

City of Hammond, Indiana

**Annual
Financial Report**

For the Year Ended December 31, 2019



FILED
03/26/2021

Thomas M. McDermott, Jr.- Mayor
Megan Flores- City Controller
Kimberly Fabris- Deputy Controller
Jessica Cooper- Budget Reporting Administrator



City of Hammond, Indiana

**Annual Financial Report
For the Year Ended December 31, 2019**

Submitted by:
Megan Flores
Controller

City of Hammond, Indiana

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and we were engaged to audit the accompanying financial statements of the governmental activities of the City of Hammond (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hammond Housing Authority (Authority), which represent 45 percent, 50 percent, and 51 percent, respectively, of the total assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar, as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. Except as described in the *Basis for Disclaimer of Opinion* paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Except for the matter described in the *Basis for Disclaimer of Opinion* paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer Opinion

The City reported \$351,948,313 for capital assets net of accumulated depreciation for land and other capital assets of the City but did not provide supporting documentation for these amounts. As a result of this lack of supporting documentation, we were unable to audit the capital assets and accumulated depreciation and it was not practicable to determine the amount of any adjustments that would be necessary to reported capital assets and accumulated depreciation. The capital assets net of accumulated depreciation reported represent 86 percent of the total assets of the City.

Disclaimer Opinion

Because of the significance of the matter discussed in the *Basis for Disclaimer Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City of Hammond. Accordingly, we do not express an opinion on governmental activities of the City, as of December 31, 2019.

Unmodified Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios - Postemployment Healthcare Plan, Schedule of Proportionate Share of Net Pension Liability, Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns - 1925 Police Pension Plan, Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns - 1937 Firefighters' Pension Plan, Schedule of Contributions, and Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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 and other auditors 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Combining Balance Sheet - General Fund Accounts, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, Combining Balance Sheet - Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds, Combining Balance Sheet - Gateways TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Gateways TIF Funds, Combining Balance Sheet - Hammond Central TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Hammond Central TIF Funds, Combining Balance Sheet - Roby TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Roby TIF Funds, Combining Balance Sheet - State Line TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State Line TIF Funds, Balance Sheet - West Point TIF Funds, Statement of Revenues, Expenditures and Changes in Fund Balances - West Point TIF Funds, Balance Sheet - Woodmar Gateway TIF Funds, Statement of Revenues, Expenditures and Changes in Fund Balances - Woodmar Gateway TIF Funds, Combining Balance Sheet - Parks and Recreation Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Parks and Recreation Funds, Combining Balance Sheet - Grants Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Grants Funds, Combining Balance Sheet - Nonmajor Debt Service Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds, Combining Balance Sheet - Nonmajor Capital Projects Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds, and Statements of Changes in Assets and Liabilities - Agency Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Because of the significance of the matters described in the *Basis for Disclaimer Opinion* paragraph above, it is inappropriate to and we do not express an opinion on the Combining Balance Sheet - General Fund Accounts, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, Combining Balance Sheet - Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds, Combining Balance Sheet - Gateways TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Gateways TIF Funds, Combining Balance Sheet - Hammond Central TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Hammond Central TIF Funds, Combining Balance Sheet - Roby TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Roby TIF Funds, Combining Balance Sheet - State Line TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State Line TIF Funds, Balance Sheet - West Point TIF Funds, Statement of Revenues, Expenditures and Changes in Fund Balances - West Point TIF Funds, Balance Sheet - Woodmar Gateway TIF Funds, Statement of Revenues, Expenditures and Changes in


INDEPENDENT AUDITOR'S REPORT
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The Combining Balance Sheet - General Fund Accounts, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, Combining Balance Sheet - Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds, Combining Balance Sheet - Gateways TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Gateways TIF Funds, Combining Balance Sheet - Hammond Central TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Hammond Central TIF Funds, Combining Balance Sheet - Roby TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Roby TIF Funds, Combining Balance Sheet - State Line TIF Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State Line TIF Funds, Balance Sheet - West Point TIF Funds, Statement of Revenues, Expenditures and Changes in Fund Balances - West Point TIF Funds, Balance Sheet - Woodmar Gateway TIF Funds, Statement of Revenues, Expenditures and Changes in Fund Balances - Woodmar Gateway TIF Funds, Combining Balance Sheet - Parks and Recreation Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Parks and Recreation Funds, Combining Balance Sheet - Grants Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Grants Funds, Combining Balance Sheet - Nonmajor Debt Service Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds, Combining Balance Sheet - Nonmajor Capital Projects Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds, and Statements of Changes in Assets and Liabilities - Agency Funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 11, 2021

Basic Financial Statements

Government-Wide Financial Statements

City of Hammond

Statement of Net Position
December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Authority
Assets					
Current Assets:					
Cash and cash equivalents	\$ 35,916,436	\$ 15,016,310	\$ 50,932,746	\$ 11,758,903	\$ 2,552,937
Investments, unrestricted	-	-	-	-	1,793,626
Receivables:					
Casino	2,829,507	-	2,829,507	-	-
Accounts, net	454,312	3,545,358	3,999,670	-	46,216
Intergovernmental	1,101,587	-	1,101,587	-	-
Other taxes	101,752	-	101,752	-	-
Other	1,743,996	520,468	2,264,464	2,205	532,765
Loans receivable, net	4,666,713	-	4,666,713	-	-
Prepaid items	-	184,998	184,998	300,413	124,384
Inventory	-	1,210,220	1,210,220	121,421	30,896
Total current assets	46,814,303	20,477,354	67,291,657	12,182,942	5,080,824
Noncurrent Assets:					
Restricted cash and cash equivalents	11,034,200	17,744,956	28,779,156	2,909,344	915,374
Restricted investments	-	-	-	-	1,731,524
Property held for resale	171,000	-	171,000	-	-
Taxes receivable, net	-	369,371	369,371	-	-
Investments in joint ventures	-	-	-	-	146,154
Other assets	-	-	-	-	1,209,016
Capital assets, not being depreciated	103,708,588	20,142,827	123,851,415	5,628,407	1,582,319
Capital assets, net of accumulated depreciation	248,239,725	203,896,617	452,136,342	46,557,295	44,692,646
Total noncurrent assets	363,153,513	242,153,771	605,307,284	55,095,046	50,277,033
Total assets	409,967,816	262,631,125	672,598,941	67,277,988	55,357,857
Deferred outflows of resources					
Pension related amounts	7,706,337	691,219	8,397,556	91,225	-
Other post-employment benefit amounts	17,725,671	2,821,646	20,547,317	354,740	-
Deferred bond issuance costs	-	160,382	160,382	-	-
Unamortized losses related to debt refundings	-	305,034	305,034	-	-
Total deferred outflows of resources	25,432,008	3,978,281	29,410,289	445,965	-
Total assets and deferred outflows of resources	435,399,824	266,609,406	702,009,230	67,723,953	55,357,857

(Continued)

City of Hammond

Statement of Net Position (Continued)
December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Authority
Liabilities					
Current Liabilities:					
Accounts payable	\$ 5,558,768	\$ 2,123,124	\$ 7,681,892	\$ 175,804	\$ 21,050
Accrued payroll	116,961	379,241	496,202	11,214	36,163
Claims payable	2,784,573	-	2,784,573	-	-
Taxes payable	-	32,974	32,974	-	-
PERF payable	-	21,974	21,974	-	-
Accrued interest payable	2,098,645	1,534,139	3,632,784	242,757	-
Contracts and retainage payable	-	1,944,511	1,944,511	-	-
Unearned revenue	521,826	-	521,826	306,638	21,299
Customer deposits	-	1,018,570	1,018,570	-	-
Tenant security deposits	-	-	-	-	294,835
Other current liabilities	-	-	-	-	860,204
Compensated absences	101,579	19,339	120,918	-	-
Capital leases payable, current	1,420,762	283,870	1,704,632	-	-
Notes and loans payable	1,659,538	2,515,000	4,174,538	-	24,180
Revenue bonds	3,500,000	395,000	3,895,000	1,745,000	-
General obligation bonds	1,480,000	4,485,000	5,965,000	-	-
Total current liabilities	19,242,652	14,752,742	33,995,394	2,481,413	1,257,731
Long-term Liabilities, net of current maturities:					
Net pension liability	120,291,475	5,328,093	125,619,568	786,605	-
Compensated absences	101,570	551,939	653,509	28,299	-
Other post-employment benefits	150,683,420	27,090,959	177,774,379	2,574,975	-
Other noncurrent liabilities	-	-	-	-	3,826,975
Capital leases payable	5,673,191	501,669	6,174,860	-	-
Notes and loans payable	31,189,197	37,640,000	68,829,197	-	1,436,592
Revenue bonds	81,832,889	6,457,434	88,290,323	11,985,000	-
General obligation bonds, net of unamortized bond premium (discount)	11,286,549	45,861,713	57,148,262	-	-
Total long-term liabilities	401,058,291	123,431,807	524,490,098	15,374,879	5,263,567
Total liabilities	420,300,943	138,184,549	558,485,492	17,856,292	6,521,298
Deferred inflows of resources					
Pension related amounts	8,970,335	976,084	9,946,419	164,242	-
Other post-employment benefit amounts	10,871,488	3,219,344	14,090,832	184,893	-
Deferred customers	-	122,910	122,910	-	-
Total deferred inflows of resources	19,841,823	4,318,338	24,160,161	349,135	-
Net Position					
Net investment in capital assets	213,906,187	126,573,916	340,480,103	38,455,702	46,274,965
Restricted for:					
General government	101,768	-	101,768	-	-
Public safety	923,116	-	923,116	-	-
Streets and equipment maintenance	1,717,156	-	1,717,156	-	-
Culture and recreation	788,916	-	788,916	-	-
Urban development and housing	26,405,167	-	26,405,167	-	2,300,485
Debt service	1,641,118	4,392,443	6,033,561	2,909,344	-
Capital projects	2,843,421	12,406,111	15,249,532	-	-
Customer deposits	-	946,649	946,649	-	-
Unrestricted	(253,069,791)	(20,212,600)	(273,282,391)	8,153,480	261,109
Total net position (deficit)	\$ (4,742,942)	\$ 124,106,519	\$ 119,363,577	\$ 49,518,526	\$ 48,836,559

See Notes to Financial Statements.

City of Hammond

Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-Type Activities		Port Authority	Housing Authority
Governmental activities:									
General government	\$ 31,746,141	\$ 21,154,058	\$ 2,924,343	\$ -	\$ (7,667,740)	\$ -	\$ (7,667,740)	\$ -	\$ -
Public safety	90,987,889	518,294	9,202,414	-	(81,267,181)	-	(81,267,181)	-	-
Streets and equipment maintenance	6,365,359	-	1,423,401	-	(4,941,958)	-	(4,941,958)	-	-
Culture and recreation	12,074,454	3,104,385	-	-	(8,970,069)	-	(8,970,069)	-	-
Urban redevelopment and housing	25,408,934	-	-	-	(25,408,934)	-	(25,408,934)	-	-
Interest and amortization expense	7,534,928	-	-	-	(7,534,928)	-	(7,534,928)	-	-
Total governmental activities	174,117,705	24,776,737	13,550,158	-	(135,790,810)	-	(135,790,810)	-	-
Business-type activities:									
Water utility	14,116,192	11,886,765	-	-	-	(2,229,427)	(2,229,427)	-	-
Sanitary District	31,033,569	20,523,519	-	-	-	(10,510,050)	(10,510,050)	-	-
Stormwater utility	31,215	2,273,306	-	-	-	2,242,091	2,242,091	-	-
Total business-type activities	45,180,976	34,683,590	-	-	-	(10,497,386)	(10,497,386)	-	-
Total primary government	\$ 219,298,681	\$ 59,460,327	\$ 13,550,158	\$ -	(135,790,810)	(10,497,386)	(146,288,196)	-	-
Component Units:									
Port authority	\$ 12,452,761	\$ 3,804,650	\$ -	\$ -	-	-	-	(8,648,111)	-
Housing Authority	13,753,782	4,915,432	7,069,834	-	-	-	-	-	(1,768,516)
Total component units	\$ 26,206,543	\$ 8,720,082	\$ 7,069,834	\$ -	-	-	-	(8,648,111)	(1,768,516)
General revenues									
Taxes:									
Property					44,709,118	9,953,714	54,662,832	-	-
Other taxes:					27,188	-	27,188	-	-
Intergovernmental:									
Income and use tax					6,726,771	-	6,726,771	-	-
Wagering					19,305,742	-	19,305,742	-	-
Motor vehicle highway					3,455,366	-	3,455,366	-	-
Payment in lieu of taxes					1,379,080	(718,931)	660,149	(600,000)	-
Auto rental tax					2,296,109	-	2,296,109	-	-
Other					2,379,535	-	2,379,535	-	-
Development agreement					16,999,526	-	16,999,526	-	-
Embarkation fees					-	-	-	7,000,000	-
Licenses and fees					3,389,272	-	3,389,272	-	-
Interest					391,515	640,516	1,032,031	255,133	45,508
Gain (Loss) on sale of capital assets					457,552	(16,236)	441,316	-	-
Contributed capital					-	655,081	655,081	-	-
Other					3,085,498	778,729	3,864,227	371,812	-
Total general revenues and transfers					104,602,272	11,292,873	115,895,145	7,026,945	45,508
Change in net position					(31,188,538)	795,487	(30,393,051)	(1,621,166)	(1,723,008)
Net position (deficit):									
January 1, 2019, as restated					26,445,596	123,311,032	149,756,628	51,139,692	50,559,567
December 31, 2019					\$ (4,742,942)	\$ 124,106,519	\$ 119,363,577	\$ 49,518,526	\$ 48,836,559

See Notes to Financial Statements.

Fund Financial Statements

City of Hammond

Balance Sheet – Governmental Funds
December 31, 2019

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 13,811,338	\$ 21,018,457	\$ 34,829,795
Receivables:			
Gaming	2,829,507	-	2,829,507
Accounts	454,264	48	454,312
Intergovernmental	304,626	796,961	1,101,587
Other taxes	101,752	-	101,752
Other	73,056	1,167	74,223
Loans receivable, net	-	4,666,713	4,666,713
Due from other funds	40,360	-	40,360
Restricted cash and investmetns	-	11,034,200	11,034,200
Property held for resale	-	171,000	171,000
Total assets	\$ 17,614,903	\$ 37,688,546	\$ 55,303,449
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 4,011,482	\$ 1,150,093	\$ 5,161,575
Accrued payroll	97,369	19,592	116,961
Due to other funds	-	40,360	40,360
Unearned revenues	36,450	263,493	299,943
Total liabilities	4,145,301	1,473,538	5,618,839
Deferred inflows of resources			
Unavailable revenue	-	92,612	92,612
Fund balances			
Restricted	-	36,178,679	36,178,679
Committed	5,836,310	-	5,836,310
Unassigned	7,633,292	(56,283)	7,577,009
Total fund balances	13,469,602	36,122,396	49,591,998
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,614,903	\$ 37,688,546	\$ 55,303,449

See Notes to Financial Statements.

City of Hammond

**Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2019**

Total fund balances – governmental funds \$ 49,591,998

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

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds. 351,948,313

Deferred outflows and deferred inflows of resources related to pensions,
which will be recognized as an increase or reduction to pension expense in
future reporting periods:

Deferred outflows due to pensions	7,706,337	
Deferred inflows due to pensions	(8,970,335)	
Deferred outflows due to other post-employment benefits	17,725,671	
Deferred inflows due to other post-employment benefits	<u>(10,871,488)</u>	5,590,185

The pension liabilities related to the following pension plans are recorded on the
Statement of Net Position, but not recorded in the funds:

Net pension liability - Public Employees' Retirement Fund	(8,024,695)	
Net pension liability - 1977 Police Officers' and Firefighters' Retirement Fund	(245,080)	
Net pension liability - 1925 Police Pension Fund	(48,134,483)	
Net pension liability - 1937 Firefighters' Pension Fund	<u>(63,887,217)</u>	(120,291,475)

Some liabilities reported in the Statement of Net Position do not require the use
of current financial resources and, therefore, are not reported as liabilities
in governmental funds. These activities consist of:

Accrued interest	(2,098,645)	
Compensated absences	(203,149)	
Other postemployment benefits	(150,683,420)	
Notes payable	(32,848,735)	
Revenue bonds	(85,332,889)	
Capital leases	(7,093,953)	
General obligation bonds	<u>(12,766,549)</u>	(291,027,340)

An internal service fund is used by management to charge the costs of insurance.
The assets and liabilities are included in the governmental activities in the
statement of net position. (554,623)

Net position of governmental activities \$ (4,742,942)

See Notes to Financial Statements.

City of Hammond

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 Year Ended December 31, 2019

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 28,618,156	\$ 16,090,962	\$ 44,709,118
Intergovernmental	33,439,084	15,673,597	49,112,681
Development agreement	16,999,526	-	16,999,526
Licenses, permits and fees	2,600,785	26,256	2,627,041
Charges for services	15,832,525	2,604,393	18,436,918
Fines and forfeits	557,475	-	557,475
Other	1,770,074	1,509,156	3,279,230
Interest	362,086	4,462	366,548
Total revenues	100,179,711	35,908,826	136,088,537
Expenditures			
Current:			
General government	25,718,534	1,831,292	27,549,826
Public safety	59,326,886	3,627,780	62,954,666
Streets and equipment maintenance	-	5,225,774	5,225,774
Culture and recreation	2,801,533	7,031,809	9,833,342
Urban redevelopment and housing	10,614,574	12,214,410	22,828,984
Debt service:			
Principal	1,895,084	6,670,273	8,565,357
Interest and fees	1,652,442	5,307,338	6,959,780
Debt issuance costs	-	358,986	358,986
Capital outlay	1,702,916	8,401,388	10,104,304
Total expenditures	103,711,969	50,669,050	154,381,019
Deficiency of revenues under expenditures	(3,532,258)	(14,760,224)	(18,292,482)
Other financing sources (uses):			
Proceeds of bond issuance	-	5,000,000	5,000,000
Proceeds of capital lease	905,742	-	905,742
Sale of capital assets	676,270	-	676,270
Transfers in	1,460,092	8,177,182	9,637,274
Transfers out	(4,199,490)	(5,841,746)	(10,041,236)
Total other financing sources (uses)	(1,157,386)	7,335,436	6,178,050
Net change in fund balances	(4,689,644)	(7,424,788)	(12,114,432)
Fund balances:			
January 1, 2019, as restated	18,159,246	43,547,184	61,706,430
December 31, 2019	\$ 13,469,602	\$ 36,122,396	\$ 49,591,998

See Notes to Financial Statements.

City of Hammond

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2019**

Net change in fund balances – total governmental funds		\$ (12,114,432)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets:		
Capital outlay	9,995,069	
Depreciation	<u>(11,277,225)</u>	(1,282,156)
The recognition of liability for retirement benefits on the government-wide financial statements affects the activity presented on the fund financial statements:		
Public Employees' Retirement Fund	133,459	
1977 Police Officers' and Firefighters' Retirement Fund	(4,243,063)	
1925 Police Pension Fund	(3,884,101)	
1937 Firefighters' Pension Fund	(1,734,988)	
Other post-employment benefits	<u>(8,407,177)</u>	(18,135,870)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment (refunding) reduces long-term liabilities in the Statement of Net Position:		
General obligation bonds	1,650,000	
Revenue bonds	3,590,000	
Notes payable	1,665,155	
Capital leases	<u>1,660,202</u>	8,565,357
Long-term debt issued is recorded as an other financing source in the fund financial statements, but is recorded as a liability in the Statement of Activities:		
Issuance of revenue bonds	(5,000,000)	
Issuance of capital leases	<u>(905,742)</u>	(5,905,742)
Premium on bonds is recorded as other financing sources in the fund financial statements, but the premium is recorded as a liability in the Statement of Net Position which is amortized over the life of the bonds:		
Amortization of premium on bonds		88,489
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of changes in the following:		
Accrued interest	(304,651)	
Compensated absences	<u>(20,741)</u>	(325,392)
An internal service fund is used by management to charge the costs of insurance. The activity is included in the governmental activities in the statement of activities.		
		<u>(1,860,074)</u>
Change in net position of governmental activities		<u>\$ (31,188,538)</u>

See Notes to Financial Statements.

City of Hammond

Statement of Net Position – Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Funds		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 10,900,575	\$ 564,994	\$ 3,433,969	\$ 14,899,538	\$ 1,086,641
Cash with fiscal agent	116,772	-	-	116,772	-
Accounts receivable, customer, net	1,675,734	1,618,648	250,976	3,545,358	-
Other receivables	-	520,468	-	520,468	1,669,773
Inventories	841,179	369,041	-	1,210,220	-
Prepaid items	81,862	103,136	-	184,998	-
Total current assets	13,616,122	3,176,287	3,684,945	20,477,354	2,756,414
Noncurrent Assets:					
Restricted cash, cash equivalents and investments:					
Bond and interest account	1,914,095	364,378	-	2,278,473	-
Capital projects - cash and investments	8,721,594	327,113	-	9,048,707	-
Cash with fiscal agent - bond and interest	1,744,599	-	-	1,744,599	-
Customer deposits	-	946,649	-	946,649	-
Depreciation	-	1,040,319	-	1,040,319	-
Construction account	-	2,317,085	-	2,317,085	-
Bond and interest sinking fund	-	369,124	-	369,124	-
Taxes receivable, net of allowance	369,371	-	-	369,371	-
Capital assets not being depreciated	12,813,332	7,162,222	167,273	20,142,827	-
Capital assets, net of accumulated deprec	168,987,376	34,741,242	167,999	203,896,617	-
Total noncurrent assets	194,550,367	47,268,132	335,272	242,153,771	-
Total assets	208,166,489	50,444,419	4,020,217	262,631,125	2,756,414
Deferred outflows of resources					
Pension related amounts	376,525	314,694	-	691,219	-
OPEB related amounts	1,998,669	822,977	-	2,821,646	-
Deferred bond issuance cost	160,382	-	-	160,382	-
Deferred loss on refunding	305,034	-	-	305,034	-
	2,840,610	1,137,671	-	3,978,281	-

(Continued)

City of Hammond

Statement of Net Position – Proprietary Funds (Continued)
December 31, 2019

	Business-Type Activities - Enterprise Funds				
	Major Funds		Nonmajor Fund		Internal Service Fund
	Sanitary District	Water Utility	Storm Water	Total	
Utility Fund					
Liabilities					
Current Liabilities:					
Accounts payable	\$ 1,985,582	\$ 127,486	\$ 10,056	\$ 2,123,124	\$ 397,193
Accrued payroll	216,544	162,697	-	379,241	-
Taxes payable	-	32,974	-	32,974	-
Claims payable	-	-	-	-	2,784,573
PERF payable	-	21,974	-	21,974	-
Unearned revenue	-	-	-	-	129,271
Due to other funds	-	-	-	-	-
Compensated absences, current	17,485	1,854	-	19,339	-
Capital lease payable, current	283,870	-	-	283,870	-
Loans payable, current	2,515,000	-	-	2,515,000	-
Revenue bonds, current	-	395,000	-	395,000	-
General obligation bonds, current	4,485,000	-	-	4,485,000	-
Accrued interest payable	1,381,956	152,183	-	1,534,139	-
Contracts and retainage payable	1,944,511	-	-	1,944,511	-
Customer deposits	67,850	950,720	-	1,018,570	-
Total current liabilities	12,897,798	1,844,888	10,056	14,752,742	3,311,037
Long-term Liabilities, net of current maturities:					
Compensated absences	368,373	183,566	-	551,939	-
Capital lease payable	501,669	-	-	501,669	-
Loans payable	37,640,000	-	-	37,640,000	-
Revenue bonds	-	6,457,434	-	6,457,434	-
General obligation bonds, net of unamortized bond premium (discount)	45,861,713	-	-	45,861,713	-
Net pension liability	3,071,065	2,257,028	-	5,328,093	-
Other post-employment benefits	18,346,265	8,744,694	-	27,090,959	-
Total long-term liabilities	105,789,085	17,642,722	-	123,431,807	-
Total liabilities	118,686,883	19,487,610	10,056	138,184,549	3,311,037
Deferred inflows of resources					
Pension related amounts	591,306	384,778	-	976,084	-
OPEB related amounts	3,219,344	-	-	3,219,344	-
Deferred customers	122,910	-	-	122,910	-
	3,933,560	384,778	-	4,318,338	-
Net position					
Net investment in capital assets	90,818,490	35,420,154	335,272	126,573,916	-
Restricted for:					
Debt service	4,028,065	364,378	-	4,392,443	-
Capital improvements	8,721,594	3,684,517	-	12,406,111	-
Customer deposits	-	946,649	-	946,649	-
Unrestricted	(15,181,493)	(8,705,996)	3,674,889	(20,212,600)	(554,623)
Total net position	\$ 88,386,656	\$ 31,709,702	\$ 4,010,161	\$124,106,519	\$ (554,623)

See Notes to Financial Statements.

City of Hammond

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Operating revenues:					
Residential sales	\$ 9,655,305	\$ 1,518,965	\$ 2,273,306	\$ 13,447,576	\$ -
Commercial and industrial sales	6,149,037	10,367,800	-	16,516,837	-
Municipal sales	3,290,397	-	-	3,290,397	-
Other charges for services	1,428,780	-	-	1,428,780	20,311,713
Local tax distributions for sewer maintenance	2,489,449	-	-	2,489,449	-
Other	386,098	392,631	-	778,729	14,110
Total operating revenues	23,399,066	12,279,396	2,273,306	37,951,768	20,325,823
Operating expenses:					
Plant and operations	11,547,682	-	-	11,547,682	-
Collections system	2,897,438	-	-	2,897,438	-
Water treatment	-	4,424,111	-	4,424,111	-
Transmission and distribution	-	3,088,935	-	3,088,935	-
Customer accounts	-	1,759,149	-	1,759,149	-
Administration and general	7,329,288	2,487,482	13,531	9,830,301	22,614,826
Depreciation	5,642,508	2,000,195	17,684	7,660,387	-
Total operating expenses	27,416,916	13,759,872	31,215	41,208,003	22,614,826
Operating income (loss)	(4,017,850)	(1,480,476)	2,242,091	(3,256,235)	(2,289,003)
Nonoperating income (expenses):					
Local tax distributions	7,464,265	-	-	7,464,265	-
Interest earned	530,272	98,592	11,652	640,516	24,967
Amortization of bond issuance cost	(16,534)	-	-	(16,534)	-
Gain/loss on sale of assets/retirement of assets	13,268	(29,504)	-	(16,236)	-
Interest expense	(3,459,098)	(356,320)	-	(3,815,418)	-
Fiscal charges	(9,952)	-	-	(9,952)	-
Total nonoperating income (expenses)	4,522,221	(287,232)	11,652	4,246,641	24,967
Income (loss) before contributions and transfers	504,371	(1,767,708)	2,253,743	990,406	(2,264,036)
Contributions and transfers:					
Contributed capital	544,779	110,302	-	655,081	-
Payment in lieu of taxes	(700,000)	(150,000)	-	(850,000)	-
Transfers In (out)	2,073,686	-	(2,073,686)	-	403,962
Total contributions and transfers	1,918,465	(39,698)	(2,073,686)	(194,919)	403,962
Change in net position	2,422,836	(1,807,406)	180,057	795,487	(1,860,074)
Net position:					
January 1, 2018, as restated	85,963,820	33,517,108	3,830,104	123,311,032	1,305,451
December 31, 2019	\$ 88,386,656	\$ 31,709,702	\$ 4,010,161	\$ 124,106,519	\$ (554,623)

See Notes to Financial Statements.

City of Hammond

Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				
	Major Fund		Nonmajor Fund		Internal Service Fund
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Cash flows from operating activities					
Cash received for services	\$ 22,975,770	\$ 11,946,735	\$ 2,266,228	\$ 37,188,733	\$ 19,035,455
Payments to suppliers	(12,541,293)	(6,809,850)	(4,901)	(19,356,044)	(21,411,674)
Payments to employees	(8,080,753)	(4,166,611)	-	(12,247,364)	-
Other receipts	386,098	392,630	-	778,728	14,110
Net cash provided by (used in) operating activities	2,739,822	1,362,904	2,261,327	6,364,053	(2,362,109)
Cash flows from noncapital financing activities					
Proceeds from tax anticipation warrants	1,850,000	-	-	1,850,000	-
Principal paid on tax anticipation warrants	(1,850,000)	-	-	(1,850,000)	-
Interest paid on tax anticipation warrants	(57,191)	-	-	(57,191)	-
Transfers out for payments in lieu of taxes	(700,000)	(150,000)	-	(850,000)	-
Transfers in/out	2,073,686	-	(2,073,686)	-	403,962
Net cash provided by (used in) noncapital financing activities	1,316,495	(150,000)	(2,073,686)	(907,191)	403,962
Cash flows from capital and related financing activities					
Local tax distributions/community customers debt service	7,490,736	-	-	7,490,736	-
Acquisition and construction of capital assets	(5,945,040)	(2,231,954)	-	(8,176,994)	-
Fiscal charges	(9,952)	-	-	(9,952)	-
Principal paid on capital debt	(6,600,000)	(335,000)	-	(6,935,000)	-
Principal paid on capital lease	(286,488)	-	-	(286,488)	-
Interest paid on capital debt	(3,506,697)	(378,327)	-	(3,885,024)	-
Interest paid on capital lease	(23,116)	-	-	(23,116)	-
Net cash used in capital and related financing activities	(8,880,557)	(2,945,281)	-	(11,825,838)	-
Cash flows from investing activities					
Cash receipts from interest	530,272	98,592	11,652	640,516	23,525
Net cash provided by investing activities	530,272	98,592	11,652	640,516	23,525
Net increase (decrease) in cash and cash equivalents	(4,293,968)	(1,633,785)	199,293	(5,728,460)	(1,934,622)
Cash and cash equivalents:					
January 1, 2019	27,691,603	7,563,447	3,234,676	38,489,726	3,021,263
December 31, 2019	\$ 23,397,635	\$ 5,929,662	\$ 3,433,969	\$ 32,761,266	\$ 1,086,641

See Notes to Financial Statements.

City of Hammond

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (4,017,850)	\$ (1,480,476)	\$ 2,242,091	\$ (3,256,235)	\$ (2,289,003)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,642,508	2,000,195	17,685	7,660,388	-
Bad debt expense	24,361	2,938	(1,426)	25,873	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:					
Accounts receivable, net	(21,639)	60,008	(7,078)	31,291	(1,363,672)
Taxes receivable	(15,560)	-	-	(15,560)	-
Inventories	50,006	44,586	-	94,592	-
Prepaid items	83,294	47,057	-	130,351	-
Due from state	-	(38)	-	(38)	-
Accounts payable	647,925	113,522	10,055	771,502	69,187
Accrued payroll	20,638	13,358	-	33,996	-
PERF payable	-	1,380	-	1,380	-
Unearned revenue	-	-	-	-	87,414
Claims payable	-	-	-	-	1,133,965
Taxes payable	-	9,317	-	9,317	-
Customer deposits	-	156,930	-	156,930	-
Compensated absences	3,752	(2,118)	-	1,634	-
Net pension liability	(184,663)	(57,719)	-	(242,382)	-
Other post-employment liability	1,676,185	1,285,313	-	2,961,498	-
Deferred outflows/inflows					
Pensions	93,689	(8,372)	-	85,317	-
Other post-employment benefits	(1,262,824)	(822,977)	-	(2,085,801)	-
Total adjustments	6,757,672	2,843,380	19,236	9,620,288	(73,106)
Net cash provided by (used in) operating activities	\$ 2,739,822	\$ 1,362,904	\$ 2,261,327	\$ 6,364,053	\$ (2,362,109)
Supplemental schedule of noncash capital and related financing activities:					
Capital contributions	\$ 410,473	\$ 110,302	\$ -	\$ 520,775	\$ -
Purchase of equipment by capital lease	331,190	-	-	331,190	-
Transfer of completed construction in progress	-	412,350	-	412,350	-
Sale of assets, trade-ins	13,268	-	-	13,268	-
Deletion of obsolete capital assets	-	92,408	-	92,408	-

See Notes to Financial Statements.

City of Hammond

Statement of Fiduciary Net Position –
Pension Trust and Agency Funds
December 31, 2019

	<u>Pension Trust</u>	<u>Agency</u>
Assets		
Cash and cash equivalents	\$ 6,727,333	\$ 17,076
Total assets	<u>6,727,333</u>	<u>\$ 17,076</u>
Liabilities		
Due to other organizations	\$ -	\$ 17,076
Total liabilities	<u>-</u>	<u>\$ 17,076</u>
Net Position		
Restricted for pensions	<u>\$ 6,727,333</u>	

See Notes to Financial Statements.

City of Hammond

Statement of Changes in Fiduciary Net Position –
Pension Trust Funds
Year Ended December 31, 2019

Additions

Contributions:

Employer \$ 8,743,792

Investment income:

Interest 1,374

Net investment income 1,374

Total additions 8,745,166

Deductions

Benefits 8,584,871

Administrative expenses 83,326

Total deductions 8,668,197

Change in net position 76,969

Net position restricted for pensions:

January 1, 2019 6,650,364

December 31, 2019 \$ 6,727,333

See Notes to Financial Statements.

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

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

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

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

Blended Component Unit

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

The City has two significant entities that qualify as a discretely presented component units.

The Hammond Port Authority is a significant discretely presented component unit of the City. The City appoints a voting majority of the Hammond Port Authority's Board and a financial benefit/burden relationship exists between the City and the Hammond Port Authority. The Hammond Port Authority does not issue a separate financial statement. The financial statements are included in the discretely presented component unit portion of this report.

The Hammond Housing Authority is a significant discretely presented component unit of the City. The City appoints a voting majority of the Hammond Housing Authority's Board and a financial benefit/burden relationship exists between the City and the Hammond Housing Authority. Complete financial statements for the Hammond Housing Authority can be obtained from their administrative office at 7325 Linden Place Hammond, IN 46324.

Related Organizations

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

Jointly Governed Organizations

The City, in conjunction with several other governmental entities in Lake, Porter and LaPorte Counties, participates in the operation of the Northwestern Indiana Regional Planning Commission (NIRPC) which was created as a multipurpose area wide planning agency. NIRPC assists with planning economic development, transportation, environmental protection and comprehensive planning. NIRPC enabling legislation, Indiana Code 36-7-7, provides that participating counties must provide an annual appropriation at a minimum level of thirty cents per capita. Complete financial statements for NIRPC can be obtained from their administrative office at 6100 Southport Road, Portage, Indiana 46368.

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

Government-wide and Fund Financial Statements

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

Governmental Funds

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

The City administers the following major governmental funds:

General Fund – The general operating fund of the City. It is used to account for all general financial resources except those specific items accounted for in another funds.

Proprietary Funds

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

The City administers the following major proprietary funds:

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

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

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

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

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

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

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

Agency Funds – Used to account for and report assets held on behalf of other parties and changes in the assets. The City has the following agency funds – Bond Monies Fund and the City Clerks Trust Fund.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary, and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues and contributions are recorded when earned and expenses including benefits and refunds paid are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the City has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Investments

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

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

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

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

Receivables

All receivables are shown net of an allowance, if any, for uncollectible balances.

Inventories and Prepaid Items

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

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

Restricted Assets

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund Receivables, Payables and Activity

The City has the following types of transactions between funds:

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

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

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

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

Capital and Intangible Assets

Capital assets which include land and improvements, streets and sidewalks, buildings, storm sewers, sanitary sewers, water distribution system, machinery and equipment and intangible assets, which include easements and similar items, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

City of Hammond

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Property Held for Resale

Property held for resale is reported at the lower of cost or fair value less costs to sell. The City recorded property held for resale totaling \$171,000 at December 31, 2019 in the Hammond Downtown TIF Fund.

Deferred Inflows or Deferred Outflows of Resources and Unearned Revenue

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Liabilities

In accordance with the City's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* the net pension liability, the total OPEB liability, deferred inflows of resources, deferred outflows of resources, pension and OPEB expenses have been recognized in the government-wide financial statements.

The total pension liability and total OPEB liability are the actuarially measured value of the projected benefit payments attributed to past periods of service as of the measurement date. The total pension and total OPEB expenses are comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension and OPEB liability, plan administrative expenses, and current period benefit changes. Additionally, the total pension and OPEB expenses include the annual recognition of deferred outflows and inflows of resources due to pension and OPEB assets and liabilities.

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

Compensated Absences

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

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

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

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

Claims and Judgments

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

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

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

Net Position

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

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

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

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

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

Fund Balance

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, the City’s City Council. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council passes formal resolutions or ordinances to commit its fund balances. At December 31, 2019, the City had committed fund balances of \$5,836,310.

Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City’s City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Council has not delegated the authority to assign amounts to be used for specific purposes. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At December 31, 2019, the City had no assigned fund balances.

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

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

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

Accounting Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

Elimination and Reclassifications

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

Programs Administers by the Housing Authority

The Housing Authority administers annual contribution contracts to provide low-income housing with primary financial support from the United States Department of Housing and Urban Development (HUD).

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The primary programs administered by the Housing Authority are as follows:

Low-income public housing – the low rent housing program provides subsidized housing to low-income residents. The Housing Authority is the owner of public housing units located throughout the City. The Housing 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 Housing Authority participates in the HCV program. This program is designed to provide privately owned, decent, safe and sanitary housing to low-income families. The Housing 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 Housing Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Housing Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies.

Restatement

Governmental Activities & Component Unit:

For the year ended December 31, 2018, the City prepared its financial statements using the cash basis of accounting as defined by the Indiana State Board of Accounts, and elected not to implement the reporting standards required by GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. For the year ended December 31, 2019, the City adopted the modified accrual basis of accounting for the fund financial statements and the accrual basis of accounting for the government-wide financial statements and presented a complete set of financial statements. The following table reflects the change in the December 31, 2018 net position and fund balances:

	Governmental Activities	General Fund	Nonmajor Funds	Internal Service Fund	Component Unit Port Authority
Net Position/Fund Balance as reported at December 31, 2018 (regulatory basis)	\$ 57,496,455	\$ 15,372,122	\$ 39,103,070	\$ 3,021,263	\$ 16,892,569
Conversion to GAAP basis of accounting, including full accrual/modified accrual	(31,050,859)	2,787,124	4,444,114	(1,715,812)	34,247,123
Net Position (Deficit)/Fund Balance as restated, December 31, 2018	<u>\$ 26,445,596</u>	<u>\$ 18,159,246</u>	<u>\$ 43,547,184</u>	<u>\$ 1,305,451</u>	<u>\$ 51,139,692</u>

Business Type Activities

For the fiscal year ended December 31, 2018, certain changes have been made to the financial statements to more appropriately reflect financial activity. The prior period adjustment includes adjustments to the OPEB liability for the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, to recognize the liabilities associated with the employee retirement. The following schedule represents a summary of the impact of the restatement on beginning balances:

	Water Utility
Net Position as reported at December 31, 2018	\$ 32,707,000
Restatement:	
GASB #75 Net OPEB liability	810,108
Net Position as restated, December 31, 2018	<u>\$ 33,517,108</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Implementation of New Standards

The City implemented GASB Statement No. 91, *Conduit Debt Obligations*, in 2019. The impact of this statement is included in the restatement above. For more information on Conduit Debt, please refer to Note 6.

Note 2. Deposits and Investments

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

Authorization for investment activity is stated in Indiana Code 5-13. Indiana Code 5-13-9 has authorized investment in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government-sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than five years.

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

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

As of December 31, 2019, cash and investments consisted of the following:

	Governmental Activities	Business Type Activities	Fiduciary Funds		Component Units	
			Pension Funds	Agency Fund	Port Authority	Housing Authority
Demand Deposits	\$ 35,913,720	\$ 15,016,310	\$ 6,727,333	\$ 17,076	\$ 3,797,218	\$ 2,552,937
Restricted Cash	11,034,200	17,744,956	-	-	-	2,646,898
Money Market Funds	2,716	-	-	-	1,772,020	-
TrustIndiana	-	-	-	-	9,099,009	-
Investment Account	-	-	-	-	-	1,793,626
	<u>\$ 46,950,636</u>	<u>\$ 32,761,266</u>	<u>\$ 6,727,333</u>	<u>\$ 17,076</u>	<u>\$ 14,668,247</u>	<u>\$ 6,993,461</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if that institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City and the Port Authority do not have formal deposit policies for custodial credit risk.

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 Housing Authority or with an unaffiliated bank or trust company for the account of the Housing Authority.

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

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

At year-end, the City and the Port Authority held investments in money market funds. These money market funds each have an average maturity of less than one year. In addition, the Port Authority invests in the State external investment pool (TrustIndiana) which has an average maturity of less than one year.

Credit Risk

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

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

Credit Risk (Continued)

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The City, the Port Authority and the Housing Authority do not have formal investment policies addressing concentration of credit risk. At year-end, the City, the Port Authority and the Housing Authority were not exposed to concentration of credit risk as of December 31, 2019.

Fair Value Measurements

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

The City and Port Authority's money market funds are Level 1. TrustINDiana is reported at NAV. TrustINDiana is a local government investment pool, which seeks to allow local units of government, as well as the State of Indiana, to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid and maximizes the return on investment. There are no unfunded commitments or restrictions on redemptions.

The City reports restricted cash and investments as follows:

	Governmental	Business-Type Activities		Total	Component Units	
	Activities	Sanitary District	Water Utility		Port Authority	Housing Authority
Customer deposits	\$ -	\$ -	\$ 946,649	\$ 946,649	\$ -	\$ -
Capital improvement / projects	3,254,715	8,721,594	3,684,517	15,660,826	-	1,731,524
Debt service reserve cash	6,718,764	1,744,599	364,378	8,827,741	1,702,500	-
Bond & interest account	1,060,721	1,914,095	369,124	3,343,940	1,206,844	-
Tenant deposits	-	-	-	-	-	237,955
Housing escrows	-	-	-	-	-	677,419
Total restricted assets	<u>\$ 11,034,200</u>	<u>\$ 12,380,288</u>	<u>\$ 5,364,668</u>	<u>\$ 28,779,156</u>	<u>\$ 2,909,344</u>	<u>\$ 2,646,898</u>

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and in December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates are based on the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively, at which time penalties and interest are assessed.

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 79,758,537	\$ -	\$ 218,718	\$ 79,539,819
Construction in progress	22,252,886	1,915,883	-	24,168,769
Total capital assets not being depreciated	102,011,423	1,915,883	218,718	103,708,588
Capital assets being depreciated:				
Buildings	50,507,123	98,446	-	50,605,569
Improvements	104,565,020	5,365,307	-	109,930,327
Machinery and equipment	33,729,673	-	1,171,583	32,558,090
Infrastructure	192,409,174	2,615,433	-	195,024,607
Total capital assets being depreciated	381,210,990	8,079,186	1,171,583	388,118,593
Less accumulated depreciation for:				
Buildings	28,852,821	1,098,332	-	29,951,153
Improvements	12,541,687	2,898,985	-	15,440,672
Machinery and equipment	22,816,230	2,469,679	1,171,583	24,114,326
Infrastructure	65,562,488	4,810,229	-	70,372,717
Total accumulated depreciation	129,773,226	11,277,225	1,171,583	139,878,868
Total capital assets being depreciated, net	251,437,764	(3,198,039)	-	248,239,725
Governmental activities capital assets, net	\$ 353,449,187	\$ (1,282,156)	\$ 218,718	\$ 351,948,313

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,192,870	\$ 321,418	\$ -	\$ 4,514,288
Construction in progress	6,614,215	10,186,019	1,171,695	15,628,539
Total capital assets not being depreciated	10,807,085	10,507,437	1,171,695	20,142,827
Capital assets being depreciated:				
Land improvements	183,682,654	546,209	-	184,228,863
Buildings and improvements	60,380,206	17,522	3,350	60,394,378
Machinery and equipment	60,254,201	768,943	377,007	60,646,137
Water distribution and sanitary system infrastructure	84,959,304	587,331	53,080	85,493,555
Total capital assets being depreciated	389,276,365	1,920,005	433,437	390,762,933
Less accumulated depreciation for:				
Land improvements	64,498,630	3,022,855	-	67,521,485
Buildings and improvements	31,488,485	1,103,814	1,256	32,591,043
Machinery and equipment	34,411,196	1,599,113	275,152	35,735,157
Water distribution and sanitary system infrastructure	49,134,881	1,934,605	50,854	51,018,632
Total accumulated depreciation	179,533,192	7,660,387	327,262	186,866,317
Total capital assets being depreciated, net	209,743,173	(5,740,382)	106,175	203,896,616
Business-type activities capital assets, net	\$ 220,550,258	\$ 4,767,055	\$ 1,277,870	\$ 224,039,443

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Discretely Presented Component Units

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>Port Authority component unit activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,601,482	\$ -	\$ -	\$ 5,601,482
Construction in progress	10,146,336	11,500	10,130,911	26,925
Total capital assets not being depreciated	15,747,818	11,500	10,130,911	5,628,407
Capital assets being depreciated:				
Buildings	23,580,669	-	-	23,580,669
Improvements	19,570,347	10,162,911	-	29,733,258
Equipment	4,219,039	164,713	41,964	4,341,788
Infrastructure	10,461,172	-	-	10,461,172
Total capital assets being depreciated	57,831,227	10,327,624	41,964	68,116,887
Less accumulated depreciation for:				
Buildings	4,544,047	507,267	-	5,051,314
Improvements	9,936,158	869,989	-	10,806,147
Equipment	3,176,356	236,379	41,964	3,370,771
Infrastructure	2,051,050	280,310	-	2,331,360
Total accumulated depreciation	19,707,611	1,893,945	41,964	21,559,592
Total capital assets being depreciated, net	38,123,616	8,433,679	-	46,557,295
Port Authority component unit activities capital assets, net	\$ 53,871,434	\$ 8,445,179	\$ 10,130,911	\$ 52,185,702

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Housing Authority component unit activities:				
Capital assets not being depreciated:				
Land	\$ 1,530,720	\$ -	\$ -	\$ 1,530,720
Construction in progress	14,839	36,760	-	51,599
Total capital assets not being depreciated	1,545,559	36,760	-	1,582,319
Capital assets being depreciated:				
Buildings and improvements	67,364,264	8,478	-	67,372,742
Equipment	2,239,367	12,846	-	2,252,213
Total capital assets being depreciated	69,603,631	21,324	-	69,624,955
Less accumulated depreciation	22,682,081	2,250,228	-	24,932,309
Total capital assets being depreciated, net	46,921,550	(2,228,904)	-	44,692,646
Housing Authority component unit activities capital assets, net	\$ 48,467,109	\$ (2,192,144)	\$ -	\$ 46,274,965

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

Primary Government

Governmental activities:

General government	\$ 2,001,707
Public safety	6,796,784
Streets and equipment maintenance	364,254
Culture and recreation	146,604
Urban redevelopment and housing	1,967,876
Total depreciation expense - governmental activities	\$ 11,277,225

Business-type activities:

Water	\$ 2,000,195
Sanitary	5,642,508
Storm water	17,684
Total depreciation expense - business-type activities	\$ 7,660,387

Discretely Presented Component Units:

Port Authority	\$ 1,893,945
Hammond Housing Authority	\$ 2,250,228

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Short-Term Obligations

The following is a summary of short-term obligation activity for the City associated with business-type activities for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Line of credit	\$ -	\$ 1,850,000	\$ 1,850,000	\$ -

The Sanitary District may use short-term notes and loans to finance operations due to a delay in the receipt of property tax revenues. All short-term notes and loans totaling \$1,850,000 were repaid as of December 31, 2019.

Note 6. Long-Term Obligations

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

Long-term obligations activity for the year ended December 31, 2019, was as follows:

Primary Government

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019	Due Within One Year
<i><u>Governmental Activities:</u></i>					
Bonds payable:					
General obligation bonds	\$ 14,305,000	\$ -	\$ 1,650,000	\$ 12,655,000	\$ 1,480,000
Premium/(discount)	149,814	-	38,265	111,549	-
Net - general obligation bonds	14,454,814	-	1,688,265	12,766,549	1,480,000
Revenue bonds	74,965,000	5,000,000	3,420,000	76,545,000	3,500,000
Premium/(discount)	218,113	-	50,224	167,889	-
Net - revenue bonds	75,183,113	5,000,000	3,470,224	76,712,889	3,500,000
Conduit debt - revenue bonds	8,790,000	-	170,000	8,620,000	-
Notes and loans payable	34,513,890	-	1,665,155	32,848,735	1,659,538
Capital leases	7,848,413	905,742	1,660,202	7,093,953	1,420,762
Compensated absences	182,406	203,149	182,406	203,149	101,579
	<u>\$ 140,972,636</u>	<u>\$ 6,108,891</u>	<u>\$ 8,836,252</u>	<u>\$ 138,245,275</u>	<u>\$ 8,161,879</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

	Balance January 1, 2019			Balance December 31, 2019		Due Within One Year
		Additions	Deletions			
<u>Business-type Activities:</u>						
Bonds payable:						
General obligation bonds	\$ 51,700,000	\$ -	\$ 4,150,000	\$ 47,550,000	\$ 4,485,000	
Premium/(discount)	3,018,124	-	221,411	2,796,713	-	
Net - general obligation bonds	<u>54,718,124</u>	<u>-</u>	<u>4,371,411</u>	<u>50,346,713</u>	<u>4,485,000</u>	
Revenue bonds	7,500,000	-	335,000	7,165,000	395,000	
Premium/(discount)	(337,500)	-	(24,934)	(312,566)	-	
Net - revenue bonds	<u>7,162,500</u>	<u>-</u>	<u>310,066</u>	<u>6,852,434</u>	<u>395,000</u>	
Notes and loans payable	42,605,000	-	2,450,000	40,155,000	2,515,000	
Capital leases	740,837	331,190	286,488	785,539	283,870	
Compensated absences	569,643	34,187	32,552	571,278	19,339	
	<u>\$ 105,796,104</u>	<u>\$ 365,377</u>	<u>\$ 7,450,517</u>	<u>\$ 98,710,964</u>	<u>\$ 7,698,209</u>	

Discretely presented component units

	Balance January 1, 2019			Balance December 31, 2019		Due Within One Year
		Additions	Deletions			
<u>Port Authority:</u>						
Revenue bonds	\$ 15,410,000	\$ -	\$ 1,680,000	\$ 13,730,000	\$ 1,745,000	
Compensated absences	8,527	19,772	-	28,299	-	
	<u>\$ 15,418,527</u>	<u>\$ 19,772</u>	<u>\$ 1,680,000</u>	<u>\$ 13,758,299</u>	<u>\$ 1,745,000</u>	

	Balance January 1, 2019			Balance December 31, 2019		Due Within One Year
		Additions	Deletions			
<u>Housing Authority:</u>						
Notes payable	\$ 1,484,952	\$ -	\$ 24,180	\$ 1,460,772	\$ 24,180	

The general obligation bonds are payable with either general fund resources, property tax levies, or incremental revenues available in the TIF funds as applicable. The pledged revenue and payments table on page 43 includes detail on the fund source for all outstanding bonds. The capital loans are retired by General Fund.

The activity for the net pension liabilities and the other postemployment benefits liability is not included in the above but can be found in the Employee Retirement Funds note (Note 7) and the Postemployment Healthcare Plan note (Note 9), respectively.

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Primary Government

Governmental Activities

General Obligation Bond

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

\$ 4,431,549

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

8,335,000

Total General Obligation Bonds

12,766,549

Revenue Bonds

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

24,990,000

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

1,865,000

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

1,850,000

In 2015, the City issued \$36,500,000 of Taxable Economic Development Revenue Bonds, Series 2015A with principal and interest payable in semi-annual installments on February and August 1 of each year. Interest rates on \$1,540,000 is at 3.50%, the remaining debt is at a variable rate of LIBOR plus 318 basis points, currently 5.37%. The final principal and interest payment is due August 1, 2025. The bond proceeds were used to finance city operations.

28,655,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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

4,309,265

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

5,805,942

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

4,237,682

In April 2019, the City authorized the issuance of \$8,040,000 of Taxable Economic Development Revenue Bonds, Series 2019 with principal and interest payable semiannually on February and August 1 with interest rates at 4.00%. During fiscal year 2019, \$5,000,000 was issued, the remaining authorized amount was not issued as of fiscal year end. The first principal payment is due August 1, 2023 and the final principal and interest payment is due February 1, 2044. The bond proceeds were used to finance the construction of a data center and technology hub.

5,000,000

Total Revenue Bonds

76,712,889

Conduit Debt

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

8,620,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Notes and Loans Payable

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

3,262,992

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

12,860,000

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

7,787,000

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

3,156,349

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

5,782,394

Total Notes and Loans Payable 32,848,735

Capital Leases

The City has entered into various capital leases for equipment and vehicles. The total equipment cost is \$10,328,461 and accumulated amortization is \$2,802,476. Interest rates vary and the end date of the leases are from 2020 through 2027.

7,093,953

Total Governmental Activities \$ 138,042,126

Business-type Activities

General Obligation Bonds

In 2014, the Sanitary District issued \$12,150,000 of Sanitary District Refunding Bonds, Series 2014. Principal and interest payments are payable semi-annually on January and July 15 with an interest rate of 2.50%. The final principal and interest payment is due January 15, 2022. The bonds were used to refund outstanding balances of the Special Taxing District Bonds, Series 1997A, Special Taxing District Bonds, Series 1998A, Special Taxing District Bonds, Series 2001A, and Special Taxing District Bonds, Series 2001B.

\$ 4,000,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

In 2014, the Hammond Sanitary Building Corporation issued \$12,555,000 of Taxable Ad Valorem Property Tax First Mortgage Bonds, Series 2014 with principal payable in semi-annual installments on January and July 15 of each year through 2020 and then in annual installments on July 15 of each year and interest rates ranging from 2.00% to 6.10%, payable semiannually on January and July 15. The final principal and interest payment is due July 15, 2033. The bond proceeds were used for acquisition, renovation and equipping of building for use by the Sanitary District.

10,970,000

In 2015, the Sanitary District issued \$5,410,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2015C. Principal and interest payments are payable semiannually on January and July 15 with a variable interest rate of LIBOR plus 350 basis points, not to exceed 6.50%. The final principal and interest payment is due January 15, 2026. The bond proceeds were used for improvements to the Southwest Water Transmission Line.

3,730,000

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

19,322,106

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

12,324,607

Total General Obligation Bonds

50,346,713

Revenue Bonds

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

6,852,434

Note Payable

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

40,155,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Capital Leases

The Sanitary District has entered into various capital leases for sewer cleaning equipment. The total equipment cost is \$1,450,542 and accumulated amortization is \$161,804. Interest rates vary and the end date of the leases are from 2020 through 2027.

785,539

Total Business-type Activities

\$ 98,139,686

Discretely Presented Component Units

Port Authority

Revenue Bonds

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

\$ 13,730,000

Housing Authority

Notes Payable

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 \$2,015 plus accrued and unpaid interest.

\$ 1,460,772

Pledged Revenue and Payments

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

Debt Issue	Pledged Revenue Source	Interest Rates	Pledged Revenue	Pledge Remaining	Principal and Interest Retired	Commitment End Date	Percentage of Revenue Pledged
Primary Government							
<i>Governmental Activities:</i>							
Series 2007	TIF property taxes	7.50%	\$ 1,457,253	\$ 42,795,375	\$ 1,874,250	2/1/2029	128.62%
Series 2013	TIF property taxes	4.50%	337,735	2,633,722	207,976	1/15/2036	61.58%
Series 2014	TIF property taxes	4.00%	398,331	2,424,100	177,000	8/1/2033	44.44%
Series 2015A	Water revenues	3.50%	3,658,706	34,250,604	3,725,211	7/15/2025	101.82%
Series 2016A	Gaming revenues	5.00%	19,305,742	13,182,125	607,375	7/15/2035	3.15%
Series 2017	TIF property taxes	2.00% to 4.00%	3,231,864	4,527,357	1,381,050	1/15/2024	42.73%
Series 2018A	TIF property taxes	3.00% to 5.00%	236,725	9,209,491	236,725	2/1/2040	100.00%
Series 2018B	TIF property taxes	3.00% to 5.00%	3,231,864	6,307,549	142,504	1/15/2037	4.41%
Series 2019	TIF property taxes	4.00%	39,000	7,354,456	39,000	2/1/2044	100.00%
				<u>\$ 122,684,779</u>			
<i>Business-type Activities:</i>							
Series 2018	Net water revenues	4.625%	\$ 12,279,396	\$ 9,712,797	\$ 721,881	1/15/2033	5.88%
<i>Discretely Presented Component Units:</i>							
Series 2017	Port Authority revenues	3.85%	\$ 2,295,367	\$ 15,793,119	\$ 2,257,308	7/15/2026	98.34%

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Debt Service Requirements

Primary Government

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

Year Ending	General Obligation Bonds		Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31,								
2020	\$ 1,480,000	\$ 449,386	\$ 3,500,000	\$ 4,686,467	\$ 1,659,538	\$ 1,072,013	\$ 6,639,538	\$ 6,207,866
2021	1,525,000	398,656	6,265,000	4,491,499	1,782,829	1,076,715	9,572,829	5,966,870
2022	1,580,000	340,600	6,430,000	4,182,871	1,822,887	1,016,219	9,832,887	5,539,690
2023	1,640,000	280,456	6,655,000	3,870,004	1,883,695	954,171	10,178,695	5,104,631
2024	1,705,000	218,048	6,905,000	3,540,852	1,924,575	891,428	10,534,575	4,650,328
2025 - 2029	4,725,000	398,834	39,045,000	13,404,791	13,125,770	3,620,289	56,895,770	17,423,914
2030 - 2034	-	-	10,215,000	2,692,096	9,350,441	1,124,252	19,565,441	3,816,348
2035 - 2039	-	-	5,805,000	643,436	1,299,000	92,272	7,104,000	735,708
2040 - 2044	-	-	345,000	7,763	-	-	345,000	7,763
	<u>\$ 12,655,000</u>	<u>\$ 2,085,980</u>	<u>\$ 85,165,000</u>	<u>\$ 37,519,779</u>	<u>\$ 32,848,735</u>	<u>\$ 9,847,359</u>	<u>\$ 130,668,735</u>	<u>\$ 49,453,118</u>

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

Year Ending	General Obligation Bonds		Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31,								
2020	\$ 4,485,000	\$ 2,137,676	\$ 395,000	\$ 326,872	\$ 2,515,000	\$ 1,043,592	\$ 7,395,000	\$ 3,508,140
2021	4,510,000	1,961,610	415,000	308,372	2,585,000	976,734	7,510,000	3,246,716
2022	4,695,000	1,778,898	425,000	289,062	2,645,000	908,094	7,765,000	2,976,054
2023	3,480,000	1,603,795	445,000	269,175	2,725,000	837,738	6,650,000	2,710,708
2024	3,660,000	1,436,064	475,000	248,246	2,790,000	765,402	6,925,000	2,449,712
2025 - 2029	17,605,000	4,360,416	2,710,000	888,463	15,095,000	2,674,980	35,410,000	7,923,859
2030 - 2034	7,940,000	1,059,570	2,300,000	217,607	11,800,000	631,356	22,040,000	1,908,533
2035 - 2039	1,175,000	123,253	-	-	-	-	1,175,000	123,253
	<u>\$ 47,550,000</u>	<u>\$ 14,461,282</u>	<u>\$ 7,165,000</u>	<u>\$ 2,547,797</u>	<u>\$ 40,155,000</u>	<u>\$ 7,837,896</u>	<u>\$ 94,870,000</u>	<u>\$ 24,846,975</u>

Discretely Presented Component Units

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

Year Ending	Port Authority		Housing Authority	
	Revenue Bonds	Notes Payable	Revenue Bonds	Notes Payable
December 31,				
2020	\$ 1,745,000	\$ 511,954	\$ 24,180	\$ 68,860
2021	1,815,000	444,097	24,180	67,712
2022	1,885,000	373,547	24,180	66,563
2023	1,955,000	300,300	24,180	65,415
2024	2,030,000	224,358	24,180	64,266
2025 - 2029	4,300,000	208,863	1,339,872	109,702
	<u>\$ 13,730,000</u>	<u>\$ 2,063,119</u>	<u>\$ 1,460,772</u>	<u>\$ 442,518</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Future minimum lease payments are due as follows:

Year	Primary Government	
	Governmental Activities	Buisness-type Activities
2020	\$ 1,971,196	\$ 168,953
2021	1,971,700	154,890
2022	1,376,989	230,233
2023	1,372,024	283,753
2024	1,356,884	-
Thereafter	806,362	-
Total minimum lease payments	8,855,155	837,829
Less interest	1,761,202	52,290
Present value minimum lease payments	<u>\$ 7,093,953</u>	<u>\$ 785,539</u>

Note 7. Employee Retirement Systems

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

	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows
Primary Government				
<u>Governmental activities:</u>				
Public Employees Retirement Func	\$ 8,024,695	\$ 1,290,540	\$ 1,018,135	\$ 1,352,438
1977 Police Officers and Firefighters Pension and Disability Fund	245,080	8,377,744	6,688,202	7,616,798
1925 Police Officers' Pension Plan	63,887,217	8,563,544	-	1,099
1937 Firefighters' Pension Plan	48,134,483	5,805,071	-	-
Total governmental activities	<u>120,291,475</u>	<u>24,036,899</u>	<u>7,706,337</u>	<u>8,970,335</u>
<u>Enterprise activities:</u>				
Public Employees Retirement Fund				
Water Utility	2,257,028	331,386	314,694	384,778
Sanitary District	3,071,065	542,208	376,525	591,306
Total enterprise activities	<u>5,328,093</u>	<u>873,594</u>	<u>691,219</u>	<u>976,084</u>
Discretely presented component unit:				
Public Employees Retirement Fund				
Port Authority	786,605	132,773	91,225	164,242
	<u>\$ 126,406,173</u>	<u>\$ 25,043,266</u>	<u>\$ 8,488,781</u>	<u>\$ 10,110,661</u>

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund

Plan Description

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

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available online at <http://www.inprs.in.gov>.

Benefits Provided

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

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

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

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

Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 3 percent of their annual covered payroll. The primary government and Port Authority's contractually required contribution rate for the year ended December 31, 2019 was 11.2 percent of annual covered payroll. Contributions to the plan from the primary government and the Port Authority were \$1,422,953 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the primary government and Port Authority reported a liability of \$14,139,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The primary government and Port Authority's proportion of the net pension liability was based on their respective actuarially required contribution for the year ended December 31, 2019, relative to all other contributing employers. At June 30, 2019, the primary government and discretely presented component units proportion share and change from prior year's proportionate share was as follows:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Water District	Sanitary District		
Proportionate share at June 30, 2019	0.242800%	0.068290%	0.092920%	0.335720%	0.023800%
Increase/decrease from proportionate share at June 30, 2018	0.003128%	0.000150%	-0.002920%	0.000208%	0.000790%

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

For the year ended December 31, 2019, the City recognized pension expense as follows:

Primary Government

Governmental Activities	\$ 1,290,540
Business Type Activities:	
Water Utility	331,386
Sanitary District	542,208
Discretely presented component unit:	
Port Authority	132,773
	<u>\$ 2,296,907</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government			Total Primary Government	Discretely Presented Component Unit Port Authority
	Governmental Activities	Business-type Activities Water Utility	Sanitary District		
Deferred Outflows of Resources to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience	\$ 212,491	\$ 59,765	\$ 81,321	\$ 353,577	\$ 20,829
Changes of assumptions	1,786	502	684	2,972	175
Change in proportion (recognized in current year expense)	91,768	6,435	4,162	102,365	2,996
Total deferred outflows to be recognized in expense in future periods	306,045	66,702	86,167	458,914	24,000
Subsequent contributions	712,090	247,992	290,358	1,250,440	67,225
Total deferred outflows	<u>\$ 1,018,135</u>	<u>\$ 314,694</u>	<u>\$ 376,525</u>	<u>\$ 1,709,354</u>	<u>\$ 91,225</u>
Deferred Inflows of Resources to be Recognized in Pension Expense in Future Periods					
Changes of assumptions	\$ 872,344	\$ 245,356	\$ 333,847	\$ 1,451,547	\$ 85,510
Net difference between projected and actual earnings on pension plan investments	379,307	106,684	145,161	631,152	37,181
Change in proportion (recognized in current year expense)	100,787	32,738	112,298	245,823	41,551
Total deferred inflows to be recognized in expense in future periods	<u>\$ 1,352,438</u>	<u>\$ 384,778</u>	<u>\$ 591,306</u>	<u>\$ 2,328,522</u>	<u>\$ 164,242</u>

The primary government reported \$1,250,440 and the Port Authority reported \$67,225 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government			Total Primary Government	Discretely Presented Component Unit Port Authority
	Governmental Activities	Business-type Activities Water Utility	Sanitary District		
Net deferred inflows of resources as of December 31,					
2020	\$ (322,875)	\$ (101,574)	\$ (160,009)	\$ (584,458)	\$ (45,482)
2021	(595,103)	(175,990)	(263,633)	(1,034,726)	(73,530)
2022	(98,964)	(32,227)	(70,229)	(201,420)	(18,341)
2023	(29,451)	(8,285)	(11,268)	(49,004)	(2,889)
Total	<u>\$ (1,046,393)</u>	<u>\$ (318,076)</u>	<u>\$ (505,139)</u>	<u>\$ (1,869,608)</u>	<u>\$ (140,242)</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Actuarial Assumptions

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

Measurement date	June 30, 2019
Valuation date	
Assets	June 30, 2019
Liabilities	June 30, 2018, rolled forward to June 30, 2019
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.75%, net of investment expenses
Amortization method	20-year level dollar closed method (30 years for layers established prior to June 30, 2016)
Inflation	2.25%
Future salary increases	2.50% - 4.25%, based on age
Cost-of-living increases	In lieu of a COLA on January 1, 2020 and 2021, members in pay were provided a 13th check on October 1, 2019 and 2020. Thereafter, the following COLAs, compounded annually were assumed: 0.4% beginning January 1, 2022 0.5% beginning January 1, 2034 0.6% beginning January 1, 2039
Mortality assumption:	
Healthy	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Disabled	RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Experience study	The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Discount Rate

The long-term return expectation on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	22%	4.9%
Private markets	14%	7.0%
Fixed income - ex inflation-linked	20%	2.5%
Fixed income - inflation-linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability is 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the greater of 11.2% of covered payroll or a rate equal to the actuarially determined contribution rate. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

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

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 6.75%, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City of Hammond	\$ 12,887,766	\$ 8,024,695	\$ 3,968,521
Water Utility	3,624,817	2,257,028	1,116,188
Sanitary District	4,932,171	3,071,065	1,518,760
Port Authority	1,263,298	786,605	389,007
Net pension liability	<u>\$ 22,708,052</u>	<u>\$ 14,139,393</u>	<u>\$ 6,992,476</u>

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at www.in.gov/inprs/files/2019_INPRSCAFRBook.pdf. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

In 2019, there were no changes to actuarial assumptions that impacted the NPL during the fiscal year.

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

Note 7. Employee Retirement Funds (Continued)

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

Benefits Provided

Plan members vest after 20 years of service. A member who retires at or after age 52 with 20 years of service will receive a benefit equal to 50 percent of the salary of a first class officer or firefighter plus percent of that salary for each six (6) months of active service over 20 years to a maximum of 12 years. At age 50, a member with 20 years of service may elect to receive a benefit reduced by a factor established by the fund's actuary. Starting July 1, 2019 under SEA 85, the 50 percent will increase to 52 percent.

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

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

If a member dies while receiving retirement or disability benefits, the member's surviving spouse is entitled to receive a benefit equal to 60% of the member's monthly benefit during the spouse's lifetime. Starting on July 1, 2019 under SEA 85, this benefit increased to 70% assuming the death did not occur in the line-of-duty. Each of a member's surviving children is entitled to a monthly benefit equal to 20% of the member's monthly benefit to age 18, or age 23, if a full time student. If there are no eligible surviving spouse or children, a dependent parent(s) may receive 50% of the member's monthly benefit during their lifetime.

Contributions

Per Indiana State statute (IC 36 8 8 and IC 36 8 8.5), the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 6 percent of the salary of a first class officer or firefighter. The City's contractually required contribution rate for the year ended December 31, 2019 was 17.5 percent of the salary of a first class officer or firefighter. Contributions to the plan from the City were \$4,138,338 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City reported a pension liability of \$245,080 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's actuarially required contribution for the year ended December 31, 2019, relative to all other contributing employers. At June 30, 2019, the City's proportion was 2.6593 percent, which was a decrease of 0.06498 from its proportion measured as of June 30, 2018.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

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

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

For the year ended December 31, 2019, the City recognized pension expense of \$8,377,744. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows/Inflows of Resources to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 4,453,936	\$ 869,557
Changes of assumptions	-	4,224,822
Net difference between projected and actual earnings on pension plan investments	-	2,224,914
Change in proportion (recognized in current year expense)	182,377	297,505
Total deferred amounts to be recognized in expense in future periods	<u>4,636,313</u>	<u>7,616,798</u>
Subsequent contributions	<u>2,051,889</u>	<u>-</u>
	<u>\$ 6,688,202</u>	<u>\$ 7,616,798</u>

The City reported \$2,051,889 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Total
Net deferred inflows of resources as of December 31,	
2020	\$ (344,581)
2021	(1,767,868)
2022	(1,436,652)
2023	(654,221)
2024	292,197
Thereafter	<u>930,640</u>
Total	<u>\$ (2,980,485)</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

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

Actuarial Assumptions

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

Measurement date	June 30, 2019
Valuation date	
Assets	June 30, 2019
Liabilities	June 30, 2018, rolled forward to June 30, 2019
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.75%, net of investment expenses
Amortization method	20-year level dollar closed method (30 years for layers established prior to June 30, 2016)
Inflation	2.25%
Future salary increases	2.50%
Cost-of-living increases	2.0% compounded annually, beginning July 1, 2020. Actual COLA increases at July 1, 2018 (2.2%) and July 1, 2019 (1.6%) are reflected in the valuation
Mortality assumption:	
Healthy	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Disabled	RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Experience study	The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The actuarial assumptions used in the June 30, 2018 actuarial valuation date valuation were based on the results of an actuarial experience study for the four years ended June 30, 2014 update.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

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

Discount Rate

The long-term return expectation on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	22%	4.9%
Private markets	14%	7.0%
Fixed income - ex inflation-linked	20%	2.5%
Fixed income - inflation-linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
Total	100%	

The discount rate used to measure the total pension liability is 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the greater of 17.5% of covered payroll or a rate equal to the actuarially determined contribution rate. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 6.75%, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	\$ 27,119,021	\$ 245,080	\$ (21,459,174)

Note 7. Employee Retirement Funds (Continued)

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

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at www.in.gov/inprs/files/2018_INPRSCAFRBook.pdf. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The form of payment has been updated from a single life annuity or a 60 percent joint and survivor annuity to a single life annuity or a 70% joint and survivor annuity to align with the updated plan provisions passed in Senate Enrolled ACT No. 85.

1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (Indiana Code 36-8-6). The pension board consists of nine members. Three are members by virtue of office: the Mayor, the City Controller, and the Police Chief. Five members are elected representatives of the active membership of the police department, and one additional member, a retired officer, is elected. The plan was established and may be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan, the financial statements are included within this report. The plan is closed to new entrants.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 60% continuation to the surviving beneficiary. Starting on July 1, 2019 under Senate Enrolled Act No. 85 (SEA 85), this benefit increased to 70% assuming the death did not occur in the line-of-duty. The benefit provisions of the 1925 Police Officers' Pension Plan for non-converted members are set forth in Indiana Code 36-8-6. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid police officers who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Eligibility for annuity benefits is as follows. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are age fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First Class Patrolman, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service. Starting July 1, 2019 under SEA 85, the 50% will increase to 52%.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for unconverted plan members. Early retirement benefits are reduced by 7% per year for converted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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

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

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

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

Employees Covered by Benefit Terms

At December 31, 2019, there were 146 members in the plan who were retirees and beneficiaries currently receiving benefits.

Contributions

Plan members are required by state statute (IC 36 8 6 4) to contribute an amount equal to six percent of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. There are no active members in the plan and no employee contributions were made to the plan during the year ending December 31, 2019.

The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$4,687,914 during 2019 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund and contributions and benefit payments in the Police Pension Fund.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 62,851,641	\$ 2,847,426	\$ 60,004,215
Changes for the year:			
Interest on the total pension liability	1,896,437	-	1,896,437
Plan amendments	211,278	-	211,278
Actuarial experience	629,698	-	629,698
Changes of assumptions	5,826,406	-	5,826,406
Contributions - non-employer contributing entity ¹	-	4,687,914	(4,687,914)
Net investment income	-	1,374	(1,374)
Projected benefit payments ²	(4,611,931)	-	(4,611,931)
Benefit payments	-	(4,605,150)	4,605,150
Administrative and project expenses	-	(15,252)	15,252
Net changes	3,951,888	68,886	3,883,002
Balances at December 31, 2019	\$ 66,803,529	\$ 2,916,312	\$ 63,887,217

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

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

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

For the year ended December 31, 2019, the City recognized pension expense of \$8,563,544. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows of Resources to be Recognized in Pension Expense in Future Periods		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,099

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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

	<u>Total</u>
Net deferred inflows of resources	
as of December 31,	
2020	\$ 275
2021	275
2022	275
2023	<u>274</u>
Total	<u>\$ 1,099</u>

Actuarial Assumptions

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

Measurement date	December 31, 2019
Valuation date	December 31, 2018, rolled forward to December 31, 2019
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	2.13%
Price inflation	2.25%
Cost-of-living adjustment	Non-converted - 2.50% each July 1; converted - 1.60% of July 1, 2019, 2.00% thereafter
Mortality assumption:	
Healthy	RP-2014 Blue Collar mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report.
Disabled	RP-2014 Disabled mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report.
Experience study	The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Discount Rate

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

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of the retirees and beneficiaries currently receiving benefits. Therefore, the discount rate incorporates a municipal bond rate which was 2.13 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond.

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- The discount rate was changed from 3.10% to 2.13% to reflect the Barclay's 20-year Municipal Bond Index rate as of December 31, 2019
- For converted members, the July 1, 2019 cost of living adjustment (COLA) was updated from the ongoing valuation assumption of 2.0% to reflect the know increase of 1.6%. Beginning July 1, 2020, the assumption reverts back to the assumed annual rate of 2.0%. For non-converted members, there was no change from the rate of 2.5%.

Investment Rate of Return

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

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

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 2.13%, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.13%	2.13%	3.13%
Net pension liability	\$ 71,018,678	\$ 63,887,217	\$ 57,835,631

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (Indiana Code 36-8-7). The pension board consists of eight members, which include the Mayor, the Fire Chief, the Pension Secretary, four trustees elected from active members, and one trustee elected from retired members. The plan was established and may be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan, the financial statements are included within this report.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 60% continuation to the surviving beneficiary. Starting on July 1, 2019 under Senate Enrolled Act No. 85 (SEA 85), this benefit increased to 70% assuming the death did not occur in the line-of-duty. The benefit provisions of the 1937 Firefighters' Pension Plan for non-converted members are set forth in Indiana Code 36-8-7. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid firefighters who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Eligibility for annuity benefits is as follows. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are age fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First Class Firefighter, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service. Starting July 1, 2019 under SEA 85, the 50% will increase to 52%.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for unconverted plan members. Early retirement benefits are reduced by 7% per year for converted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

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

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

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

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

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

Employees Covered by Benefit Terms

At December 31, 2019, there were 122 members in the plan who were retirees and beneficiaries currently receiving benefits.

Contributions

Plan members are required by state statute (IC 36 8 7 8) to contribute an amount equal to six percent of the salary of a first class firefighter. The contribution requirements of plan members are established by state statute. There are no active members in the plan and no employee contributions were made to the plan during the year ending December 31, 2019.

The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$4,055,878 during 2019 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund and contributions and benefit payments in the Fire Pension Fund.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 50,202,433	\$ 3,802,938	\$ 46,399,495
Changes for the year:			
Interest on the total pension liability	1,494,783	-	1,494,783
Plan amendments	45,440	-	45,440
Actuarial experience	47,371	-	47,371
Changes of assumptions	4,217,477	-	4,217,477
Contributions - non-employer contributing entity ¹	-	4,055,878	(4,055,878)
Projected benefit payments ²	(4,062,000)	-	(4,062,000)
Benefit payments	-	(3,979,721)	3,979,721
Administrative and project expenses	-	(68,074)	68,074
Net changes	<u>1,743,071</u>	<u>8,083</u>	<u>1,734,988</u>
Balances at December 31, 2019	<u>\$ 51,945,504</u>	<u>\$ 3,811,021</u>	<u>\$ 48,134,483</u>

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

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

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

For the year ended December 31, 2019, the City recognized pension expense of \$5,805,071. At December 31, 2019, the City reported no remaining unamortized deferred outflow of resources or deferred inflows of resources.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Actuarial Assumptions

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

Measurement date	December 31, 2019
Valuation date	December 31, 2018, rolled forward to December 31, 2019
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	2.13%
Price inflation	2.25%
Cost-of-living adjustment	Non-converted - 2.50% each July 1; converted - 1.60% of July 1, 2019, 2.00% thereafter
Mortality assumption:	
Healthy	RP-2014 Blue Collar mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report.
Disabled	RP-2014 Disabled mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report.
Experience study	The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

Discount Rate

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

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of the retirees and beneficiaries currently receiving benefits. Therefore, the discount rate incorporates a municipal bond rate which was 2.13 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond rate as of December 31, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- The discount rate was changed from 3.10% to 2.13% to reflect the Barclay's 20-year Municipal Bond Index rate as of December 31, 2019
- For converted members, the July 1, 2019 cost of living adjustment (COLA) was updated from the ongoing valuation assumption of 2.0% to reflect the know increase of 1.6%. Beginning July 1, 2020, the assumption reverts back to the assumed annual rate of 2.0%. For non-converted members, there was no change from the rate of 2.5%.

Investment Rate of Return

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

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

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 2.13%, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 1.13%	Current Discount Rate 2.13%	1% Increase 3.13%
Net pension liability	\$ 53,177,240	\$ 48,134,483	\$ 43,732,700

Note 8. Pension Trust Funds – Financial Data

Combining Schedule of Fiduciary Net Position - Pension Trust Funds

	1925 Fund	1937 Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 2,916,312	\$ 3,811,021	\$ 6,727,333
Liabilities			
Accounts payable	-	-	-
Net Position			
Restricted for pensions	\$ 2,916,312	\$ 3,811,021	\$ 6,727,333

City of Hammond, Indiana

Notes to Financial Statements

Note 8. Pension Trust Funds – Financial Data (Continued)

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

	1925 Fund	1937 Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 4,687,914	\$ 4,055,878	\$ 8,743,792
Investment income:			
Interest	1,374	-	1,374
Total additions	4,689,288	4,055,878	8,745,166
Deductions			
Benefits	4,605,150	3,979,721	8,584,871
Administrative expenses	15,252	68,074	83,326
Total deductions	4,620,402	4,047,795	8,668,197
Changes in net position	68,886	8,083	76,969
Net position restricted for pensions:			
January 1, 2019	2,847,426	3,802,938	6,650,364
December 31, 2019	\$ 2,916,312	\$ 3,811,021	\$ 6,727,333

Note 9. Postemployment Healthcare Plan

Plan Description. The City's single-employer defined benefit plan (Plan) provides comprehensive medical, dental, vision and life insurance benefits to eligible retirees and their dependents. To be eligible, employees must attain age 60 with 15 years of service or age 65 with 10 years of service to be eligible for lifetime health insurance benefits during retirement. The Plan is a single-employer defined benefit OPEB plan administered by the City of Hammond. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

There has been no change to plan provision or benefits provided since the last full valuation, which was for the fiscal year ended December 31, 2018.

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

Employees Covered by Benefit Terms. At December 31, 2019, membership in the plan consisted of the following:

	<u>Membership</u>
Retirees and beneficiaries currently receiving benefits	419
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>767</u>
Total membership	<u><u>1,186</u></u>

Actuarial Assumptions

The following are the methods and assumptions used to determine the total OPEB liability at December 31, 2019:

- The **Actuarial Cost Method** used was the Entry Age Normal, level percentage of salary
- Inflation was assumed to be 2.25 percent.
- The **discount rate** used to measure the OPEB liability was 3.26 percent for 2019 and 4.11 percent for 2018.
- **Salary Increases** were assumed to be 2.50 percent to 4.25 percent; including inflation
- For **Healthcare Cost Trend Rates**, a rate of 7.50 percent was used for medical premiums for 2020 decreasing 0.50 percent per year to an ultimate trend rate of 4.50 percent in 2026. For dental/vision premiums, a rate of 4.50 percent was used for 2020 decreasing by 0.50 percent per year to an ultimate trend rate of 3.00 percent in 2023.
- **Mortality** rates for general employees and retirees were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019. For public safety employees and retirees, rates were based on the SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019. For surviving spouses, rates were based on the SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

An actuarial assumption was changed from the prior year. The discount rate was changed from 4.11 percent to 3.26 percent to reflect the change in the S&P Municipal Bond 20 Year High-Grade Rate Index from the prior year. The prior year's rate was based on the Bond Buyer GO 20 Municipal Bond Index.

The City, Sanitary District, Water Utility and Port Authority's total OPEB liability was measured as of December 31, 2019, and the City, Sanitary District and Port Authority's liabilities were determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. The Water Utility's liability was determined by an actuarial valuation as of December 31, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

	Total Post-employment Benefit Liability
Balances at January 1, 2019	<u>\$ 148,594,287</u>
Changes for the year:	
Service cost	5,352,293
Interest on total post-employment liability	6,267,120
Differences between expected and actual experience	(1,379,714)
Changes in benefit terms	(60,099)
Changes of assumptions	24,529,048
Benefit payments	(2,953,580)
Net changes	<u>31,755,068</u>
Balances at December 31, 2019	<u><u>\$ 180,349,355</u></u>

The liability is reported as follows as of December 31, 2019 as follows:

Governmental Activities	\$ 150,683,420
Business-type Activities:	
Sanitary District	18,346,265
Water Utility	8,744,695
Discretely Presented Component Unit	
Port Authority	<u>2,574,975</u>
	<u><u>\$ 180,349,355</u></u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Governmental Activities	\$ 181,587,539	\$ 150,683,420	\$ 126,785,741
Business-type Activities:			
Sanitary District	21,887,487	18,346,265	15,572,579
Water Utility	10,365,290	8,744,695	7,475,685
Discretely Presented Component Unit			
Port Authority	<u>3,103,084</u>	<u>2,574,975</u>	<u>2,166,596</u>
Total other post-employment benefit liability	<u><u>\$ 216,943,400</u></u>	<u><u>\$ 180,349,355</u></u>	<u><u>\$ 152,000,601</u></u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

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

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

	1% Decrease ¹	Current Healthcare Cost Trend Rate	1% Increase ²
Governmental Activities	\$ 122,574,433	\$ 150,683,420	\$ 188,362,721
Business-type Activities:			
Sanitary District	15,204,673	18,346,265	22,461,837
Water Utility	7,438,191	8,744,695	10,423,866
Discretely Presented Component Unit			
Port Authority	2,094,631	2,574,975	3,218,863
Total other post-employment benefit liability	<u>\$ 147,311,928</u>	<u>\$ 180,349,355</u>	<u>\$ 224,467,287</u>

¹ For medical premiums, 6.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 3.50 percent in 2026. For dental/vision premiums, 3.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 2.00 percent in 2023.

² For medical premiums, 8.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 5.50 percent in 2026. For dental/vision premiums, 5.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 4.00 percent in 2023.

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

For the year ended December 31, 2019, the City recognized OPEB expense in the financial statements as follows:

Governmental Activities - General Government	\$ 10,718,983
Business-type Activities:	
Sanitary District	773,780
Water Utility	704,185
Discretely Presented Component Unit - Port Authority	<u>196,410</u>
Total	<u>\$ 12,393,358</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit: Port Authority
		Sanitary District	Water Utility		
Deferred outflows of resources to be recognized in other post-employment benefit in Future periods					
Changes of assumptions	\$ 17,725,671	\$ 1,998,669	\$ 822,977	\$ 20,547,317	\$ 302,908
Change in proportion (recognized in current year expense)	-	-	-	-	51,832
	<u>\$ 17,725,671</u>	<u>\$ 1,998,669</u>	<u>\$ 822,977</u>	<u>\$ 20,547,317</u>	<u>\$ 354,740</u>
Deferred inflows of resources to be recognized in other post-employment benefit in Future periods					
Differences between expected and actual experience	\$ -	\$ 1,820,070	\$ -	\$ 1,820,070	\$ -
Changes of assumptions	10,819,656	1,399,274	-	12,218,930	184,893
Change in proportion (recognized in current year expense)	51,832	-	-	51,832	-
	<u>\$ 10,871,488</u>	<u>\$ 3,219,344</u>	<u>\$ -</u>	<u>\$ 14,090,832</u>	<u>\$ 184,893</u>

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

Year ending December 31:	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit: Port Authority
		Sanitary District	Water Utility		
2020	\$ 803,362	\$ (244,135)	\$ 274,326	\$ 833,553	\$ 491
2021	803,362	(244,135)	274,326	833,553	491
2022	803,362	(244,135)	274,325	833,552	491
2023	803,362	(244,135)	-	559,227	491
2024	790,120	(244,135)	-	545,985	13,734
Thereafter	2,850,615	-	-	2,850,615	154,149
Total	<u>\$ 6,854,183</u>	<u>\$ (1,220,675)</u>	<u>\$ 822,977</u>	<u>\$ 6,456,485</u>	<u>\$ 169,847</u>

Note 10. Fund Balances

At December 31, 2019, the City's fund balance restrictions and commitments were for the following purposes:

	General Fund Committed	Special Revenue Restricted	Capital Projects Restricted	Debt Service Restricted	Total Nonmajor Restricted
General government	\$ 4,066,048	\$ 101,768	\$ 592,607	\$ -	\$ 694,375
Public safety	-	923,116	-	-	923,116
Highways and streets	1,142,089	1,717,156	-	-	1,717,156
Culture and recreation	628,173	788,916	2,250,814	-	3,039,730
Urban redevelopment and housing	-	22,024,817	-	-	22,024,817
Debt service	-	-	-	7,779,485	7,779,485
Total	<u>\$ 5,836,310</u>	<u>\$ 25,555,773</u>	<u>\$ 2,843,421</u>	<u>\$ 7,779,485</u>	<u>\$ 36,178,679</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits provided to employees, retirees and dependents; and natural disasters. The City handles these risks of loss through a combination of risk retention and commercial insurance.

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

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

The change in claims for 2019 and 2018, including an estimate of incurred by not reported claims is as follows:

Unpaid Claims at December 31, 2017	\$ 2,015,493
Incurred claims, including claims incurred but not reported	9,480,868
Claim Payments	<u>(9,845,753)</u>
Unpaid Claims at December 31, 2018	1,650,608
Incurred claims, including claims incurred but not reported	12,228,139
Claim Payments	<u>(11,094,174)</u>
Unpaid Claims at December 31, 2019	<u>\$ 2,784,573</u>

Excess policies through commercial insurance covers individual claims in excess of \$325,000 per claim for medical benefits, job related illnesses and/or injuries (workers' compensation) various self-retention amounts. In recent years, claims resulting from various items exceeded the self-retention amounts during 2019 and 2018 by \$483,637 and \$550,971 respectively.

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Interfund Activity

Other information related to individual funds includes the following:

Interfund receivables and payables

Individual fund interfund receivable and payable balances as of December 31, 2019, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>
Major Governmental:	
General Fund:	
Nonmajor Governmental Funds	<u>\$ 40,360</u>

<u>Fund</u>	<u>Due To Other Funds</u>
Nonmajor Governmental:	
General Fund	<u>\$ 40,360</u>

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

Transfers

Interfund transfers for the year ended December 31, 2019, are as follows:

<u>Fund</u>	<u>Transfer From Other Funds</u>
Major Governmental Funds:	
General Fund	
Internal Service Fund	\$ 403,962
Nonmajor Governmental Funds	3,795,528
Nonmajor Governmental Fund:	
Nonmajor Governmental Funds	<u>5,841,746</u>
 Total	 <u>\$ 10,041,236</u>

<u>Fund</u>	<u>Transfer To Other Funds</u>
Major Governmental Funds:	
General Fund	
Nonmajor governmental funds	\$ 1,460,092
Nonmajor Governmental Fund:	
Nonmajor governmental funds	8,177,182
Internal Service Fund	
General Fund	403,962
Total	<u>\$ 10,041,236</u>

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

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Interfund Activity (Continued)

Elimination of internal activity

The following eliminations were made in presenting the total of the Housing Authority and its discretely presented component units:

	Housing Authority			Discretely Presented Component Units		
	Original Balance	Elimination	Adjusted Balance	Original Balance	Elimination	Adjusted Balance
Notes receivable	\$ 14,839,394	\$ (14,839,394)	\$ -	\$ -	\$ -	\$ -
Other noncurrent assets	3,457,143	(2,800,989)	656,154	-	-	-
Other noncurrent liabilities	-	-	-	3,349,981	(2,800,989)	548,992
Notes payable	-	-	-	16,275,986	(14,839,394)	1,436,592
Interest expense	-	-	-	546,097	(51,843)	494,254
Interest income	51,843	(51,843)	-	-	-	-

Payments in lieu of taxes (PILOT)

In 2019, the Sanitary District, the Water Utility and the Port Authority transferred \$568,931, \$150,000 and \$600,000, respectively, to the City for payments in lieu of taxes as allowed under Indiana Code 36-3-2-10. In addition, the Sanitary District paid \$131,069 to the Town of Munster.

Note 13. Contingencies, Commitments and Other

Contingencies

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

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

Noncompliance – Legal/contractual provisions

In April of 1999, the Hammond Sanitary District (HSD) an enterprise fund of the City, and the United States, through the Environmental Protection Agency (USEPA) and the State of Indiana, through the Indiana Department of Environmental Management (IDEM) reached a settlement regarding alleged violations of the Clean Water Act, 33 U.S.C. Sec. 1251 et seq., which was documented in a consent decree entered by the United States District Court in cause number 2-93-CV-225-JM. Among other things, the Consent Decree prohibited HSD from violating the effluent limitations in its National Pollutant Discharge Elimination System (NPDES) permit, discharging dry weather flows through any Combined Sewer Overflows (CSO), and required that HSD design and construct facilities as needed to eliminate the use of the Columbia Ave., Sohl Ave., and Johnson Ave. CSOs according to a schedule contained in Article V.c of the Consent Decree. After a timely submission of a schedule for the design and construction of "CSO improvements," construction was delayed due in large part to lack of consensus on the size of the CSO retention basin and the terms to be contained in an Amended Consent Decree that would provide for extended deadlines. In June 2011 EPA and IDEM submitted an amended draft Consent Decree that provided for full operation of the basin project by the end of 2013 but the parties failed to agree on the design criteria.

City of Hammond, Indiana

Notes to Financial Statements

Note 13. Contingencies, Commitments and Other (Continued)

Negotiations broke down and on August 15, 2011 the Agencies notified HSD that they were seeking \$2,437,000 in stipulated penalties for failing to complete design and construction of the CSO Control Project, violating the prohibition against dry weather overflows, and violating its NPDES permit effluent limitations.

Thereafter, HSD invoked the formal dispute resolution process provided in the 1999 Consent Decree and on November 18, 2011 the Agencies lowered their demand for stipulated penalties to \$1,850,000 and after further proceedings the Water Division Director for Region 5 EPA issued a Final Administrative Decision further reducing the penalty to \$1,416,500.

On July 16, 2012 HSD filed its "Notice of Judicial Appeal" in the United States District Court seeking judicial review of the Final Administrative Decision of the Water Division Director. After initial motion practice and limited discovery, the matter is now pending and has been stayed by the Court since April 9, 2013. Most recently, the parties reported to the Court that negotiations on an amended consent decree between them are ongoing and that a tolling agreement with a present expiration date of December 15, 2015 is in place. HSD continues to dispute a large portion of the penalty assessed by EPA that is the subject of the appeal and has noted to EPA, IDEM and the Court that the major CSO improvements required by the 1999 Consent Decree have now been constructed and are operational.

The United States, on behalf of the U.S. EPA and the State of Indiana, on behalf of IDEM filed a Complaint alleging violations of the Clean Water Act, and simultaneously, the parties filed a Consent Decree supplanting entirely the 1999 Consent Decree and resolving all claims against HSD arising from that decree. The effective date of the Consent Decree was May 9, 2017. It required payment of civil penalties to the U.S. and IDEM, and payment of stipulated penalties to the U.S. by July 10, 2017 which have all been paid. The Consent Decree requires completion of certain tasks within specific time frames including a Sewer Overflow Response Plan, Columbia Avenue Basin Disinfection and Bike Trail, and the Columbia Avenue Basin Post Construction Compliance Monitoring Program (Phase I and II). It further required submission of a final Long-Term Control Plan (LTCP) by March 31, 2018 (which deadline was later extended) and calls for the completion of the revised LTCP by March 1, 2035. The Consent Decree contains a schedule of stipulated penalties for failure to meet the deadlines described in the Consent Decree and for violations of HSD's NPDES permit. The Hammond Sanitary District has complied with its obligation.

The Consent Decree requires HSD to perform a Supplemental Environmental Project (SEP) which consists of a multi-use path/trail which will also reduce stormwater inflow into the combined sewer system in the trail's adjoining area. Construction is underway and is expected to be completed in May 2020.

On September 30, 2019 HSD submitted its final Long Term Control Plan (LTCP), and questions and information exchanges are occurring as contemplated under the Consent Decree.

HSD has begun collecting data for the Post Construction Monitoring Program prescribed in the Consent Decree. HSD also conducted testing the Cloth media Disk Filter pilot system and submitted the pilot study report.

HSD believes that it is complying with the requirements of the Consent Decree.

Commitments

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

City of Hammond, Indiana

Notes to Financial Statements

Note 13. Contingencies, Commitments and Other (Continued)

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

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

Construction Commitments

Construction work in progress is composed of the following:

	Project Costs	Expended	Commitment
Engineering projects	\$ 5,304,255	\$ 3,421,273	\$ 1,882,982
Parks projects	6,551,265	5,500,643	1,050,622
Santiary District projects	13,827,982	8,600,783	5,227,199
Water Utility projects	8,196,442	7,027,756	1,168,686
	<u>\$ 33,879,944</u>	<u>\$ 24,550,455</u>	<u>\$ 9,329,489</u>

Expenditures over Budget

For the year ended December 31, 2019, expenditures/expenses exceeded budget in the following funds:

Nonmajor funds:

Special revenue funds

Parks and Recreation	\$ 159,311
M.V.H. Restricted	1,503,156
CEDIT	158,805
Redevelopment	18,264
C.C.I.F.	11,043

Debt service funds:

Series 2014 (Park)	750
Series 2018A (Park)	1,000

Deficit Fund Balances/Net Position

As of December 31, 2019, the CEDIT Fund had a deficit fund balance of \$56,283.

Economic Dependency

The Housing Authority received approximately 83 percent of its revenues from the federal government in fiscal year 2019. If the amount of revenues received from HUD falls below critical levels, the Housing Authority's operating results could be adversely affected.

City of Hammond, Indiana

Notes to Financial Statements

Note 14. Tax Abatements

The City's promotes a series of Assessed Valuation Deductions as authorized pursuant to Indiana Code (I.C.) 6-1.1-12.1 (the "Act") applicable to assessments of tangible property, being real and personal property, the Tax Abatement Program.

The City's Tax Abatement Program is implemented based upon approval of a resolution of the City's Common Council, as the designating body. The resolution approves a FORM SB-1 for the deduction of assessed valuation because of tangible property investment identified and as located within designated economic revitalization areas (ERAs) of the City. Assessed valuation deductions are applied pursuant to identified abatement percentages (under Section 17) during a specified abatement period not to exceed 10 years. Upon full assessment of real property improvements, the assessed valuations deductions decreased or phase out relative to the applied abatement percentages over the abatement period, thereby increased taxes imposed on the property owner. The Tax Abatement Program is a redevelopment and economic development strategy intended to stimulate private investment in targeted areas of the City or identified business sections to diversify the overall City tax base. The primary types of assessed valuation deductions considered under the City's Tax Abatement Program include, but is not limited to the following:

Real Property Tax Abatement (Section 3 of the Act)

This assessed valuation deduction applies to real property improvements only. Real property land does not qualify for an assessed valuation deduction.

Personal Property Tax Abatement (Section 4.5 of the Act)

This assessed valuation deduction applies to depreciable personal property investments reported to the County Assessor prior to May 15 each calendar year on a FORM 103-Long. Depreciable personal property deductions are applicable to investments in manufacturing, research and development, information technology, and logistics/distribution equipment and may be applied to new acquisitions or to depreciable personal property new to the state of Indiana as relocated.

Vacant Building Abatement (Section 4.8 of the Act)

This assessed valuation deduction applies to real property building only that meet certain conditions of vacancy as identified in the Act. More specifically, and "eligible vacant building" is building or structure that: (i) is currently zoned for commercial or industrial purposes or (ii) has been unoccupied for at least one year before the owner of the building or tenant occupies the building, as evidenced by a valid certificate of occupancy; paid utility bill; an executed lease agreement with the owner of the building; or other evidence of occupation as may be required by the Department of Local Government Finance ("DLGF").

The purpose of the City's Tax Abatement Program is to be a catalyst for private investment in targeted areas of the City but also to spur employment creation and retention, grow the income and property tax base, support the redevelopment of areas experiencing a cessation of growth, attract and retain businesses in targeted industries, and assist distressed businesses, among other objectives. Minimum eligibility criteria for such abatements vary by the type of assessed valuation deduction, as noted above, but generally require that an investment in tangible property be projected to increase assessed value, create or retain jobs, and/or promote economic revitalization.

In return for an assessed valuation deduction, the City through a memorandum of understanding (MOU), memorandum of agreement (MOA) or a detailed development agreement which generally identifies the actions of both parties, one being the City as to permit, zoning, and job training assistance, etc. and the property owner as to private investments in tangible property, employment creation and retention, salary levels, community support, etc. An assessed valuation deduction may be terminated by resolution of the City's Common Council if a determination is made that the commitments made by the property owner receiving an assessed valuation deduction were not met pursuant to said agreement and, per statute, such that non-compliance was not due to factors beyond the property owner's control. Included in each agreement and in some cases the approving FORM SB-1 resolution are provisions specifying: (i) certain damages, among which may include a claw back of some or all of the tax savings realized because of

Note 14. Tax Abatements (Continued)

assessed valuation deductions applied during the abatement period and (ii) language stating that because of the approval of an assessed valuation deduction, the property owner, including all subsequent property owner(s), during the approved abatement period waives its rights to: (a) appeal the applicable tangible property assessed valuation unless deemed to be a clerical error of assessment application or a mathematical error and (b) to request or file any other assessed valuation deduction, credit or exemption, whether available to a property owner as of the date of an agreement or which subsequently may be authorized by the state of Indiana Legislature, unless approved by the City's Common Council.

Pursuant to the claw back provisions of the City as included in the approving FORM SB-1 resolution, any property owner that ceases operations or announces the cessation of operations at the facility during an approved abatement period, termination of the assessed valuation deduction by resolution of the City's Common Council as the designating body which may include a claw back of some or all of the tax savings realized because of assessed valuation deductions applied during the abatement period. Other claw backs may be calculated based on the highest level of non-compliance among the measured categories for a specific project of the property owner.

Impact of Assessed Valuation Deductions on Revenue

Indiana property tax laws complicate the calculation of the exact impact of assessed valuation deductions on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors.

The increase in the annual tax levy is limited to the growth in the 6-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient ("AVGQ"). Statutory property tax caps for homesteads, agricultural and other residential, and commercial are equal to 1%, 2%, and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the DLGF, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

Generally, variable tax rates (for example, a general fund) of a taxing unit are net assessed valuation sensitive, meaning any increase or decrease in net assessed valuation will impact the tax rate, such that tax units will receive the DLGF approved tax levy regardless of assessed valuations deductions applied to a particular assessment year. Alternately, fixed rate funds or cumulative funds (for example, a cumulative capital fund) of a taxing unit are rate sensitive, meaning that any increase or decrease in net assessed valuation may directly impact the tax levy of the taxing unit since the tax rate is fixed. For cumulative funds, the actual impact of an assessed valuation deduction may be calculated and quantified, unlike variable rates previously discussed.

Tax abatements are granted on the assessed value of the property abated. The taxpayer's taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district's tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps ("circuit breaker credits") reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

City of Hammond, Indiana

Notes to Financial Statements

Note 14. Tax Abatements (Continued)

The estimated gross amount, on an accrual basis, by which the total property tax revenues for the abatement taxpayer recipient (payable 2019 taxes) were reduced as a result of the aforementioned abatement programs follows:

Real Property Tax Abatement	\$	773,704
Personal Property Tax Abatement		71,107
Total	\$	<u>844,811</u>

While the City has calculated the potential impact of existing tax abatements on total property tax revenues for 2019, as shown above, the actual extent of lost revenues may be something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

Note 15. New Governmental Accounting Standards

In May 2020, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* that provides temporary relief in light of the COVID-19 pandemic. The effective dates of various pronouncements are postponed. The pronouncements below have been updated for the applicable implementation dates. The statements that might impact the City and their component units are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the City beginning with its year ended December 31, 2020. This Statement addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the City beginning with its year ended December 31, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, will be effective for the City beginning with its year ended December 31, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowing Placements*, will be effective for the City beginning with its year ended December 31, 2020. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

City of Hammond, Indiana

Notes to Financial Statements

Note 15. New Governmental Accounting Standards (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the City beginning with its year ending December 31, 2020. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the Statement of Net Position.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, will be effective for the City beginning with its year ending December 31, 2020. This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Under this statement, a government entity should report its majority equity interest in a legally separate organization as an investment if the equity interest meets the GASB's definition of an investment.

GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The Statement addresses a variety of topics. The Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The Statement will be effective for the City with its year ending December 31, 2022.

GASB No. 93, *Replacement of Interbank Offered Rates*, establishes how the City will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the City with its year ending December 31, 2022.

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

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the City with its year ending December 31, 2022.

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

City of Hammond, Indiana

Notes to Financial Statements

Note 16. Subsequent Event

Beginning in 2020, the previous exemption of existing debt service or lease payments from the tax caps in Lake County, including the City will come to an end. Moving forward, only controlled projects financed by debt service or leases and initially approved through referendum as defined in statute (IC 6-1.1-20-3.1) will be able to levy a property tax outside of the tax cap. This change will have an impact on the City's ability to impose and receive future property tax revenues.

On January 30, 2020, the World Health Organization declared the coronavirus disease 2019 ("Covid19") outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the City. To date, the City, as with most local municipalities in the State and Country, is experiencing declining revenue, and significant changes in the fair value of assets.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables and investments; Net Pension and OPEB liabilities and related deferred assets and liabilities; and contingent obligations.

On May 26, 2020, the Board of Stormwater Directors adopted Resolution No. SW3-2020 establishing the Emergency Stormwater Damage Relief Program in response to an unusually severe rain event that occurred on May 23, 2020 causing significant water damage to households within the city, and authorizing funding in an amount not to exceed \$250,000. On June 16, 2020, the District adopted Resolution No. SW4-2020 approving and authorizing execution of a Community Block Grant Agreement with the Hammond Department of Planning and Development securing a grant as a subrecipient of the City's CDBG funding in the sum of \$200,000, and appropriated those funds for additional funding for the Storm Water Damage Relief Program. On that same date, the District adopted Resolution No. SW5-2020 authorizing execution of a \$1.0 million line of credit for possible additional funding of the Emergency Stormwater Damage Relief Program. On September 29, 2020, the District adopted Resolution No. SW10-2020 to amend its prior Resolution No. SW3-2020 by enlarging the funding limit from \$250,000 to \$700,000 and ratifying and approving all funding and expenditures made within that limit.

On November 16, 2020, the City has reviewed, approved and adopted an ordinance to increase water rates and charges based on a rate study performed by the Hammond Water Works Department.

The Hammond Sanitary District is complete with the acquiring 25 to 30 properties in the area of 175th Street and Columbia Avenue. The properties acquired were demolished for the purpose of constructing a 1.36 MG storm water storage basin with appurtenant structures. The demolitions were completed in April 2019. The project is currently ongoing and has estimated total costs of \$4.5 million.

On February 17, 2021, the Hammond Sanitary Building Corporation, a blended component unit of the City, issued \$10,535,000 in Taxable Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2021. The bond proceeds of \$10,535,000 and funds on hand of \$1,175,349 will be used to refund the maturities of the Series 2014 First Mortgage Bonds. The Bonds are secured by and payable from semiannual lease rental payments to be paid by the Sanitary District of the City of Hammond.

The City anticipates that on March 11, 2021, the Hammond Local Improvement Bond Bank will refinance its Series 2015C Bonds (issued for the Hammond Sanitary District) by issuing \$3,075,000 in Bond Bank Refunding Bonds, Series 2021A. The Bonds will be secured by and payable from an ad valorem property tax levied by the Sanitary District of the City of Hammond. The Sanitary District had previously issued Special Taxing District Bonds, Series 2015 (the "Qualified Entity Bonds"). The Qualified Entity Bonds will not be refunded, however, the amortization schedule of the Qualified Entity Bonds will be amended and restated to reflect a lower debt service as a result of the refunding of the Series 2015C Bonds and a waiver of certain optional redemption rights.

**Required Supplementary Information
(Unaudited)**

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

For the years ending December 31,	2019
Total other postemployment benefit liability	
Service cost	\$ 5,352,293
Interest on the total other postemployment benefit liability	6,267,120
Differences between expected and actual experience of the total other postemployment benefit liability	(1,379,714)
Change in benefit terms	(60,099)
Changes of assumptions	24,529,048
Benefit payments	<u>(2,953,580)</u>
Net change in other post-employment benefit liability	<u>31,755,068</u>
Total other postemployment benefit liability - beginning	<u>148,594,287</u>
Total other postemployment benefit liability - ending	<u><u>\$ 180,349,355</u></u>
Covered payroll	Not Available
Employer other post employment benefit liability as a percentage of covered payroll	Not Available

Notes to Schedule:

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

Changes of benefit terms: There were no changes of benefit terms in 2019 or 2018.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate for 2019 and 2018 was 3.26% and 4.11%, respectively.

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

City of Hammond

**Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability**

<u>For the years ending June 30,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Public Employees' Retirement Fund				
City's proportionate of the net pension liability	0.43301%	0.42829%	0.43644%	0.42932%
City's proportionate share of the net pension liability	\$ 14,139,393	\$ 14,549,205	\$ 19,471,960	\$ 19,484,450
City's covered payroll	22,289,242	21,854,051	21,652,479	20,575,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	63.44%	66.57%	89.93%	94.70%
Plan fiduciary net position as a percentage of the total Pension liability (asset)	79.38%	79.69%	76.65%	75.35%
1977 Police and Firefighters' Plan				
City's proportionate of the net pension liability (asset)	2.65930%	2.72346%	2.84192%	2.90943%
City's proportionate share of the net pension liability (asset)	\$ 245,080	\$ (2,394,946)	\$ (438,374)	\$ 2,584,648
City's covered payroll	23,506,504	22,943,463	23,039,730	22,486,631
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.04%	-10.44%	-1.90%	11.49%
Plan fiduciary net position as a percentage of the total Pension liability (asset) *	98.60%	101.96%	100.29%	98.24%

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

Notes to Schedule:

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

Benefit changes: None

Changes in assumptions: **1977 Police and Firefighters' Plan** - The form of payment has been updated from a single life annuity or a 60% joint and survivor annuity to a single life annuity or a 70% joint and survivor annuity to align with the updated plan provisions passed in Senate Enrolled Act No. 85.

PERF - In lieu of a COLA on January 1, 2020 and January 1, 2021, members in pay were provided a 13th check on October 1, 2019 and October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034 and 0.6% beginning on January 1, 2039

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

City of Hammond

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

For the year ending December 31,	2019
Total pension liability	
Interest on the total pension liability	\$ 1,896,437
Changes in benefit terms	211,278
Differences between expected and actual experience	629,698
Changes in assumptions	5,826,406
Benefit payments	<u>(4,611,931)</u>
Net change in total pension liability	3,951,888
Total pension liability—beginning	<u>62,851,641</u>
Total pension liability—ending (a)	<u><u>\$ 66,803,529</u></u>
Plan fiduciary net position	
Contributions - Non-employer	\$ 4,687,914
Pension plan net investment income	1,374
Benefit payments	(4,605,150)
Pension plan administrative expense	<u>(15,252)</u>
Net change in plan fiduciary net position	68,886
Plan fiduciary net position—beginning	<u>2,847,426</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 2,916,312</u></u>
Net pension liability - ending (a) - (b)	\$ 63,887,217
Plan fiduciary net position as a percentage of the total pension liability	4.37%
Covered payroll	\$ -
Employer net pension liability as a percentage of covered payroll	N/A

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

City of Hammond

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

For the year ending December 31,	2019
Total pension liability	
Interest on the total pension liability	\$ 1,494,783
Changes in benefit terms	45,440
Differences between expected and actual experience	47,371
Changes in assumptions	4,217,477
Benefit payments	<u>(4,062,000)</u>
Net change in total pension liability	1,743,071
Total pension liability—beginning	<u>50,202,433</u>
Total pension liability—ending (a)	<u><u>\$ 51,945,504</u></u>
Plan fiduciary net position	
Contributions - Non-employer	\$ 4,055,878
Benefit payments	(3,979,721)
Pension plan administrative expense	<u>(68,074)</u>
Net change in plan fiduciary net position	8,083
Plan fiduciary net position—beginning	<u>3,802,938</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 3,811,021</u></u>
Net pension liability - ending (a) - (b)	\$ 48,134,483
Plan fiduciary net position as a percentage of the total pension liability	7.34%
Covered payroll	\$ -
Employer net pension liability as a percentage of covered payroll	N/A

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

City of Hammond

**Required Supplementary Information
Schedules of Contributions**

For the years ending December 31,

2019

2018

Public Employees' Retirement Fund

Statutorily determined contribution	\$ 2,531,107	\$ 2,529,689
Contributions in relation to the actuarial determined contribution	<u>2,503,257</u>	<u>2,435,388</u>
Contribution deficiency (excess)	<u>\$ 27,850</u>	<u>\$ 94,301</u>
Covered payroll	\$ 22,599,172	\$ 22,586,511
Contributions as a percentage of covered payroll	11.08%	10.78%

1977 Police and Firefighters' Plan

Statutorily determined contribution	\$ 4,209,311	\$ 4,061,412
Contributions in relation to the actuarial determined contribution	<u>4,138,337</u>	<u>4,061,409</u>
Contribution deficiency (excess)	<u>\$ 70,974</u>	<u>\$ 3</u>
Covered payroll	\$ 23,647,816	\$ 23,208,068
Contributions as a percentage of covered payroll	17.50%	17.50%

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

City of Hammond

**Required Supplementary Information
Schedules of Contributions**

For the year ending December 31,

2019

1925 Police Pension Plan

Statutorily determined contribution	\$ 4,605,150
Actual employer contributions	<u>4,605,150</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ -
Actual contributions as a percentage of covered payroll	N/A

1937 Firefighters' Pension Plan

Statutorily determined contribution	\$ 3,979,721
Actual employer contributions	<u>3,979,721</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ -
Actual contributions as a percentage of covered payroll	N/A

Notes to schedules:

- Information was prepared prospectively beginning January 1, 2019 for GASB No. 68 purposes. Covered employee payroll is assumed to be \$0 prospectively from January 1, 2019 when it is known that there are no active employees.
- The statutorily required contribution is equal to actual member benefit payments since benefits are funded on a pay-as-you-go basis.
- The actual employer contributions include distributions received by the employer from the Pension Relief Fund.

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

City of Hammond, Indiana

Required Supplementary Information
 Schedule of General Fund Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual Budgetary Basis Amounts	Variance
Revenues				
Property taxes	\$ 39,314,191	\$ 39,314,191	\$ 28,618,156	(10,696,035)
Intergovernmental	26,500,000	26,500,000	19,267,834	(7,232,166)
Development agreement	17,000,000	17,000,000	18,498,206	1,498,206
Licenses, permits and fees	1,392,900	1,392,900	2,597,863	1,204,963
Charges for services	10,601,000	10,601,000	20,032,139	9,431,139
Fines and forfeits	774,000	774,000	561,605	(212,395)
Other	391,362	391,362	1,755,005	1,363,643
Interest	100,000	100,000	345,048	245,048
Total revenues	96,073,453	96,073,453	91,675,856	(4,397,597)
Expenditures				
Current:				
General government	38,782,488	30,730,229	20,508,715	10,221,514
Public safety	51,670,675	51,661,799	48,524,187	3,137,612
Culture and recreation	1,487,153	5,131,962	4,158,740	973,222
Urban redevelopment and housing	1,123,026	15,151,332	10,583,199	4,568,133
Debt service:				
Principal	4,782,950	5,432,950	5,642,357	(209,407)
Interest and fees	608,975	608,975	601,129	7,846
Capital outlay	1,321,737	1,582,602	966,394	616,208
Total expenditures	99,777,004	110,299,849	90,984,721	19,315,128
Excess (deficiency) of revenues over (under) expenditures	(3,703,551)	(14,226,396)	691,135	14,917,531
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Sale of capital assets	-	-	676,270	676,270
Transfers in	-	-	57,852,433	57,852,433
Transfers out	-	(215,242)	(60,715,895)	(60,500,653)
Total other financing sources (uses)	-	(215,242)	(2,187,192)	(1,971,950)
Change in fund balance (budgetary basis)	\$ (3,703,551)	\$ (14,441,638)	(1,496,057)	\$ 12,945,581
Fund balances (Budgetary Basis):				
January 1, 2019			<u>15,372,122</u>	
December 31, 2019			<u>\$ 13,876,065</u>	
GAAP Adjustments:				
Adjust revenues for accruals			11,403,854	
Adjust expenditures for accruals			<u>(14,597,441)</u>	
Change in fund balance GAAP basis)			(4,689,644)	
Fund balances (GAAP Basis):				
January 1, 2019, as restated			<u>18,159,246</u>	
December 31, 2019			<u>\$ 13,469,602</u>	

City of Hammond, Indiana

Notes to Required Supplementary Information

Note 1. Budget Information

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

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

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

Notes to Required Supplementary Information

Note 1. Budget Information (Continued)

accounting with the exception of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

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

Major Funds:

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

Non-major funds:

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

All Capital Project Funds except for the Energy Savings Fund

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

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

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

Supplementary Information

Governmental Funds

City of Hammond

Combining Balance Sheet
General Fund Accounts
December 31, 2019

	General	Façade	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Blight Elimination	Public Defender
Assets											
Cash and cash equivalents	\$ 2,328,603	\$ 207,692	\$ 3,256	\$ -	\$ 646,595	\$ 172,028	\$ 30	\$ 134,325	\$ 524	\$ 155,594	\$ 1,575
Receivables:											
Gaming	-	-	-	-	-	-	-	-	-	-	-
Accounts	454,077	-	-	-	-	-	-	-	-	-	-
Intergovernmental	290,436	-	-	-	-	-	-	-	-	-	-
Other taxes	72,674	-	-	-	-	-	-	-	-	-	-
Other	37,116	-	-	1,147	-	-	-	-	-	-	-
Due from other funds	50,073	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 3,232,979	\$ 207,692	\$ 3,256	\$ 1,147	\$ 646,595	\$ 172,028	\$ 30	\$ 134,325	\$ 524	\$ 155,594	\$ 1,575
Liabilities, Deferred Inflows of Resources and Fund Balances											
Liabilities											
Accounts payable	\$ 2,478,960	\$ -	\$ 3,844	\$ 5,637	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	77,407	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	36,450	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,592,817	-	3,844	5,637	120,000	-	-	-	-	-	-
Fund balances											
Committed	-	-	-	-	-	-	-	-	-	-	-
Unassigned	640,162	207,692	(588)	(4,490)	526,595	172,028	30	134,325	524	155,594	1,575
Total fund balances	640,162	207,692	(588)	(4,490)	526,595	172,028	30	134,325	524	155,594	1,575
Total liabilities, deferred inflows of resources and fund balances	\$ 3,232,979	\$ 207,692	\$ 3,256	\$ 1,147	\$ 646,595	\$ 172,028	\$ 30	\$ 134,325	\$ 524	\$ 155,594	\$ 1,575

City of Hammond

Combining Balance Sheet
General Fund Accounts
December 31, 2019

	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations	Public Safety	Gaming Revenue	Rainy Day Fund	Penalties	Ambulance Fees	Animal Control Donation
Assets														
Cash and cash equivalents	\$ 1,878	\$ -	\$ 1,606	\$ 78,121	\$ 767,986	\$ 5,830	\$ 1,152,885	\$ 1,411	\$ 12,034	\$ 6,853,551	\$ 257,554	\$ 338	\$ -	\$ 4,195
Receivables:														
Gaming	-	-	-	-	-	-	-	-	-	2,829,507	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	14,190	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	29,078	-	-	-	-	-
Other	-	-	-	-	33,150	-	-	-	-	-	-	-	-	100
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,878	\$ 14,190	\$ 1,606	\$ 78,121	\$ 801,136	\$ 5,830	\$ 1,152,885	\$ 1,411	\$ 41,112	\$ 9,683,058	\$ 257,554	\$ 338	\$ -	\$ 4,295
Liabilities, Deferred Inflows of Resources and Fund Balances														
Liabilities														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 64,519	\$ -	\$ 125	\$ -	\$ -	\$ 1,309,918	\$ 26,600	\$ -	\$ -	\$ -
Accrued payroll	-	3,858	-	1,248	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	9,135	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	12,993	-	1,248	64,519	-	125	-	-	1,309,918	26,600	-	-	-
Fund balances														
Committed	-	-	-	-	-	-	-	-	-	5,836,310	-	-	-	-
Unassigned	1,878	1,197	1,606	76,873	736,617	5,830	1,152,760	1,411	41,112	2,536,830	230,954	338	-	4,295
Total fund balances	1,878	1,197	1,606	76,873	736,617	5,830	1,152,760	1,411	41,112	8,373,140	230,954	338	-	4,295
Total liabilities, deferred inflows of resources and fund balances	\$ 1,878	\$ 14,190	\$ 1,606	\$ 78,121	\$ 801,136	\$ 5,830	\$ 1,152,885	\$ 1,411	\$ 41,112	\$ 9,683,058	\$ 257,554	\$ 338	\$ -	\$ 4,295

City of Hammond

Combining Balance Sheet
General Fund Accounts
December 31, 2019

	Vehicle Release	Adult Probation	Tobacco Ed/ Judgement	Henry Unit	Inspt/ Rental	Cost Due County	Continuing Education	Deferral Program	Pretrial Div Pg	Local Infraction Deferral	Pay Withholding	Eliminations	Total
Assets													
Cash and cash equivalents	\$ 328,072	\$ 6,553	\$ 19,109	\$ 80	\$ 6,442	\$ 294	\$ 126,097	\$ 245,809	\$ -	\$ 125,030	\$ 166,241	\$ -	\$ 13,811,338
Receivables:													
Gaming	-	-	-	-	-	-	-	-	-	-	-	-	2,829,507
Accounts	-	-	-	-	-	-	187	-	-	-	-	-	454,264
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	304,626
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	101,752
Other	675	-	-	-	-	758	-	58	-	52	-	-	73,056
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	(9,713)	40,360
Total assets	\$ 328,747	\$ 6,553	\$ 19,109	\$ 80	\$ 6,442	\$ 1,052	\$ 126,284	\$ 245,867	\$ -	\$ 125,082	\$ 166,241	\$ (9,713)	\$ 17,614,903
Liabilities, Deferred Inflows of Resources and Fund Balances													
Liabilities													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,179	\$ -	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,011,482
Accrued payroll	-	-	-	12,943	1,913	-	-	-	-	-	-	-	97,369
Due to other funds	-	-	-	-	-	-	-	-	578	-	-	(9,713)	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	36,450
Total liabilities	-	-	-	12,943	3,092	-	700	-	578	-	-	(9,713)	4,145,301
Fund balances													
Committed	-	-	-	-	-	-	-	-	-	-	-	-	5,836,310
Unassigned	328,747	6,553	19,109	(12,863)	3,350	1,052	125,584	245,867	(578)	125,082	166,241	-	7,633,292
Total fund balances	328,747	6,553	19,109	(12,863)	3,350	1,052	125,584	245,867	(578)	125,082	166,241	-	13,469,602
Total liabilities, deferred inflows of resources and fund balances	\$ 328,747	\$ 6,553	\$ 19,109	\$ 80	\$ 6,442	\$ 1,052	\$ 126,284	\$ 245,867	\$ -	\$ 125,082	\$ 166,241	\$ (9,713)	\$ 17,614,903

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund Accounts
Year Ended December 31, 2019

	General	Façade Rebate Program	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Hmls Prev HPRP	Blight Elimination	Public Defender
Revenues												
Property taxes	\$ 28,618,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,194,251	-	-	-	-	-	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	1,721,291	-	-	-	-	-	-	-	-	-	-	-
Charges for services	15,828,202	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	467,426	-	-	-	-	82,281	-	-	-	-	-	-
Other	475,824	10,082	-	-	19,038	-	-	15,740	-	-	118,301	-
Interest	362,086	-	-	-	-	-	-	-	-	-	-	-
Total revenues	60,667,236	10,082	-	-	19,038	82,281	-	15,740	-	-	118,301	-
Expenditures												
Current:												
General government	14,101,017	-	564	62	-	260,371	-	-	-	-	42,106	-
Public safety	57,455,192	-	-	-	447,871	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	49,476	-	-	-
Urban redevelopment and housing	938,961	117,172	-	-	-	-	-	54,247	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	7,421	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	72,502,591	117,172	564	62	447,871	260,371	-	54,247	49,476	-	42,106	-
Excess (deficiency) of revenues over (under) expenditures	(11,835,355)	(107,090)	(564)	(62)	(428,833)	(178,090)	-	(38,507)	(49,476)	-	76,195	-
Other financing sources (uses)												
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	15,913	-	-	-	-	-	-	-	-	-	-	-
Transfers in	12,500,000	200,000	-	-	562,893	-	-	100,000	50,000	-	-	-
Transfers out	(4,384,082)	-	-	-	-	-	-	-	-	-	(62,893)	-
Total other financing sources (uses)	8,131,831	200,000	-	-	562,893	-	-	100,000	50,000	-	(62,893)	-
Change in fund balance	(3,703,524)	92,910	(564)	(62)	134,060	(178,090)	-	61,493	524	-	13,302	-
Fund balances:												
January 1, 2019, as restated	4,343,686	114,782	(24)	(4,428)	392,535	350,118	30	72,832	-	-	142,292	1,575
December 31, 2019	\$ 640,162	\$ 207,692	\$ (588)	\$ (4,490)	\$ 526,595	\$ 172,028	\$ 30	\$ 134,325	\$ 524	\$ -	\$ 155,594	\$ 1,575

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund Accounts
Year Ended December 31, 2019

	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual Records	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations	Public Safety	Gaming Revenue	Rainy Day Fund	Penalties	Ambulance User Fees For Equipment	Animal Control Donation
Revenues														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	116,944	-	-	-	-	-	-	822,147	19,305,742	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	16,999,526	-	-	-	-
Licenses, permits and fees	-	-	780	17,853	397,050	11,000	-	-	-	-	-	-	-	-
Charges for services	4,323	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	165,545	-	457	856,661	23,158	-	-	2,636
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	4,323	116,944	780	17,853	397,050	11,000	165,545	-	822,604	37,161,929	23,158	-	-	2,636
Expenditures														
Current:														
General government	-	-	-	122,919	-	18,277	-	1,891	-	9,228,548	130,236	304,357	-	3,239
Public safety	4,324	122,418	-	-	423,227	-	-	-	202,899	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	2,702,190	49,867	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	514,507	-	-	8,989,687	-	-	-	-
Debt service:														
Principal	-	-	-	-	-	-	-	-	150,470	291,104	1,453,510	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	15,153	449,570	1,187,719	-	-	-
Capital outlay	-	-	-	-	64,825	-	-	-	440,503	158,108	905,742	1,000	125,000	-
Total expenditures	4,324	122,418	-	122,919	488,052	18,277	514,507	1,891	809,025	21,819,207	3,727,074	305,357	125,000	3,239
Excess (deficiency) of revenues over (under) expenditures	(1)	(5,474)	780	(105,066)	(91,002)	(7,277)	(348,962)	(1,891)	13,579	15,342,722	(3,703,916)	(305,357)	(125,000)	(603)
Other financing sources (uses)														
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-	905,742	-	-	-
Sale of capital assets	-	-	-	-	-	-	656,328	-	-	-	4,029	-	-	-
Transfers in	-	-	-	-	-	-	-	-	92	-	2,835,000	305,197	125,000	-
Transfers out	-	-	-	-	-	-	(215,242)	-	(200,000)	(16,154,364)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	441,086	-	(199,908)	(16,154,364)	3,744,771	305,197	125,000	-
Change in fund balance	(1)	(5,474)	780	(105,066)	(91,002)	(7,277)	92,124	(1,891)	(186,329)	(811,642)	40,855	(160)	-	(603)
Fund balances:														
January 1, 2019, as restated	1,879	6,671	826	181,939	827,619	13,107	1,060,636	3,302	227,441	9,184,782	190,099	498	-	4,898
December 31, 2019	\$ 1,878	\$ 1,197	\$ 1,606	\$ 76,873	\$ 736,617	\$ 5,830	\$ 1,152,760	\$ 1,411	\$ 41,112	\$ 8,373,140	\$ 230,954	\$ 338	\$ -	\$ 4,295

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund Accounts
Year Ended December 31, 2019

	Vehicle Release	Adult Probation	Tobacco Ed/ Judgement	Henry Unit	Insp/ Rental	Cost Due County	Continuing Education	Deferral Program	Pretrial Div Pg	Local Infraction Deferral	Pay Withholding	Eliminations	Total
Revenues													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,618,156
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	33,439,084
Development agreement	-	-	-	-	-	-	-	-	-	-	-	-	16,999,526
Licenses, permits and fees	146,075	9,532	-	-	123,307	67,940	102,523	-	2,416	1,018	-	-	2,600,785
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	15,832,525
Fines and forfeits	-	6,336	-	-	-	-	-	1,432	-	-	-	-	557,475
Other	-	-	-	-	82,460	-	172	-	-	-	-	-	1,770,074
Interest	-	-	-	-	-	-	-	-	-	-	-	-	362,086
Total revenues	146,075	15,868	-	-	205,767	67,940	102,695	1,432	2,416	1,018	-	-	100,179,711
Expenditures													
Current:													
General government	-	34,885	-	-	1,352,608	72,064	-	958	2,704	48,578	(6,850)	-	25,718,534
Public safety	10,316	-	-	448,420	-	-	212,219	-	-	-	-	-	59,326,886
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	2,801,533
Urban redevelopment and housing	-	-	-	-	-	-	-	-	-	-	-	-	10,614,574
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	1,895,084
Interest and fees	-	-	-	-	-	-	-	-	-	-	-	-	1,652,442
Capital outlay	-	-	-	-	317	-	-	-	-	-	-	-	1,702,916
Total expenditures	10,316	34,885	-	448,420	1,352,925	72,064	212,219	958	2,704	48,578	(6,850)	-	103,711,969
Excess (deficiency) of revenues over (under) expenditures	135,759	(19,017)	-	(448,420)	(1,147,158)	(4,124)	(109,524)	474	(288)	(47,560)	6,850	-	(3,532,258)
Other financing sources (uses)													
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-	-	-	905,742
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	676,270
Transfers in	-	-	-	450,000	1,149,166	-	-	-	-	-	-	(16,817,256)	1,460,092
Transfers out	-	-	-	-	(165)	-	-	-	-	-	-	16,817,256	(4,199,490)
Total other financing sources (uses)	-	-	-	450,000	1,149,001	-	-	-	-	-	-	-	(1,157,386)
Change in fund balance	135,759	(19,017)	-	1,580	1,843	(4,124)	(109,524)	474	(288)	(47,560)	6,850	-	(4,689,644)
Fund balances:													
January 1, 2019, as restated	192,988	25,570	19,109	(14,443)	1,507	5,176	235,108	245,393	(290)	172,642	159,391	-	18,159,246
December 31, 2019	\$ 328,747	\$ 6,553	\$ 19,109	\$ (12,863)	\$ 3,350	\$ 1,052	\$ 125,584	\$ 245,867	\$ (578)	\$ 125,082	\$ 166,241	\$ -	\$ 13,469,602

City of Hammond

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 20,278,729	\$ -	\$ 739,728	\$ 21,018,457
Receivables:				
Accounts	48	-	-	48
Intergovernmental	796,961	-	-	796,961
Other	1,167	-	-	1,167
Loans receivable, net	4,666,713	-	-	4,666,713
Restricted cash and cash equivalents	906,129	7,779,485	2,348,586	11,034,200
Property held for resale	171,000	-	-	171,000
Total assets	\$ 26,820,747	\$ 7,779,485	\$ 3,088,314	\$ 37,688,546
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 905,200	\$ -	\$ 244,893	\$ 1,150,093
Accrued payroll	19,592	-	-	19,592
Due to other funds	40,360	-	-	40,360
Unearned revenue	263,493	-	-	263,493
Total liabilities	1,228,645	-	244,893	1,473,538
Deferred inflows of resources				
Unavailable revenue	92,612	-	-	92,612
Total deferred inflows of resources	92,612	-	-	92,612
Fund balances (deficits)				
Restricted				
General government	101,768	-	592,607	694,375
Public safety	923,116	-	-	923,116
Highways and streets	1,717,156	-	-	1,717,156
Culture and recreation	788,916	-	2,250,814	3,039,730
Urban redevelopment and housing	22,024,817	-	-	22,024,817
Debt service	-	7,779,485	-	7,779,485
Unassigned (deficit)	(56,283)	-	-	(56,283)
Total fund balances (deficits)	25,499,490	7,779,485	2,843,421	36,122,396
Total liabilities, deferred inflows of resources and fund balances	\$ 26,820,747	\$ 7,779,485	\$ 3,088,314	\$ 37,688,546

City of Hammond

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 13,729,393	\$ 2,361,569	\$ -	\$ 16,090,962
Other taxes	-	-	-	-
Intergovernmental taxes	15,516,667	131,930	25,000	15,673,597
Licenses and permits	26,256	-	-	26,256
Charges for services	2,604,393	-	-	2,604,393
Other	590,151	418,355	500,650	1,509,156
Interest	3,918	544	-	4,462
Total revenues	32,470,778	2,912,398	525,650	35,908,826
Expenditures				
Current:				
General government	1,830,907	-	385	1,831,292
Public safety	3,627,780	-	-	3,627,780
Streets and equipment maintenance	5,225,774	-	-	5,225,774
Culture and recreation	7,031,809	-	-	7,031,809
Urban redevelopment and housing	12,214,410	-	-	12,214,410
Debt service,				
Principal retirement	1,600,273	5,070,000	-	6,670,273
Interest and fees	437,509	4,869,829	-	5,307,338
Debt issuance costs	358,986	-	-	358,986
Capital outlay	5,540,551	-	2,860,837	8,401,388
Total expenditures	37,867,999	9,939,829	2,861,222	50,669,050
Excess (deficiency) of revenues over (under) expenditures	(5,397,221)	(7,027,431)	(2,335,572)	(14,760,224)
Other financing sources (uses):				
Proceeds of bond issuance	5,000,000	-	-	5,000,000
Loss on sale of land held for resale	-	-	-	-
Transfers in	377,513	7,299,669	500,000	8,177,182
Transfers out	(5,841,746)	-	-	(5,841,746)
Total other financing sources (uses)	(464,233)	7,299,669	500,000	7,335,436
Change in fund balance	(5,861,454)	272,238	(1,835,572)	(7,424,788)
Fund balances:				
January 1, 2019, as restated	31,360,944	7,507,247	4,678,993	43,547,184
December 31, 2019	\$ 25,499,490	\$ 7,779,485	\$ 2,843,421	\$ 36,122,396

City of Hammond

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF	Woodmar Gateways TIF	Parks and Recreation	Grants	M.V.H. M.V.H.	LRS	M.V.H. Restricted	CEDIT	Evidence Money
Assets															
Cash and cash equivalents	\$ 708,452	\$ 9,678,714	\$ 1,226,419	\$ 192,590	\$ 3,230	\$ 1,480,694	\$ 750,710	\$ 633,846	\$ 1,143,322	\$ 1,667,547	\$ 191,135	\$ 1,046,491	\$ 174,086	\$ 71,693	\$ 20,629
Receivables:															
Accounts	-	-	-	-	-	-	-	-	48	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	410,679	133,168	119,946	133,168	-	-
Other	-	-	-	-	-	-	-	-	1,167	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-	-	4,666,713	-	-	-	-	-
Restricted cash and cash equivalents	906,129	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property held for resale	-	-	171,000	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,614,581	\$ 9,678,714	\$ 1,397,419	\$ 192,590	\$ 3,230	\$ 1,480,694	\$ 750,710	\$ 633,846	\$ 1,144,537	\$ 6,744,939	\$ 324,303	\$ 1,166,437	\$ 307,254	\$ 71,693	\$ 20,629
Liabilities, Deferred Inflows of Resources and Fund Balances															
Liabilities															
Accounts payable	\$ 309,210	\$ 2,164	\$ 44,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,716	\$ 267,678	\$ 2,130	\$ 73,579	\$ -	\$ 127,976	\$ -
Accrued payroll	-	-	-	-	-	-	-	-	14,412	51	5,129	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	40,360	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	263,493	-	-	-	-	-	-
Total liabilities	309,210	2,164	44,596	-	-	-	-	-	355,621	308,089	7,259	73,579	-	127,976	-
Deferred inflows of resources															
Unavailable revenue	-	-	-	-	-	-	-	-	-	92,612	-	-	-	-	-
Fund balances															
Restricted															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,629
Highways and streets	-	-	-	-	-	-	-	-	-	-	317,044	1,092,858	307,254	-	-
Culture and recreation	-	-	-	-	-	-	-	-	788,916	-	-	-	-	-	-
Urban redevelopment and housing	1,305,371	9,676,550	1,352,823	192,590	3,230	1,480,694	750,710	633,846	-	6,344,238	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,283)	-
Total fund balances	1,305,371	9,676,550	1,352,823	192,590	3,230	1,480,694	750,710	633,846	788,916	6,344,238	317,044	1,092,858	307,254	(56,283)	20,629
Total liabilities, deferred inflows of resources and fund balances	\$ 1,614,581	\$ 9,678,714	\$ 1,397,419	\$ 192,590	\$ 3,230	\$ 1,480,694	\$ 750,710	\$ 633,846	\$ 1,144,537	\$ 6,744,939	\$ 324,303	\$ 1,166,437	\$ 307,254	\$ 71,693	\$ 20,629

City of Hammond

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	LOIT	Haz-Mat	State Forfeited	Redevelopment	Eco Dev/ Tourism	LOIT Spec Dist	Section 108	C.C.I.F.	Major Moves	GTW18A Bond Payment	18A Park Bond COI	C.C.D.F.	Total
Assets													
Cash and cash equivalents	\$ 813,655	\$ 68,549	\$ 20,283	\$ 173,188	\$ 12,891	\$ -	\$ 81,486	\$ 101,768	\$ 17,351	\$ -	\$ -	\$ -	\$ 20,278,729
Receivables:													
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	48
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-	796,961
Other	-	-	-	-	-	-	-	-	-	-	-	-	1,167
Loans receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	4,666,713
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	906,129
Property held for resale	-	-	-	-	-	-	-	-	-	-	-	-	171,000
Total assets	\$ 813,655	\$ 68,549	\$ 20,283	\$ 173,188	\$ 12,891	\$ -	\$ 81,486	\$ 101,768	\$ 17,351	\$ -	\$ -	\$ -	\$ 26,820,747
Liabilities, Deferred Inflows of Resources and Fund Balances													
Liabilities													
Accounts payable	\$ -	\$ -	\$ -	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 905,200
Accrued payroll	-	-	-	-	-	-	-	-	-	-	-	-	19,592
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	40,360
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	263,493
Total liabilities	-	-	-	151	-	-	-	-	-	-	-	-	1,228,645
Deferred inflows of resources													
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-	92,612
Fund balances													
Restricted													
General government	-	-	-	-	-	-	-	101,768	-	-	-	-	101,768
Public safety	813,655	68,549	20,283	-	-	-	-	-	-	-	-	-	923,116
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	1,717,156
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	788,916
Urban redevelopment and housing	-	-	-	173,037	12,891	-	81,486	-	17,351	-	-	-	22,024,817
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	(56,283)
Total fund balances	813,655	68,549	20,283	173,037	12,891	-	81,486	101,768	17,351	-	-	-	25,499,490
Total liabilities, deferred inflows of resources and fund balances	\$ 813,655	\$ 68,549	\$ 20,283	\$ 173,188	\$ 12,891	\$ -	\$ 81,486	\$ 101,768	\$ 17,351	\$ -	\$ -	\$ -	\$ 26,820,747

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF	Woodmar Gateway TIF	Parks and Recreation	Grants
Revenues										
Property taxes	\$ 1,061,615	\$ 3,231,864	\$ 683,882	\$ 398,331	\$ 8	\$ -	\$ 337,735	\$ 1,457,253	\$ 4,160,860	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	302,197	3,266,481
Development agreement	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	2,604,393	-
Other	1,260	200,391	-	-	-	-	-	-	76,772	42,480
Interest	-	730	-	3,188	-	-	-	-	-	-
Total revenues	1,062,875	3,432,985	683,882	401,519	8	-	337,735	1,457,253	7,144,222	3,308,961
Expenditures										
Current:										
General government	5	-	-	-	-	-	-	-	-	47,704
Public safety	-	-	-	-	-	-	-	-	161,438	311,871
Highways and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	7,031,807	-
Urban redevelopment and housing	1,448,565	1,343,740	1,350,811	647,762	4,637,792	21,709	-	-	-	2,351,144
Debt service:										
Principal	132,898	649,606	-	-	-	-	-	-	-	199,000
Interest and fees	118,662	281,877	-	-	-	-	-	-	-	10,846
Debt issuance costs	-	-	-	-	358,986	-	-	-	-	-
Capital outlay	1,900,000	928,476	-	-	-	-	30,136	22,429	102,377	40,300
Total expenditures	3,600,130	3,203,699	1,350,811	647,762	4,996,778	21,709	30,136	22,429	7,295,622	2,960,865
Excess (deficiency) of revenues over (under) expenditures	(2,537,255)	229,286	(666,929)	(246,243)	(4,996,770)	(21,709)	307,599	1,434,824	(151,400)	348,096
Other financing sources (uses)										
Proceeds of bond issuance	-	-	-	-	5,000,000	-	-	-	-	-
Transfers in	-	-	-	204,935	-	-	-	10,308	100,000	-
Transfers out	(236,817)	(1,504,386)	(500,000)	(177,000)	-	-	(207,975)	(1,496,498)	(90,000)	-
Total other financing sources (uses)	(236,817)	(1,504,386)	(500,000)	27,935	5,000,000	-	(207,975)	(1,486,190)	10,000	-
Change in fund balance	(2,774,072)	(1,275,100)	(1,166,929)	(218,308)	3,230	(21,709)	99,624	(51,366)	(141,400)	348,096
Fund balances:										
January 1, 2019, as restated	4,079,443	10,951,650	2,519,752	410,898	-	1,502,403	651,086	685,212	930,316	5,996,142
December 31, 2019	\$ 1,305,371	\$ 9,676,550	\$ 1,352,823	\$ 192,590	\$ 3,230	\$ 1,480,694	\$ 750,710	\$ 633,846	\$ 788,916	\$ 6,344,238

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Motor Vehicle Highway	Local Road and Street	Motor Vehicle Highway Restricted	CEDIT	Evidence Money	LOIT	Hazardous Materials	State Forfeited	Redevelopment	Eco Dev/ Tourism	LOIT Spec Dist
Revenues											
Property taxes	\$ 1,763,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 437,126	\$ -	\$ -
Intergovernmental	1,848,763	1,390,144	1,727,683	3,283,792	-	3,442,979	-	17,917	27,678	10,800	-
Development agreement	-	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	26,159	-	97	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Other	209,245	57	-	-	44,117	-	-	-	120	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total revenues	3,821,023	1,390,201	1,727,683	3,283,792	44,117	3,442,979	26,159	17,917	465,021	10,800	-
Expenditures											
Current:											
General government	-	-	-	1,567,712	-	-	-	-	-	-	-
Public safety	-	-	-	414,132	44,117	2,662,194	16,680	17,348	-	-	-
Highways and streets	4,233,320	983,680	8,774	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-	405,155	7,732	-
Debt service:											
Principal	-	-	-	618,769	-	-	-	-	-	-	-
Interest and fees	-	-	-	26,124	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,556,646	37,084	-	-	-	-	-	-	703,752
Total expenditures	4,233,320	983,680	1,556,646	2,663,821	44,117	2,662,194	16,680	17,348	405,155	7,732	703,752
Excess (deficiency) of revenues over (under) expenditures	(412,297)	406,521	162,263	619,971	-	780,785	9,479	569	59,866	3,068	(703,752)
Other financing sources (uses)											
Proceeds of bond issuance	-	-	-	-	-	-	-	-	-	-	-
Transfers in	3,200	-	-	-	-	-	59,070	-	-	-	-
Transfers out	(85,000)	(155,000)	(59,070)	(1,030,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	(81,800)	(155,000)	(59,070)	(1,030,000)	-	-	59,070	-	-	-	-
Change in fund balance	(494,097)	251,521	103,193	(410,029)	-	780,785	68,549	569	59,866	3,068	(703,752)
Fund balances:											
January 1, 2019, as restated	811,141	841,337	204,061	353,746	20,629	32,870	-	19,714	113,171	9,823	703,752
December 31, 2019	\$ 317,044	\$ 1,092,858	\$ 307,254	\$ (56,283)	\$ 20,629	\$ 813,655	\$ 68,549	\$ 20,283	\$ 173,037	\$ 12,891	\$ -

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Section 108	C.C.I.F.	Major Moves	GTW18A Bond Payment	18A Park Bond COI	C.C.D.F.	Total
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,704	\$ 13,729,393
Intergovernmental	-	184,670	-	-	-	13,563	15,516,667
Development agreement	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	26,256
Charges for services	-	-	-	-	-	-	2,604,393
Other	-	15,709	-	-	-	-	590,151
Interest	-	-	-	-	-	-	3,918
Total revenues	-	200,379	-	-	-	211,267	32,470,778
Expenditures							
Current:							
General government	-	215,486	-	-	-	-	1,830,907
Public safety	-	-	-	-	-	-	3,627,780
Highways and streets	-	-	-	-	-	-	5,225,774
Culture and recreation	-	-	-	-	2	-	7,031,809
Urban redevelopment and housing	-	-	-	-	-	-	12,214,410
Debt service:							
Principal	-	-	-	-	-	-	1,600,273
Interest and fees	-	-	-	-	-	-	437,509
Debt issuance costs	-	-	-	-	-	-	358,986
Capital outlay	-	-	-	-	-	219,351	5,540,551
Total expenditures	-	215,486	-	-	2	219,351	37,867,999
Excess (deficiency) of revenues over (under) expenditures	-	(15,107)	-	-	(2)	(8,084)	(5,397,221)
Other financing sources (uses)							
Proceeds of bond issuance	-	-	-	-	-	-	5,000,000
Transfers in	-	-	-	-	-	-	377,513
Transfers out	-	-	-	-	-	(300,000)	(5,841,746)
Total other financing sources (uses)	-	-	-	-	-	(300,000)	(464,233)
Change in fund balance	-	(15,107)	-	-	(2)	(308,084)	(5,861,454)
Fund balances:							
January 1, 2019, as restated	81,486	116,875	17,351	-	2	308,084	31,360,944
December 31, 2019	\$ 81,486	\$ 101,768	\$ 17,351	\$ -	\$ -	\$ -	\$ 25,499,490

City of Hammond

Combining Balance Sheet
Gateways TIF Funds
December 31, 2019

	Gateways TIF	Collateral ST#8	ATG Payment	GTW18A Const AC	GTW18A Ice Kube	GTW18A ATG2 Cns	Total
Assets							
Cash and cash equivalents	\$ 643,544	\$ 64,908	\$ -	\$ -	\$ -	\$ -	\$ 708,452
Restricted cash and cash equivalents	-	-	-	306,129	600,000	-	906,129
Total assets	\$ 643,544	\$ 64,908	\$ -	\$ 306,129	\$ 600,000	\$ -	\$ 1,614,581
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 309,205	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 309,210
Total liabilities	309,205	5	-	-	-	-	309,210
Fund balances							
Restricted	334,339	64,903	-	306,129	600,000	-	1,305,371
Total fund balances	334,339	64,903	-	306,129	600,000	-	1,305,371
Total liabilities, deferred inflows of resources and fund balances	\$ 643,544	\$ 64,908	\$ -	\$ 306,129	\$ 600,000	\$ -	\$ 1,614,581

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Gateways TIF Funds
 Year Ended December 31, 2019

	Gateways TIF	Collateral ST#8	ATG Payment	GTW18A Const AC	GTW18A Ice Kube	GTW18A ATG2 Cns	Eliminations	Total
Revenues								
Property taxes	\$ 1,061,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,061,615
Other	1,260	-	-	-	-	-	-	1,260
Total revenues	1,062,875	-	-	-	-	-	-	1,062,875
Expenditures								
Current:								
General government	-	5	-	-	-	-	-	5
Urban redevelopment and housing	1,448,565	-	-	-	-	-	-	1,448,565
Debt service:								
Principal	132,898	-	-	-	-	-	-	132,898
Interest and fees	118,662	-	-	-	-	-	-	118,662
Capital outlay	-	-	-	-	1,400,000	500,000	-	1,900,000
Total expenditures	1,700,125	5	-	-	1,400,000	500,000	-	3,600,130
Excess (deficiency) of revenues over (under) expenditures	(637,250)	(5)	-	-	(1,400,000)	(500,000)	-	(2,537,255)
Other financing sources (uses)								
Transfers in	1,200,000	-	-	-	-	-	(1,200,000)	-
Transfers out	(236,725)	(92)	-	-	-	(1,200,000)	1,200,000	(236,817)
Total other financing sources (uses)	963,275	(92)	-	-	-	(1,200,000)	-	(236,817)
Change in fund balance	326,025	(97)	-	-	(1,400,000)	(1,700,000)	-	(2,774,072)
Fund balances:								
January 1, 2019, as restated	8,314	65,000	-	306,129	2,000,000	1,700,000	-	4,079,443
December 31, 2019	\$ 334,339	\$ 64,903	\$ -	\$ 306,129	\$ 600,000	\$ -	\$ -	\$ 1,305,371

City of Hammond

Combining Balance Sheet
Hammond Central TIF Funds
December 31, 2019

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Potash Cnst	Potash	Potash DSR	Potash 17Rf Escrow	Sportsplex Project Fund	Total
Assets										
Cash and cash equivalents	\$ 117,115	\$ 2,200,611	\$ 3,894,131	\$ 3,454,790	\$ -	\$ -	\$ -	\$ -	\$ 12,067	\$ 9,678,714
Total assets	\$ 117,115	\$ 2,200,611	\$ 3,894,131	\$ 3,454,790	\$ -	\$ -	\$ -	\$ -	\$ 12,067	\$ 9,678,714
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 2,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,164
Total liabilities	-	-	-	2,164	-	-	-	-	-	2,164
Fund balances										
Restricted	117,115	2,200,611	3,894,131	3,452,626	-	-	-	-	12,067	9,676,550
Total fund balances	117,115	2,200,611	3,894,131	3,452,626	-	-	-	-	12,067	9,676,550
Total liabilities, deferred inflows of resources and fund balances	\$ 117,115	\$ 2,200,611	\$ 3,894,131	\$ 3,454,790	\$ -	\$ -	\$ -	\$ -	\$ 12,067	\$ 9,678,714

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Hammond Central TIF Funds
Year Ended December 31, 2019

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Potash Cnst	Potash	Potash DSR	Potash 17Rf Escrow	Sportsplex Project Fund	Eliminations	Total
Revenues											
Property taxes	\$ 627,740	\$ 396,100	\$ 364,720	\$ 1,843,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,231,864
Other	-	-	-	200,391	-	-	-	-	-	-	200,391
Interest	-	-	-	-	-	730	-	-	-	-	730
Total revenues	627,740	396,100	364,720	2,043,695	-	730	-	-	-	-	3,432,985
Expenditures											
Current:											
Urban redevelopment and housing	-	-	-	1,343,740	-	-	-	-	-	-	1,343,740
Debt service:											
Principal	-	-	-	649,606	-	-	-	-	-	-	649,606
Interest and fees	-	-	-	281,877	-	-	-	-	-	-	281,877
Capital outlay	907,779	-	-	-	-	20,697	-	-	-	-	928,476
Total expenditures	907,779	-	-	2,275,223	-	20,697	-	-	-	-	3,203,699
Excess (deficiency) of revenues over (under) expenditures	(280,039)	396,100	364,720	(231,528)	-	(19,967)	-	-	-	-	229,286
Other financing sources (uses)											
Transfers in	-	-	-	155,481	-	-	-	-	-	(155,481)	-
Transfers out	(51,827)	(51,827)	(51,827)	(1,504,386)	-	-	-	-	-	155,481	(1,504,386)
Total other financing sources (uses)	(51,827)	(51,827)	(51,827)	(1,348,905)	-	-	-	-	-	-	(1,504,386)
Change in fund balance	(331,866)	344,273	312,893	(1,580,433)	-	(19,967)	-	-	-	-	(1,275,100)
Fund balances:											
January 1, 2019, as restated	448,981	1,856,338	3,581,238	5,033,059	-	19,967	-	-	12,067	-	10,951,650
December 31, 2019	\$ 117,115	\$ 2,200,611	\$ 3,894,131	\$ 3,452,626	\$ -	\$ -	\$ -	\$ -	\$ 12,067	\$ -	\$ 9,676,550

City of Hammond

Combining Balance Sheet
Roby TIF Funds
December 31, 2019

	Roby TIF	Marina	Total
Assets			
Cash and cash equivalents	\$ 192,487	\$ 103	\$ 192,590
Total assets	<u>\$ 192,487</u>	<u>\$ 103</u>	<u>\$ 192,590</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted	192,487	103	192,590
Total fund balances	<u>192,487</u>	<u>103</u>	<u>192,590</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 192,487</u>	<u>\$ 103</u>	<u>\$ 192,590</u>

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Roby TIF Funds
 Year Ended December 31, 2019

	Roby TIF	Marina	Eliminations	Total
Revenues				
Property taxes	\$ 398,331	\$ -	\$ -	\$ 398,331
Interest	-	3,188	-	3,188
Total revenues	398,331	3,188	-	401,519
Expenditures				
Current:				
Urban redevelopment and housing	236,476	411,286	-	647,762
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	236,476	411,286	-	647,762
Excess (deficiency) of revenues over (under) expenditures	161,855	(408,098)	-	(246,243)
Other financing sources (uses)				
Transfers in	204,935	-	-	204,935
Transfers out	(177,000)	-	-	(177,000)
Total other financing sources (uses)	27,935	-	-	27,935
Change in fund balance	189,790	(408,098)	-	(218,308)
Fund balances:				
January 1, 2019, as restated	2,697	408,201	-	410,898
December 31, 2019	\$ 192,487	\$ 103	\$ -	\$ 192,590

City of Hammond

Combining Balance Sheet
 State Line TIF Funds
 December 31, 2019

	State Line TIF	Data Center 530438	Data Center 530438	Total
Assets				
Cash and cash equivalents	\$ 8	\$ -	\$ 3,222	\$ 3,230
Total assets	\$ 8	\$ -	\$ 3,222	\$ 3,230
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances				
Restricted	8	-	3,222	3,230
Total fund balances	8	-	3,222	3,230
Total liabilities, deferred inflows of resources and fund balances	\$ 8	\$ -	\$ 3,222	\$ 3,230

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 State Line TIF Funds
 Year Ended December 31, 2019

	State Line TIF	Data Center 530438	Data Center 530438	Total
Revenues				
Property taxes	\$ 8	\$ -	\$ -	\$ 8
Other	-	-	-	-
Total revenues	8	-	-	8
Expenditures				
Current:				
Urban redevelopment and housing	-	-	4,637,792	4,637,792
Debt service:				
Debt issuance cost	-	358,986	-	358,986
Total expenditures	-	358,986	4,637,792	4,996,778
Excess (deficiency) of revenues over (under) expenditures	8	(358,986)	(4,637,792)	(4,996,770)
Other financing sources (uses)				
Proceeds of bond issuance	-	358,986	4,641,014	5,000,000
Total other financing sources (uses)	-	358,986	4,641,014	5,000,000
Change in fund balance	8	-	3,222	3,230
Fund balances:				
January 1, 2019, as restated	-	-	-	-
December 31, 2019	\$ 8	\$ -	\$ 3,222	\$ 3,230

City of Hammond

Balance Sheet
West Point TIF Fund
December 31, 2019

	West Point TIF
<hr/>	
Assets	
Cash and cash equivalents	\$ 750,710
Total assets	<u>\$ 750,710</u>
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities	
Accounts payable	\$ -
Total liabilities	<u>-</u>
Fund balance	
Nonspendable - prepaid items	-
Restricted	750,710
Total fund balance	<u>750,710</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 750,710</u>

City of Hammond

**Statement of Revenues, Expenditures and Changes in Fund Balance
West Point TIF Fund
Year Ended December 31, 2019**

	West Point TIF
Revenues	
Property taxes	\$ 337,735
Interest	-
Total revenues	<u>337,735</u>
Expenditures	
Debt service:	
Principal	-
Interest and fees	-
Capital outlay	30,136
Total expenditures	<u>30,136</u>
Excess of revenues over expenditures	<u>307,599</u>
Other financing uses	
Transfers out	(207,975)
Total other financing uses	<u>(207,975)</u>
Change in fund balance	99,624
Fund balance:	
January 1, 2019, as restated	<u>651,086</u>
December 31, 2019	<u><u>\$ 750,710</u></u>

City of Hammond

Balance Sheet
Woodmar Gateway TIF Fund
December 31, 2019

	Woodmar Gateway TIF
<hr/>	
Assets	
Cash and cash equivalents	\$ 633,846
Total assets	<u>\$ 633,846</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ -
Total liabilities	<u>-</u>
Fund balance	
Restricted	633,846
Total fund balance	<u>633,846</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 633,846</u>

City of Hammond

**Statement of Revenues, Expenditures and Changes in Fund Balance
Woodmar Gateway TIF Fund
Year Ended December 31, 2019**

	Woodmar Gateway TIF
<hr/>	
Revenues	
Property taxes	\$ 1,457,253
Other	-
Interest	-
Total revenues	<u>1,457,253</u>
Expenditures	
Debt service:	
Interest and fees	-
Capital outlay	22,429
Total expenditures	<u>22,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,434,824</u>
Other financing sources (uses)	
Transfers in	10,308
Transfers out	(1,496,498)
Total other financing sources (uses)	<u>(1,486,190)</u>
Change in fund balance	(51,366)
Fund balance:	
January 1, 2019, as restated	<u>685,212</u>
December 31, 2019	<u><u>\$ 633,846</u></u>

City of Hammond

Combining Balance Sheet
Parks and Recreation Funds
December 31, 2019

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Assets						
Cash and cash equivalents	\$ 79,065	\$ 1,870	\$ 983,635	\$ 425	\$ 78,327	\$ 1,143,322
Accounts receivable	-	-	48	-	-	48
Receivables, other	1,167	-	-	-	-	1,167
Total assets	\$ 80,232	\$ 1,870	\$ 983,683	\$ 425	\$ 78,327	\$ 1,144,537
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 76,086	\$ -	\$ 5	\$ -	\$ 1,625	\$ 77,716
Accrued payroll	14,412	-	-	-	-	14,412
Unearned revenue	79,743	-	183,750	-	-	263,493
Total liabilities	170,241	-	183,755	-	1,625	355,621
Fund balances						
Restricted	(90,009)	1,870	799,928	425	76,702	788,916
Total fund balances	(90,009)	1,870	799,928	425	76,702	788,916
Total liabilities, deferred inflows of resources and fund balances	\$ 80,232	\$ 1,870	\$ 983,683	\$ 425	\$ 78,327	\$ 1,144,537

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Parks and Recreation Funds
Year Ended December 31, 2019

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Eliminations	Total
Revenues							
Property taxes	\$ 4,160,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,160,860
Intergovernmental	285,809	-	-	16,388	-	-	302,197
Charges for services	1,096,143	-	553,942	-	954,308	-	2,604,393
Other	36,118	27,213	12,941	-	500	-	76,772
Total revenues	5,578,930	27,213	566,883	16,388	954,808	-	7,144,222
Expenditures							
Current:							
Public safety	-	-	-	-	161,438	-	161,438
Culture and recreation	5,442,407	26,100	741,840	16,056	805,404	-	7,031,807
Capital outlay	102,377	-	-	-	-	-	102,377
Total expenditures	5,544,784	26,100	741,840	16,056	966,842	-	7,295,622
Excess (deficiency) of revenues over (under) expenditures	34,146	1,113	(174,957)	332	(12,034)	-	(151,400)
Other financing sources (uses)							
Transfers in	-	-	10,000	-	90,000	-	100,000
Transfers out	(90,000)	-	-	-	-	-	(90,000)
Total other financing sources (uses)	(90,000)	-	10,000	-	90,000	-	10,000
Change in fund balance	(55,854)	1,113	(164,957)	332	77,966	-	(141,400)
Fund balances:							
January 1, 2019, as restated	(34,155)	757	964,885	93	(1,264)	-	930,316
December 31, 2019	\$ (90,009)	\$ 1,870	\$ 799,928	\$ 425	\$ 76,702	\$ -	\$ 788,916

City of Hammond

Combining Balance Sheet
Grants Funds
December 31, 2019

	Neighborhood Stabilization	ASAP	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant
Assets						
Cash and cash equivalents	\$ 92,894	\$ 65,275	\$ 92,940	\$ -	\$ -	\$ (11,577)
Intergovernmental receivables	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-
Total assets	\$ 92,894	\$ 65,275	\$ 92,940	\$ -	\$ -	\$ (11,577)
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	978	3,112	-
Accrued payroll	-	-	-	-	-	-
Total liabilities	-	-	-	978	3,112	-
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	-
Fund balances						
Restricted	92,894	65,275	92,940	(978)	(3,112)	(11,577)
Total fund balances	92,894	65,275	92,940	(978)	(3,112)	(11,577)
Total liabilities, deferred inflows of resources and fund balances	\$ 92,894	\$ 65,275	\$ 92,940	\$ -	\$ -	\$ (11,577)

City of Hammond

Combining Balance Sheet
Grants Funds
December 31, 2019

	FY19 Pedestrian/ Bicyclist	FY19 Project SAVE	2020 CHIRP	Human Relations	FY19 OPO Grant	DUI Task Force
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 64,025	\$ -	\$ -
Intergovernmental receivables	-	-	8,385	-	-	-
Loans receivable, net	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 8,385	\$ 64,025	\$ -	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	120	893	8,385	-	1,195	-
Accrued payroll	-	-	-	-	51	-
Total liabilities	120	893	8,385	-	1,246	-
Deferred inflows of resources						
Unavailable revenue	-	-	8,385	-	-	-
Fund balances						
Restricted	(120)	(893)	(8,385)	64,025	(1,246)	-
Total fund balances	(120)	(893)	(8,385)	64,025	(1,246)	-
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -	\$ 8,385	\$ 64,025	\$ -	\$ -

City of Hammond

Combining Balance Sheet
Grants Funds
December 31, 2019

	FY19 DUI Task Force	C.D.B.G.	C.D.B.G. Donation	FY19 Fire Grants	Affordable Housing	Emergency/ C.D.B.G.
Assets						
Cash and cash equivalents	\$ 8,648	\$ 160,982	\$ 108,684	\$ -	\$ 574,891	\$ 61,396
Intergovernmental receivables	-	290,047	-	84,227	8,416	19,604
Loans receivable, net	-	676,060	-	-	3,990,653	-
Total assets	\$ 8,648	\$ 1,127,089	\$ 108,684	\$ 84,227	\$ 4,573,960	\$ 81,000
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 26,250	\$ -	\$ 93,108	\$ -	\$ -
Due to other funds	25,677	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-
Total liabilities	25,677	26,250	-	93,108	-	-
Deferred inflows of resources						
Unavailable revenue	-	-	-	84,227	-	-
Fund balances						
Restricted	(17,029)	1,100,839	108,684	(93,108)	4,573,960	81,000
Total fund balances	(17,029)	1,100,839	108,684	(93,108)	4,573,960	81,000
Total liabilities, deferred inflows of resources and fund balances	\$ 8,648	\$ 1,127,089	\$ 108,684	\$ 84,227	\$ 4,573,960	\$ 81,000

City of Hammond

Combining Balance Sheet
Grants Funds
December 31, 2019

	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Assets						
Cash and cash equivalents	\$ 386	\$ 115,032	\$ 11,039	\$ 22,932	\$ 300,000	\$ 1,667,547
Intergovernmental receivables	-	-	-	-	-	410,679
Loans receivable, net	-	-	-	-	-	4,666,713
Total assets	\$ 386	\$ 115,032	\$ 11,039	\$ 22,932	\$ 300,000	\$ 6,744,939
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 148,320	\$ 267,678
Due to other funds	-	-	-	-	-	40,360
Accrued payroll	-	-	-	-	-	51
Total liabilities	-	-	-	-	148,320	308,089
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	92,612
Fund balances						
Restricted	386	115,032	11,039	22,932	151,680	6,344,238
Total fund balances	386	115,032	11,039	22,932	151,680	6,344,238
Total liabilities, deferred inflows of resources and fund balances	\$ 386	\$ 115,032	\$ 11,039	\$ 22,932	\$ 300,000	\$ 6,744,939

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Grants Funds
 Year Ended December 31, 2019

	Neighborhood Stabilization	ASAP	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant
Revenues						
Intergovernmental	\$ -	\$ -	\$ 28,829	\$ -	\$ -	\$ -
Other	12,209	-	-	-	-	-
Total revenues	12,209	-	28,829	-	-	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	54,270	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	54,270	-	-	-
Excess (deficiency) of revenues over (under) expenditures	12,209	-	(25,441)	-	-	-
Change in fund balance	12,209	-	(25,441)	-	-	-
Fund balances:						
January 1, 2019, as restated	80,685	65,275	118,381	(978)	(3,112)	(11,577)
December 31, 2019	\$ 92,894	\$ 65,275	\$ 92,940	\$ (978)	\$ (3,112)	\$ (11,577)

City of Hammond

Combining Statement of Revenues, Expenditures and Fund Balances
 Grants Funds
 Year Ended December 31, 2019

	FY19 Pedestrian/ Bicyclist	FY19 Project SAVE	2020 CHIRP	Human Relations	FY19 OPO Grant	DUI Task Force
Revenues						
Intergovernmental	\$ 8,257	\$ 7,200	\$ -	\$ 40,100	\$ 81,467	\$ 8,740
Other	-	-	-	131	-	-
Total revenues	8,257	7,200	-	40,231	81,467	8,740
Expenditures						
Current:						
General government	-	-	-	35,926	-	-
Public safety	8,377	8,093	8,385	-	74,886	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	8,377	8,093	8,385	35,926	74,886	-
Excess (deficiency) of revenues over (under) expenditures	(120)	(893)	(8,385)	4,305	6,581	8,740
Change in fund balance	(120)	(893)	(8,385)	4,305	6,581	8,740
Fund balances:						
January 1, 2019, as restated	-	-	-	59,720	(7,827)	(8,740)
December 31, 2019	\$ (120)	\$ (893)	\$ (8,385)	\$ 64,025	\$ (1,246)	\$ -

City of Hammond

Combining Statement of Revenues, Expenditures and Fund Balances
 Grants Funds
 Year Ended December 31, 2019

	FY19 DUI Task Force	C.D.B.G.	C.D.B.G. Donation	FY19 Fire Grants	Affordable Housing	Emergency/ C.D.B.G.
Revenues						
Intergovernmental	\$ 8,648	\$ 1,914,715	\$ -	\$ 29,841	\$ 532,682	\$ 176,356
Other	-	9,178	10,725	-	291	-
Total revenues	8,648	1,923,893	10,725	29,841	532,973	176,356
Expenditures						
Current:						
General government	-	-	11,778	-	-	-
Public safety	25,677	-	-	122,949	-	-
Urban redevelopment and housing	-	1,476,027	-	-	457,126	140,025
Debt service:						
Principal	-	199,000	-	-	-	-
Interest and fees	-	10,846	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	25,677	1,685,873	11,778	122,949	457,126	140,025
Excess (deficiency) of revenues over (under) expenditures	(17,029)	238,020	(1,053)	(93,108)	75,847	36,331
Change in fund balance	(17,029)	238,020	(1,053)	(93,108)	75,847	36,331
Fund balances:						
January 1, 2019, as restated	-	862,819	109,737	-	4,498,113	44,669
December 31, 2019	\$ (17,029)	\$ 1,100,839	\$ 108,684	\$ (93,108)	\$ 4,573,960	\$ 81,000

City of Hammond

**Combining Statement of Revenues, Expenditures
Grants Funds
Year Ended December 31, 2019**

	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 429,646	\$ 3,266,481
Other	-	-	2,675	7,271	-	42,480
Total revenues	-	-	2,675	7,271	429,646	3,308,961
Expenditures						
Current:						
General government	-	-	-	-	-	47,704
Public safety	-	-	336	8,898	-	311,871
Urban redevelopment and housing	-	-	-	-	277,966	2,351,144
Debt service:						
Principal	-	-	-	-	-	199,000
Interest and fees	-	-	-	-	-	10,846
Capital outlay	-	40,300	-	-	-	40,300
Total expenditures	-	40,300	336	8,898	277,966	2,960,865
Excess (deficiency) of revenues over (under) expenditures	-	(40,300)	2,339	(1,627)	151,680	348,096
Change in fund balance	-	(40,300)	2,339	(1,627)	151,680	348,096
Fund balances:						
January 1, 2019, as restated	386	155,332	8,700	24,559	-	5,996,142
December 31, 2019	\$ 386	\$ 115,032	\$ 11,039	\$ 22,932	\$ 151,680	\$ 6,344,238

City of Hammond

Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2019

	General Obligation Bonds						Refunding Bonds					Total
	Series 2008 (Judgement Funding)	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)	Series 2017 (Potash)	Series 2018A (Gateway)	Series 2018B (Lear Seating)	Series 2019 (Data Center)	
Assets												
Restricted cash and cash equivalents	\$ 70	\$ 401,932	\$ 656,001	\$ 120	\$ 2,593	\$ 3	\$ 5,161,202	\$ 663,002	\$ 721,831	\$ 172,731	\$ -	\$ 7,779,485
Total assets	\$ 70	\$ 401,932	\$ 656,001	\$ 120	\$ 2,593	\$ 3	\$ 5,161,202	\$ 663,002	\$ 721,831	\$ 172,731	\$ -	\$ 7,779,485
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances												
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	70	401,932	656,001	120	2,593	3	5,161,202	663,002	721,831	172,731	-	7,779,485
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	70	401,932	656,001	120	2,593	3	5,161,202	663,002	721,831	172,731	-	7,779,485
Total liabilities, deferred inflows of resources and fund balances	\$ 70	\$ 401,932	\$ 656,001	\$ 120	\$ 2,593	\$ 3	\$ 5,161,202	\$ 663,002	\$ 721,831	\$ 172,731	\$ -	\$ 7,779,485

City of Hammond

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2019**

	General Obligation Bonds			Refunding Bonds								Total
	Series 2008 (Judgement Fundin	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)	Series 2017 (Potash)	Series 2018A (Gateway)	Series 2018B (Lear Seating)	Series 2019 (Data Center)	
Revenues												
Property taxes	\$ 322,857	\$ 928,666	\$ 1,110,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,361,569
Intergovernmental	18,001	51,909	62,020	-	-	-	-	-	-	-	-	131,930
Other	103	-	1,500	377,752	-	-	-	-	-	-	39,000	418,355
Interest	3	-	440	40	58	3	-	-	-	-	-	544
Total revenues	340,964	980,575	1,174,006	377,792	58	3	-	-	-	-	39,000	2,912,398
Expenditures												
Debt service:												
Principal	580,000	705,000	365,000	-	120,000	100,000	1,985,000	1,215,000	-	-	-	5,070,000
Interest and fees	14,065	182,200	309,850	1,874,250	87,975	77,000	1,740,211	166,050	236,725	142,503	39,000	4,869,829
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	594,065	887,200	674,850	1,874,250	207,975	177,000	3,725,211	1,381,050	236,725	142,503	39,000	9,939,829
Excess (deficiency) of revenues over (under) expenditures	(253,101)	93,375	499,156	(1,496,458)	(207,917)	(176,997)	(3,725,211)	(1,381,050)	(236,725)	(142,503)	-	(7,027,431)
Other financing sources (uses)												
Transfers in	18,379	-	-	1,496,498	207,975	177,000	3,658,706	1,381,050	236,725	123,336	-	7,299,669
Total other financing sources (uses)	18,379	-	-	1,496,498	207,975	177,000	3,658,706	1,381,050	236,725	123,336	-	7,299,669
Change in fund balance	(234,722)	93,375	499,156	40	58	3	(66,505)	-	-	(19,167)	-	272,238
Fund balances:												
January 1, 2019, as restated	234,792	308,557	156,845	80	2,535	-	5,227,707	663,002	721,831	191,898	-	7,507,247
December 31, 2019	\$ 70	\$ 401,932	\$ 656,001	\$ 120	\$ 2,593	\$ 3	\$ 5,161,202	\$ 663,002	\$ 721,831	\$ 172,731	\$ -	\$ 7,779,485

City of Hammond

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2019

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Total
Assets					
Cash and cash equivalents	\$ 726,778	\$ 12,950	\$ -	\$ -	\$ 739,728
Restricted cash and cash equivalents	-	-	2,237,864	110,722	2,348,586
Total assets	<u>\$ 726,778</u>	<u>\$ 12,950</u>	<u>\$ 2,237,864</u>	<u>\$ 110,722</u>	<u>\$ 3,088,314</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 244,868	\$ -	\$ -	\$ 25	\$ 244,893
Total liabilities	<u>244,868</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>244,893</u>
Fund balances					
Restricted	481,910	12,950	2,237,864	110,697	2,843,421
Total fund balances	<u>481,910</u>	<u>12,950</u>	<u>2,237,864</u>	<u>110,697</u>	<u>2,843,421</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 726,778</u>	<u>\$ 12,950</u>	<u>\$ 2,237,864</u>	<u>\$ 110,722</u>	<u>\$ 3,088,314</u>

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 Year Ended December 31, 2019

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Total
Revenues					
Intergovernmental	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Other	-	650	500,000	-	500,650
Total revenues	<u>25,000</u>	<u>650</u>	<u>500,000</u>	<u>-</u>	<u>525,650</u>
Expenditures					
Current:					
General government	-	-	-	385	385
Capital outlay	480,390	32,700	1,743,372	604,375	2,860,837
Total expenditures	<u>480,390</u>	<u>32,700</u>	<u>1,743,372</u>	<u>604,760</u>	<u>2,861,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(455,390)</u>	<u>(32,050)</u>	<u>(1,243,372)</u>	<u>(604,760)</u>	<u>(2,335,572)</u>
Other financing sources (uses)					
Issuance of loan	-	-	-	-	-
Transfers in	500,000	-	-	-	500,000
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Change in fund balance	44,610	(32,050)	(1,243,372)	(604,760)	(1,835,572)
Fund balances:					
January 1, 2019, as restated	<u>437,300</u>	<u>45,000</u>	<u>3,481,236</u>	<u>715,457</u>	<u>4,678,993</u>
December 31, 2019	<u>\$ 481,910</u>	<u>\$ 12,950</u>	<u>\$ 2,237,864</u>	<u>\$ 110,697</u>	<u>\$ 2,843,421</u>

Agency Funds

City of Hammond

**Agency Funds
Statements of Changes in Assets and Liabilities
Year Ended December 31, 2019**

	Balances January 1	Additions	Subtractions	Balances December 31
Combining Statement - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,061,773	\$ 2,155,939	\$ 3,200,636	\$ 17,076
Total Assets	<u>\$ 1,061,773</u>	<u>\$ 2,155,939</u>	<u>\$ 3,200,636</u>	<u>\$ 17,076</u>
Liabilities				
Due to other governments	\$ 1,061,773	\$ 2,155,939	\$ 3,200,636	\$ 17,076
Total Liabilities	<u>\$ 1,061,773</u>	<u>\$ 2,155,939</u>	<u>\$ 3,200,636</u>	<u>\$ 17,076</u>
Individual Agency Fund Statements				
<i>Bond Monies</i>				
Assets				
Cash and cash equivalents	\$ -	\$ 264,250	\$ 264,250	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 264,250</u>	<u>\$ 264,250</u>	<u>\$ -</u>
Liabilities				
Due to other governments	\$ -	\$ 264,250	\$ 264,250	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 264,250</u>	<u>\$ 264,250</u>	<u>\$ -</u>
<i>Clerk's Office Trust Funds</i>				
Assets				
Cash and cash equivalents	\$ 1,061,773	\$ 1,891,689	\$ 2,936,386	\$ 17,076
Total Assets	<u>\$ 1,061,773</u>	<u>\$ 1,891,689</u>	<u>\$ 2,936,386</u>	<u>\$ 17,076</u>
Liabilities				
Due to other governments	\$ 1,061,773	\$ 1,891,689	\$ 2,936,386	\$ 17,076
Total Liabilities	<u>\$ 1,061,773</u>	<u>\$ 1,891,689</u>	<u>\$ 2,936,386</u>	<u>\$ 17,076</u>