee Equity- Beginning Balance	-	(474,626)	-	(474,626)	-	(474,626)
11170-010	Administrative Fee Revenue	-	472,768	-	472,768	-	472,768
11170-045	Fraud Recovery Revenue	-	10,966	-	10,966	-	10,966
11170-050	Other Revenue	-	10,540	-	10,540	-	10,540
11170-060	Total Admin Fee Revenues	-	494,274	-	494,274	-	494,274
11170-080	Total Operating Expenses	-	646,759	-	646,759	-	646,759
11170-100	Other Expenses	-	(4,975)	-	(4,975)	-	(4,975)
11170-110	Total Expenses	-	641,784	-	641,784	-	641,784
11170-002	Net Administrative Fee	-	(147,510)	-	(147,510)	-	(147,510)
11170-003	Administrative Fee Equity- Ending Balance	-	(622,136)	-	(622,136)	-	(622,136)
11170	<b>Administrative Fee Equity</b>	<b>-</b>	<b>(622,136)</b>	<b>-</b>	<b>(622,136)</b>	<b>-</b>	<b>(622,136)</b>
11180-020	Net Housing Assistance Payments	-	4,577,971	-	4,577,971	-	4,577,971
11180-050	Fraud Recovery Revenue	-	10,966	-	10,966	-	10,966
11180-090	Total Housing Assistance Payments Revenues	-	4,588,937	-	4,588,937	-	4,588,937
11180-100	Housing Assistance Payments	-	4,751,909	-	4,751,909	-	4,751,909
11180-130	Total Housing Assistance Payments Expenses	-	4,751,909	-	4,751,909	-	4,751,909
11180	<b>Housing Assistance Payments Equity</b>	<b>-</b>	<b>(162,972)</b>	<b>-</b>	<b>(162,972)</b>	<b>-</b>	<b>(162,972)</b>
11190	<b>Unit Months Available</b>	<b>3,280</b>	<b>15,180</b>	<b>-</b>	<b>18,460</b>	<b>-</b>	<b>18,460</b>
11210	<b>Unit Months Leased</b>	<b>3,176</b>	<b>10,331</b>	<b>-</b>	<b>13,507</b>	<b>-</b>	<b>13,507</b>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule December 31, 2022

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
111	Cash-unrestricted	\$ 269,414	\$ -	\$ 121,148	\$ 1,548,209	\$ 1,938,771
113	Cash-other restricted	220,840	-	-	761,077	981,917
114	Cash-tenant security deposits	-	-	-	200,954	200,954
100	<b>Total Cash</b>	<u>490,254</u>	<u>-</u>	<u>121,148</u>	<u>2,510,240</u>	<u>3,121,642</u>
125	Account receivable - miscellaneous	-	-	19,008	126,278	145,286
126	Accounts receivable - tenants	17,502	-	-	57,581	75,083
126.1	Allowance for doubtful accounts - tenants	-	-	-	(3,940)	(3,940)
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<u>17,502</u>	<u>-</u>	<u>19,008</u>	<u>179,919</u>	<u>216,429</u>
132	Investments - restricted	-	-	-	1,871,735	1,871,735
142	Prepaid expenses and other assets	29,019	-	-	119,122	148,141
150	<b>Total Current Assets</b>	<u>536,775</u>	<u>-</u>	<u>140,156</u>	<u>4,681,016</u>	<u>5,357,947</u>
161	Land	-	-	-	1,138,757	1,138,757
162	Buildings	-	-	-	48,764,774	48,764,774
163	Furniture, equipment and machinery - dwellings	-	-	-	1,655,169	1,655,169
165	Leasehold improvements	-	-	-	6,067,719	6,067,719
166	Accumulated depreciation	-	-	-	(18,940,943)	(18,940,943)
160	<b>Total capital assets, net of accumulated depreciation</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,685,476</u>	<u>38,685,476</u>
171	Notes, Loans, & mortgages receivable – Non-current	-	-	622,347	-	622,347
174	Other assets	-	-	416,452	762,177	1,178,629
176	Investment in joint venture	-	-	146,154	-	146,154
180	<b>Total Non-current Assets</b>	<u>-</u>	<u>-</u>	<u>1,184,953</u>	<u>39,447,653</u>	<u>40,632,606</u>
290	<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 536,775</u>	<u>\$ -</u>	<u>\$ 1,325,109</u>	<u>\$ 44,128,669</u>	<u>\$ 45,990,553</u>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule December 31, 2022

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
312	Accounts payable <=/ 90 days	\$ -	\$ -	\$ 43,157	\$ 114,386	\$ 157,543
321	Accrued wage/payroll taxes payable	-	-	-	5,437	5,437
341	Tenant security deposits	-	-	-	185,000	185,000
342	Unearned revenue	-	-	-	55,655	55,655
345	Other current liabilities	5,234	-	-	1,280,132	1,285,366
346	Accrued liabilities - other	-	-	-	301,490	301,490
347	Inter program - due to	906,772	-	93,898	-	1,000,670
348	Loan liability - current	-	-	-	24,180	24,180
310	<b>Total Current Liabilities</b>	<u>912,006</u>	-	137,055	1,966,280	3,015,341
353	Non-current liabilities - other	120,212	-	411,039	223,981	755,232
355	Loan liability – Non-current	-	-	-	19,621,162	19,621,162
350	<b>Total Non-current liabilities</b>	<u>120,212</u>	-	411,039	19,845,143	20,376,394
300	<b>Total Liabilities</b>	<u>1,032,218</u>	-	548,094	21,811,423	23,391,735
508.4	Net investment in capital assets	-	-	-	19,301,974	19,301,974
511.4	Restricted net position	95,103	-	-	2,648,766	2,743,869
512.4	Unrestricted net position	(590,546)	-	777,015	366,506	552,975
513	<b>Total Equity - Net Assets/Position</b>	<u>(495,443)</u>	-	777,015	22,317,246	22,598,818
600	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<u>\$ 536,775</u>	<u>\$ -</u>	<u>\$ 1,325,109</u>	<u>\$ 44,128,669</u>	<u>\$ 45,990,553</u>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 3,464,024	\$ 3,464,024
70400	Tenant revenue - other	23,838	-	-	56,659	80,497
70500	<b>Total Tenant Revenue</b>	<u>23,838</u>	<u>-</u>	<u>-</u>	<u>3,520,683</u>	<u>3,544,521</u>
70600	HUD PHA operating grants	5,282,622	37,410	-	-	5,320,032
71100	Investment income - unrestricted	-	-	-	1,594	1,594
71400	Fraud recovery	21,932	-	-	-	21,932
71500	Other revenue	10,540	-	7,872	81,547	99,959
70000	<b>Total Revenue</b>	<u>5,338,932</u>	<u>37,410</u>	<u>7,872</u>	<u>3,603,824</u>	<u>8,988,038</u>
91100	Administrative salaries	227,638	-	-	268,890	496,528
91200	Auditing fees	5,234	-	4,460	-	9,694
91300	Management Fee	89,760	-	119,990	-	209,750
91310	Bookkeeping Fee	56,100	-	-	-	56,100
91400	Advertising and Marketing	27	-	16	-	43
91500	Employee benefit contributions - administrative	103,650	-	-	-	103,650
91600	Office Expenses	70,753	-	6,505	-	77,258
91700	Legal Expense	3,150	-	70,652	-	73,802
91900	Other	39,374	-	-	770,559	809,933
91000	<b>Total Operating-Administrative</b>	<u>595,686</u>	<u>-</u>	<u>201,623</u>	<u>1,039,449</u>	<u>1,836,758</u>
92100	Tenant services - salaries	-	28,847	-	2,000	30,847
92300	Employee benefit contributions - tenant services	-	8,563	-	-	8,563
92400	Tenant services - other	-	-	-	54,752	54,752
92500	<b>Total Tenant Services</b>	<u>-</u>	<u>37,410</u>	<u>-</u>	<u>56,752</u>	<u>94,162</u>
93100	Water	-	-	-	108,371	108,371
93200	Electricity	-	-	-	219,382	219,382
93300	Gas	-	-	-	11,984	11,984
93600	Sewer	-	-	-	29,101	29,101
93800	Other utilities expense	-	-	-	48,489	48,489
93000	<b>Total Utilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,327</u>	<u>417,327</u>
94100	Ordinary maintenance and operations - labor	-	-	-	129,961	129,961
94200	Ordinary maintenance and operations - materials and other	1,225	-	-	582,852	584,077
94300	Ordinary Maintenance and Operations Contracts	62	-	280	-	342
94000	<b>Total Maintenance</b>	<u>1,287</u>	<u>-</u>	<u>280</u>	<u>712,813</u>	<u>714,380</u>

**Housing Authority of the City of Hammond, Indiana**

**Financial Data Schedule  
Year Ended December 31, 2022**

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
96110	Property Insurance	79	-	-	371,661	371,740
96120	Liability Insurance	17,495	-	-	-	17,495
96140	All other Insurance	6,808	-	1,737	-	8,545
96100	<b>Total Insurance Premiums</b>	<u>24,382</u>	<u>-</u>	<u>1,737</u>	<u>371,661</u>	<u>397,780</u>
96200	Other general expenses	17,137	-	119,073	33,970	170,180
96400	Bad debt - tenant rents	8,267	-	-	27,301	35,568
96000	<b>Total Other General Expenses</b>	<u>25,404</u>	<u>-</u>	<u>119,073</u>	<u>61,271</u>	<u>205,748</u>
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	557,048	557,048
96730	Amortization of Bond Issue Costs	-	-	-	26,956	26,956
96700	<b>Interest expense and Amortization cost</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,004</u>	<u>584,004</u>
96900	<b>Total Operating Expenses</b>	<u>646,759</u>	<u>37,410</u>	<u>322,713</u>	<u>3,243,277</u>	<u>4,250,159</u>
97000	<b>Excess Revenue Over Operating Expenses</b>	<u>4,692,173</u>	<u>-</u>	<u>(314,841)</u>	<u>360,547</u>	<u>4,737,879</u>
97300	Housing assistance payments	4,751,909	-	-	-	4,751,909
97400	Depreciation expense	-	-	-	1,763,640	1,763,640
97800	Dwelling units rent expense	-	-	-	14,258	14,258
90000	<b>Total Expenses</b>	<u>5,398,668</u>	<u>37,410</u>	<u>322,713</u>	<u>5,021,175</u>	<u>10,779,966</u>
10080	Special items, net gain/loss	4,975	-	-	-	4,975
10100	<b>Total other financing sources (uses)</b>	<u>4,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,975</u>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<u>\$ (54,761)</u>	<u>\$ -</u>	<u>\$ (314,841)</u>	<u>\$ (1,417,351)</u>	<u>\$ (1,786,953)</u>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
11030	Beginning equity	(440,682)	-	1,091,856	23,734,597	24,385,771
11170-001	Administrative Fee Equity- Beginning Balance	(474,626)	-	-	-	(474,626)
11170-010	Administrative Fee Revenue	472,768	-	-	-	472,768
11170-045	Fraud Recovery Revenue	10,966	-	-	-	10,966
11170-050	Other Revenue	10,540	-	-	-	10,540
11170-060	Total Admin Fee Revenues	494,274	-	-	-	494,274
11170-080	Total Operating Expenses	646,759	-	-	-	646,759
11170-100	Other expenses	(4,975)	-	-	-	(4,975)
11170-110	Total Expenses	641,784	-	-	-	641,784
11170-002	Net Administrative Fee	(147,510)	-	-	-	(147,510)
11170-003	Administrative Fee Equity- Ending Balance	(622,136)	-	-	-	(622,136)
11170	<b>Administrative Fee Equity</b>	(622,136)	-	-	-	(622,136)
11180-020	Net Housing Assistance Payments	4,577,971	-	-	-	4,577,971
11180-050	Fraud Recovery Revenue	10,966	-	-	-	10,966
11180-090	Total Housing Assistance Payments Revenues	4,588,937	-	-	-	4,588,937
11180-100	Housing Assistance Payments	4,751,909	-	-	-	4,751,909
11180-130	Total Housing Assistance Payments Expenses	4,751,909	-	-	-	4,751,909
11180	<b>Housing Assistance Payments Equity</b>	(162,972)	-	-	-	(162,972)
11190	<b>Unit Months Available</b>	10,776	-	-	4,404	15,180
11210	<b>Unit Months Leased</b>	6,162	-	-	4,169	10,331
11270	<b>Excess Cash</b>	(375,231)	-	3,101	2,714,736	2,342,606

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule  
December 31, 2022

Line Item No.	Account Description	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	Total AMPS
111	Cash-unrestricted	\$ 20,413	\$ 259,806	\$ -	\$ -	\$ -	\$ 280,219
114	Cash-tenant security deposits	-	61,286	-	-	-	61,286
100	<b>Total Cash</b>	<u>20,413</u>	<u>321,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,505</u>
121	Accounts receivable - PHA projects	-	8,975	-	-	-	8,975
126	Accounts receivable - tenants	502	7,616	-	-	-	8,118
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<u>502</u>	<u>16,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,093</u>
131	Investments - unrestricted	945,828	339,960	-	-	-	1,285,788
142	Prepaid expenses and other assets	-	51,180	-	-	-	51,180
143	Inventories	-	30,896	-	-	-	30,896
144	Inter program - due from	-	15,441	-	-	-	15,441
150	<b>Total Current Assets</b>	<u>966,743</u>	<u>775,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,741,903</u>
161	Land	188,609	105,727	-	-	-	294,336
162	Buildings	4,782	951,802	-	-	-	956,584
163	Furniture, equipment and machinery - dwellings	-	296,894	-	-	-	296,894
165	Leasehold improvements	68,196	11,697,584	-	-	-	11,765,780
166	Accumulated depreciation	(66,517)	(11,642,878)	-	-	-	(11,709,395)
160	<b>Total capital assets, net of accumulated depreciation</b>	<u>195,070</u>	<u>1,409,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,604,199</u>
180	<b>Total Non-current Assets</b>	<u>195,070</u>	<u>1,409,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,604,199</u>
290	<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 1,161,813</u>	<u>\$ 2,184,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,346,102</u>

## Housing Authority of the City of Hammond, Indiana

### Financial Data Schedule December 31, 2022

Line Item No.	Account Description	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	Total AMPS
312	Accounts payable <= 90 days	\$ -	\$ 48,221	\$ 23,215	\$ 51,134	\$ 40,723	\$ 163,293
341	Tenant security deposits	1,475	57,826	-	-	-	59,301
342	Unearned revenue	-	9,319	-	-	-	9,319
345	Other current liabilities	-	21,010	-	-	-	21,010
346	Accrued liabilities - other	-	11,767	-	-	-	11,767
347	Inter program - due to	8,920	101,100	-	-	-	110,020
310	<b>Total Current Liabilities</b>	<u>10,395</u>	<u>249,243</u>	<u>23,215</u>	<u>51,134</u>	<u>40,723</u>	<u>374,710</u>
300	<b>Total Liabilities</b>	<u>10,395</u>	<u>249,243</u>	<u>23,215</u>	<u>51,134</u>	<u>40,723</u>	<u>374,710</u>
508.4	Net investment in capital assets	195,070	1,409,129	-	-	-	1,604,199
512.4	Unrestricted net position	956,348	525,917	(23,215)	(51,134)	(40,723)	1,367,193
513	<b>Total Equity - Net Assets/Position</b>	<u>1,151,418</u>	<u>1,935,046</u>	<u>(23,215)</u>	<u>(51,134)</u>	<u>(40,723)</u>	<u>2,971,392</u>
600	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<u>\$ 1,161,813</u>	<u>\$ 2,184,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,346,102</u>

# Housing Authority of the City of Hammond, Indiana

## Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	AMP 1 - O	AMP 1 - CFP	AMP 1 - Total	AMP 2 - O	AMP 2 - CFP	AMP 2 - Total	AMP 3 - O	AMP 3 - CFP	AMP 3 - Total	AMP 4 - O	AMP 4 - CFP	AMP 4 - Total	AMP 5 - O	AMP 5 - CFP	AMP 5 - Total	Total AMPs
70300	Net tenant rental revenue	\$ 10,060	-	\$ 10,060	\$ 639,807	\$ -	\$ 639,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 649,867
70400	Tenant revenue - other	-	-	-	44,975	-	44,975	-	-	-	-	-	-	-	-	-	44,975
70500	<b>Total Tenant Revenue</b>	<u>10,060</u>	<u>-</u>	<u>10,060</u>	<u>684,782</u>	<u>-</u>	<u>684,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>694,842</u>
70600	HUD PHA operating grants	-	15,579	15,579	684,330	135,127	819,457	248,703	28,952	277,655	150,383	9,622	160,005	111,927	5,225	117,152	1,389,848
71100	Investment income - unrestricted	-	-	-	12,206	-	12,206	-	-	-	-	-	-	-	-	-	12,206
71500	Other revenue	-	-	-	29,296	-	29,296	-	-	-	-	-	-	-	-	-	29,296
70000	<b>Total Revenue</b>	<u>10,060</u>	<u>15,579</u>	<u>25,639</u>	<u>1,410,614</u>	<u>135,127</u>	<u>1,545,741</u>	<u>248,703</u>	<u>28,952</u>	<u>277,655</u>	<u>150,383</u>	<u>9,622</u>	<u>160,005</u>	<u>111,927</u>	<u>5,225</u>	<u>117,152</u>	<u>2,126,192</u>
91100	Administrative salaries	-	-	-	117,526	-	117,526	-	-	-	-	-	-	-	-	-	117,526
91200	Auditing fees	-	-	-	10,467	-	10,467	-	-	-	-	-	-	-	-	-	10,467
91300	Management Fee	-	-	-	147,068	-	147,068	-	-	-	-	-	-	-	-	-	147,068
91310	Bookkeeping Fee	-	-	-	17,168	-	17,168	-	-	-	-	-	-	-	-	-	17,168
91400	Advertising and Marketing	-	-	-	128	-	128	-	-	-	-	-	-	-	-	-	128
91500	Employee benefit contributions - administrative	-	-	-	61,591	-	61,591	-	-	-	-	-	-	-	-	-	61,591
91600	Office Expenses	-	-	-	35,677	-	35,677	-	-	-	-	-	-	-	-	-	35,677
91700	Legal Expense	-	-	-	18,446	-	18,446	-	-	-	-	-	-	-	-	-	18,446
91900	Other	-	-	-	171,740	-	171,740	-	-	-	-	-	-	-	-	-	171,740
91000	<b>Total Operating-Administrative</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,811</u>	<u>-</u>	<u>579,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,811</u>
92000	Asset Management Fee	-	-	-	23,640	-	23,640	-	-	-	-	-	-	-	-	-	23,640
92500	<b>Total Tenant Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,640</u>	<u>-</u>	<u>23,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,640</u>
93100	Water	-	-	-	48,527	-	48,527	-	-	-	-	-	-	-	-	-	48,527
93200	Electricity	-	-	-	109,221	-	109,221	-	-	-	-	-	-	-	-	-	109,221
93300	Gas	-	-	-	37,766	-	37,766	-	-	-	-	-	-	-	-	-	37,766
93800	Other utilities expense	-	-	-	62,119	-	62,119	-	-	-	-	-	-	-	-	-	62,119
93000	<b>Total Utilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,633</u>	<u>-</u>	<u>257,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,633</u>
94100	Ordinary maintenance and operations - labor	-	-	-	95,323	-	95,323	-	-	-	-	-	-	-	-	-	95,323
94200	Ordinary maintenance and operations - materials and other	-	-	-	102,245	-	102,245	-	-	-	-	-	-	-	-	-	102,245
94300	Ordinary Maintenance and Operations Contracts	-	-	-	357,240	-	357,240	-	-	-	-	-	-	-	-	-	357,240
94500	Employee benefit contribution - ordinary maintenance	-	-	-	52,497	-	52,497	-	-	-	-	-	-	-	-	-	52,497
94000	<b>Total Maintenance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,305</u>	<u>-</u>	<u>607,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,305</u>

# Housing Authority of the City of Hammond, Indiana

## Financial Data Schedule Year Ended December 31, 2022

Line Item No.	Account Description	AMP 1 - O	AMP 1 - CFP	AMP 1 - Total	AMP 2 - O	AMP 2 - CFP	AMP 2 - Total	AMP 3 - O	AMP 3 - CFP	AMP 3 - Total	AMP 4 - O	AMP 4 - CFP	AMP 4 - Total	AMP 5 - O	AMP 5 - CFP	AMP 5 - Total	Total AMPs
95200	Protective services - other contract costs	-	-	-	55,135	-	55,135	-	-	-	-	-	-	-	-	-	55,135
95300	Protective services - other	-	-	-	4,343	-	4,343	-	-	-	-	-	-	-	-	-	4,343
95000	<b>Total Protective Services</b>	-	-	-	59,478	-	59,478	-	-	-	-	-	-	-	-	-	59,478
96110	Property Insurance	-	-	-	34,267	-	34,267	-	-	-	-	-	-	-	-	-	34,267
96120	Liability Insurance	-	-	-	16,774	-	16,774	-	-	-	-	-	-	-	-	-	16,774
96140	All other Insurance	-	-	-	5,732	-	5,732	-	-	-	-	-	-	-	-	-	5,732
96100	<b>Total Insurance Premiums</b>	-	-	-	56,773	-	56,773	-	-	-	-	-	-	-	-	-	56,773
96200	Other general expenses	4,887	15,579	20,466	53,108	135,127	188,235	203,525	28,952	232,477	163,221	9,622	172,843	104,432	5,225	109,657	723,678
96400	Bad debt - tenant rents	-	-	-	29,812	-	29,812	-	-	-	-	-	-	-	-	-	29,812
96000	<b>Total Other General Expenses</b>	4,887	15,579	20,466	82,920	135,127	218,047	203,525	28,952	232,477	163,221	9,622	172,843	104,432	5,225	109,657	753,490
96900	<b>Total Operating Expenses</b>	4,887	15,579	20,466	1,667,560	135,127	1,802,687	203,525	28,952	232,477	163,221	9,622	172,843	104,432	5,225	109,657	2,338,130
97000	<b>Excess Revenue Over Operating Expenses</b>	5,173	-	5,173	(256,946)	-	(256,946)	45,178	-	45,178	(12,838)	-	(12,838)	7,495	-	7,495	(211,938)
97400	Depreciation expense	1,824	-	1,824	315,880	-	315,880	-	-	-	-	-	-	-	-	-	317,704
90000	<b>Total Expenses</b>	6,711	15,579	22,290	1,983,440	135,127	2,118,567	203,525	28,952	232,477	163,221	9,622	172,843	104,432	5,225	109,657	2,655,834
10080	Special items, net gain/loss	2,091	-	2,091	18,058	-	18,058	-	-	-	-	-	-	-	-	-	20,149
10100	<b>Total other financing sources (uses)</b>	2,091	-	2,091	18,058	-	18,058	-	-	-	-	-	-	-	-	-	20,149
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	\$ 5,440	\$ -	\$ 5,440	\$ (554,768)	\$ -	\$ (554,768)	\$ 45,178	\$ -	\$ 45,178	\$ (12,838)	\$ -	\$ (12,838)	\$ 7,495	\$ -	\$ 7,495	\$ (509,493)
11030	Beginning equity	1,145,978	-	1,145,978	2,489,814	-	2,489,814	(68,393)	-	(68,393)	(38,296)	-	(38,296)	(48,218)	-	(48,218)	3,480,885
11190	<b>Unit Months Available</b>	12	-	12	2,368	-	2,368	516	-	516	204	-	204	180	-	180	3,280
11210	<b>Unit Months Leased</b>	12	-	12	2,283	-	2,283	505	-	505	197	-	197	179	-	179	3,176

**Housing Authority of the City of Hammond, Indiana**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal ALN</u>	<u>Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
Direct Awards			
U.S. Department of Housing & Urban Development:			
Public and Indian Housing	14.850	\$ 1,195,343	\$ -
Public Housing Capital Fund	14.872	326,933	-
Family Self Sufficiency Program	14.896	37,410	-
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	<u>5,282,622</u>	<u>-</u>
Total Housing Voucher Cluster		<u>5,282,622</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development		<u>6,842,308</u>	<u>-</u>
Total Direct Federal Awards		<u>6,842,308</u>	<u>-</u>
Total Federal Awards		<u>\$ 6,842,308</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Housing Authority of the City of Hammond, Indiana**

**Notes to Schedule of Expenditures of Federal Awards  
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 Housing Authority of the City Hammond, Indiana, 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 Housing Authority of the City Hammond, Indiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the City Hammond, Indiana. The financial statements of the discretely presented component units as identified in Note 1 to the Financial Statements were not audited in accordance with *Government Auditing Standards* as they are not subject to the requirements under Uniform Guidance.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized in accordance with the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City Hammond, Indiana has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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