



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

November 17, 2022

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

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of City of Hammond. We have reviewed the audit report opined upon by Crowe, LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. As discussed in the *Basis for Disclaimer of Opinion on Governmental Activities* paragraph, the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. The Independent Auditor's Report may be found pages 2-4.

We call your attention to the findings in the report. The findings appear on pages 10-12 of the Single Audit Report, which is included after the Annual Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further detail. Management's Corrective Action Plan appears at the end of the reports.

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

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

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

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

Tammy R. White, CPA
Deputy State Examiner

City of Hammond, Indiana

Annual Financial Report

For the Year Ended December 31, 2020



Thomas M. McDermott, Jr.- Mayor
Megan Flores- City Controller



City of Hammond, Indiana

**Annual Financial Report
For the Year Ended December 31, 2020**

Submitted by:
Megan Flores
Controller

City of Hammond, Indiana

Table of Contents

Financial Section	
Officials	1
Independent Auditor's Report	2 – 4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	5 – 6
Statement of Activities	7 – 8
Fund Financial Statements	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position – Proprietary Funds	13 – 14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16 – 17
Statement of Fiduciary Net Position – Pension Trust Funds	18
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	19
Notes to Financial Statements	20 – 86
Required Supplementary Information	
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios – Postemployment Healthcare Plan	88
Schedule of Proportionate Share of Net Pension Liability – PERF and 1977 Plan	89
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns – 1925 Police Pension Plan	90
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns – 1937 Firefighters' Pension Plan	91
Schedules of Contributions – Pension Plans (All)	92 – 93
Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	94
Notes to Required Supplementary Information	95 – 96

Financial Section (continued)

Supplementary Information

Governmental Funds – Combining Financial Statements	
Combining Balance Sheet – General Fund Accounts	97 – 100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts	101 – 104
Combining Balance Sheet – Nonmajor Governmental Funds	105
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	106
Combining Balance Sheet – Nonmajor Special Revenue Funds	107 – 110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	111 – 114
Combining Balance Sheet – Gateways TIF Funds	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Gateways TIF Funds	116
Combining Balance Sheet – Hammond Central TIF Funds	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Hammond Central TIF Funds	118
Combining Balance Sheet – Roby TIF Funds	119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Roby TIF Funds	120
Combining Balance Sheet – Parks and Recreation Funds	121
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Parks and Recreation Funds	122
Combining Balance Sheet – Grants Funds	123 – 125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Grants Funds	126 – 128
Combining Balance Sheet – Nonmajor Debt Service Funds	129 – 130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	131
Combining Balance Sheet – Nonmajor Capital Projects Funds	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	133

City of Hammond, Indiana

Schedule of Officials

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

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
City of Hammond
Lake County, Indiana

Report on the 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 (the "City"), as of and for the year ended December 31, 2020, 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 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 46 percent, 50 percent, and 52 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. The financial statements of the Authority were not audited in accordance with *Government Auditing Standards*. 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 entity'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 entity'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.

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

Summary of Opinions

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

Basis for Disclaimer of Opinion on Governmental Activities

The City reported \$350,646,963 for capital assets, net of accumulated depreciation, for land and other capital assets, net investment of capital assets of \$216,936,496, and depreciation expenses of \$12,532,468 but did not provide supporting documentation for these amounts. As a result of this lack of supporting documentation, we were unable to audit the capital assets, accumulated depreciation, net investment in capital assets and depreciation expense, and it was not practicable to determine the amount of any adjustments that would be necessary to adjust reported capital assets, accumulated depreciation, net investment in capital assets, and depreciation expense. The capital assets, net of accumulated depreciation, reported represent 80 percent of the total assets of the City's governmental activities.

Disclaimer of 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. Accordingly, we do not express an opinion on governmental activities of the City, as of December 31, 2020, and for the year then ended.

Unmodified Opinions

In our opinion, based on our audit and the report of 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 – Pension Plans, and
- Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

as listed in the Table of Contents, on pages 87-93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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.

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

Supplementary Information

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The Governmental Funds Combining Financial Statements are presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above in the Basis for Disclaimer of Opinion on Governmental Activities, it is inappropriate to, and we do not express an opinion on the supplementary information referred to above.

The accompanying Schedule of Officials is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Officials has not been subjected the auditing procedures applied in the audit of the financial statements, and accordingly, we do express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
November 8, 2022

Basic Financial Statements

Government-Wide Financial Statements

City of Hammond

Statement of Net Position
December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Authority
Assets					
Current Assets:					
Cash and cash equivalents	\$ 31,727,225	\$ 15,423,597	\$ 47,150,822	\$ 8,360,648	\$ 2,763,410
Investments, unrestricted	-	-	-	-	1,618,029
Receivables:					
Property taxes, net	38,042,374	9,234,843	47,277,217	-	-
Casino	2,434,167	-	2,434,167	-	-
Accounts, net	5,197	4,982,657	4,987,854	-	75,965
Intergovernmental	246,419	-	246,419	-	-
Other	346,608	4,596,548	4,943,156	-	58,024
Loans receivable, net	4,358,506	-	4,358,506	-	-
Prepaid items	136,288	199,441	335,729	400,481	131,312
Inventory	-	1,196,083	1,196,083	116,269	30,896
Note receivable	171,000	-	171,000	-	-
Internal balances	1,715,475	(1,645,049)	70,426	(70,426)	-
Total current assets	79,183,259	33,988,120	113,171,379	8,806,972	4,677,636
Noncurrent Assets:					
Restricted cash and cash equivalents	10,970,068	13,132,767	24,102,835	2,919,448	1,132,333
Restricted investments	-	-	-	-	1,874,738
Taxes receivable, net	-	369,371	369,371	-	-
Investments in joint ventures	-	-	-	-	146,154
Other assets	-	-	-	-	894,625
Capital assets, not being depreciated	105,812,581	26,683,263	132,495,844	5,628,407	1,513,165
Capital assets, net of accumulated depreciation	244,834,382	198,938,080	443,772,462	45,035,697	42,727,820
Total noncurrent assets	361,617,031	239,123,481	600,740,512	53,583,552	48,288,835
Total assets	440,800,290	273,111,601	713,911,891	62,390,524	52,966,471
Deferred outflows of resources					
Pension related amounts	10,696,707	1,064,653	11,761,360	141,482	-
Other post-employment benefit amounts	98,964,723	11,879,542	110,844,265	1,397,194	-
Unamortized losses related to debt refundings	-	421,151	421,151	-	-
Total deferred outflows of resources	109,661,430	13,365,346	123,026,776	1,538,676	-
Total assets and deferred outflows of resources	550,461,720	286,476,947	836,938,667	63,929,200	52,966,471

(Continued)

City of Hammond

Statement of Net Position (Continued)
December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Authority
Liabilities					
Current Liabilities:					
Accounts payable	\$ 4,694,877	\$ 1,747,536	\$ 6,442,413	\$ 294,268	\$ 274,115
Accrued payroll	249,811	418,177	667,988	9,252	111,851
Claims payable	2,707,397	-	2,707,397	-	-
Taxes payable	-	31,150	31,150	-	-
PERF payable	-	26,266	26,266	-	-
Accrued interest payable	1,990,441	1,481,929	3,472,370	211,903	4,100
Contracts and retainage payable	-	701,084	701,084	-	-
Unearned revenue	83,407	-	83,407	368,801	130,983
Customer deposits	-	1,280,679	1,280,679	-	-
Tenant security deposits	-	-	-	-	292,835
Other current liabilities	-	-	-	-	990,163
Compensated absences	196,248	18,880	215,128	-	-
Capital leases payable, current	1,857,542	292,888	2,150,430	-	-
Notes and loans payable	1,782,829	3,920,000	5,702,829	-	24,180
Revenue bonds	6,265,000	415,000	6,680,000	1,815,000	-
General obligation bonds	1,525,000	3,175,000	4,700,000	-	-
Total current liabilities	21,352,552	13,508,589	34,861,141	2,699,224	1,828,227
Long-term Liabilities, net of current maturities:					
Net pension liability	115,860,202	4,695,807	120,556,009	676,568	-
Compensated absences	196,248	558,795	755,043	30,969	-
Other post-employment benefits	255,861,934	33,029,930	288,891,864	3,777,149	-
Other noncurrent liabilities	-	-	-	-	3,749,882
Capital leases payable	6,606,578	208,781	6,815,359	-	-
Notes and loans payable	29,323,237	33,720,000	63,043,237	-	1,412,412
Revenue bonds	78,569,797	6,081,048	84,650,845	10,170,000	-
General obligation bonds, net of unamortized bond premium (discount)	9,727,776	42,465,300	52,193,076	-	-
Total long-term liabilities	496,145,772	120,759,661	616,905,433	14,654,686	5,162,294
Total liabilities	517,498,324	134,268,250	651,766,574	17,353,910	6,990,521
Deferred inflows of resources					
Pension related amounts	5,892,503	1,283,286	7,175,789	212,451	-
Other post-employment benefit amounts	10,020,232	8,045,221	18,065,453	331,544	-
Deferred property taxes	38,042,374	9,234,843	47,277,217	-	-
Total deferred inflows of resources	53,955,109	18,563,350	72,518,459	543,995	-
Net Position					
Net investment in capital assets	216,936,496	136,138,266	353,074,762	38,679,104	44,240,985
Restricted for:					
General government	441,864	-	441,864	-	-
Public safety	1,278,878	-	1,278,878	-	-
Streets and equipment maintenance	1,564,521	-	1,564,521	-	-
Culture and recreation	69,013	-	69,013	-	-
Urban development and housing	20,684,251	-	20,684,251	-	2,496,690
Debt service	7,763,590	6,602,943	14,366,533	2,707,545	-
Capital projects	2,137,683	6,928,354	9,066,037	-	-
Customer deposits	-	361,387	361,387	-	-
Unrestricted	(271,868,009)	(16,385,603)	(288,253,612)	4,644,646	(761,725)
Total net position (deficit)	\$ (20,991,713)	\$ 133,645,347	\$ 112,653,634	\$ 46,031,295	\$ 45,975,950

See Notes to Financial Statements.

City of Hammond

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 31,204,194	\$ 16,365,629	\$ 3,175,680	\$ -
Public safety	66,480,434	499,013	371,343	-
Streets and equipment maintenance	7,733,160	-	1,704,327	-
Culture and recreation	9,680,655	1,636,041	-	-
Urban redevelopment and housing	15,570,100	-	2,265,672	-
Interest and amortization expense	6,831,692	-	-	-
Total governmental activities	<u>137,500,235</u>	<u>18,500,683</u>	<u>7,517,022</u>	<u>-</u>
Business-type activities:				
Water utility	13,337,995	11,876,293	-	-
Sanitary District	28,624,867	21,111,212	-	-
Stormwater utility	775,728	4,791,818	-	-
Total business-type activities	<u>42,738,590</u>	<u>37,779,323</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 180,238,825</u>	<u>\$ 56,280,006</u>	<u>\$ 7,517,022</u>	<u>\$ -</u>
Component Units:				
Port authority	\$ 14,252,280	\$ 4,368,921	\$ -	\$ -
Housing Authority	14,758,769	4,453,717	7,385,863	-
Total component units	<u>\$ 29,011,049</u>	<u>\$ 8,822,638</u>	<u>\$ 7,385,863</u>	<u>\$ -</u>

General revenues
Taxes:
Property
Other taxes
Intergovernmental:
Income and use tax
Wagering
Motor vehicle highway
Payment in lieu of taxes
Auto rental tax
Other
Development agreement
Embarkation fees
Licenses and fees
Interest
Gain (Loss) on sale of capital assets
Contributed capital
Other
Total general revenues and transfers
Change in net position
Net position (deficit):
January 1, 2020
December 31, 2020

See Notes to Financial Statements.

Net (Expense), Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Authority
\$ (11,662,885)	\$ -	\$ (11,662,885)	\$ -	\$ -
(65,610,078)	-	(65,610,078)	-	-
(6,028,833)	-	(6,028,833)	-	-
(8,044,614)	-	(8,044,614)	-	-
(13,304,428)	-	(13,304,428)	-	-
(6,831,692)	-	(6,831,692)	-	-
<u>(111,482,530)</u>	<u>-</u>	<u>(111,482,530)</u>	<u>-</u>	<u>-</u>
-	(1,461,702)	(1,461,702)	-	-
-	(7,513,655)	(7,513,655)	-	-
-	4,016,090	4,016,090	-	-
-	(4,959,267)	(4,959,267)	-	-
<u>(111,482,530)</u>	<u>(4,959,267)</u>	<u>(116,441,797)</u>	<u>-</u>	<u>-</u>
-	-	-	(9,883,359)	-
-	-	-	-	(2,919,189)
-	-	-	<u>(9,883,359)</u>	<u>(2,919,189)</u>
42,108,809	11,141,460	53,250,269	-	-
26,820	-	26,820	-	-
6,795,666	-	6,795,666	-	-
16,179,641	-	16,179,641	-	-
2,928,482	-	2,928,482	-	-
2,592,539	(1,850,000)	742,539	(1,000,000)	-
2,251,508	-	2,251,508	-	-
2,242,651	-	2,242,651	-	-
12,716,661	-	12,716,661	-	-
-	-	-	6,416,667	-
3,196,984	-	3,196,984	-	-
95,916	150,625	246,541	52,120	25,169
77,033	(432,341)	(355,308)	-	33,411
-	4,418,181	4,418,181	-	-
4,021,049	1,070,170	5,091,219	927,341	-
<u>95,233,759</u>	<u>14,498,095</u>	<u>109,731,854</u>	<u>6,396,128</u>	<u>58,580</u>
(16,248,771)	9,538,828	(6,709,943)	(3,487,231)	(2,860,609)
<u>(4,742,942)</u>	<u>124,106,519</u>	<u>119,363,577</u>	<u>49,518,526</u>	<u>48,836,559</u>
<u>\$ (20,991,713)</u>	<u>\$ 133,645,347</u>	<u>\$ 112,653,634</u>	<u>\$ 46,031,295</u>	<u>\$ 45,975,950</u>

Fund Financial Statements

City of Hammond

Balance Sheet – Governmental Funds
December 31, 2020

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 9,057,851	\$ 21,109,624	\$ 30,167,475
Receivables:			
Property taxes, net	29,674,522	8,367,852	38,042,374
Gaming	2,434,167	-	2,434,167
Accounts	3,869	728	4,597
Intergovernmental	5,750	240,669	246,419
Other	222,551	11,506	234,057
Loans receivable, net	-	4,358,506	4,358,506
Prepaid items	100,546	35,742	136,288
Due from other funds	2,451,521	173,697	2,625,218
Restricted cash and investments	-	10,970,068	10,970,068
Note receivable	-	171,000	171,000
Total assets	\$ 43,950,777	\$ 45,439,392	\$ 89,390,169
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 3,223,506	\$ 1,049,169	\$ 4,272,675
Accrued payroll	116,596	133,215	249,811
Due to other funds	-	909,743	909,743
Unearned revenues	-	83,407	83,407
Total liabilities	3,340,102	2,175,534	5,515,636
Deferred inflows of resources			
Deferred property taxes	29,674,522	8,367,852	38,042,374
Fund balances			
Nonspendable - prepaid items	100,546	35,742	136,288
Restricted	-	34,923,172	34,923,172
Committed	2,560,561	-	2,560,561
Unassigned	8,275,046	(62,908)	8,212,138
Total fund balances	10,936,153	34,896,006	45,832,159
Total liabilities, deferred inflows of resources, and fund balances	\$ 43,950,777	\$ 45,439,392	\$ 89,390,169

See Notes to Financial Statements.

City of Hammond

Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2020

Total fund balances – governmental funds \$ 45,832,159

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. 350,646,963

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	10,696,707	
Deferred inflows due to pensions	(5,892,503)	
Deferred outflows due to other post-employment benefits	98,964,723	
Deferred inflows due to other post-employment benefits	<u>(10,020,232)</u>	93,748,695

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

Net pension liability - Public Employees' Retirement Fund	(7,178,873)	
Net pension liability - 1977 Police Officers" and Firefighters' Retirement Fund	(6,174,432)	
Net pension liability - 1925 Police Pension Fund	(42,857,624)	
Net pension liability - 1937 Firefighters' Pension Fund	<u>(59,649,273)</u>	(115,860,202)

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	(1,990,441)	
Compensated absences	(392,496)	
Other postemployment benefits	(255,861,934)	
Notes payable	(31,106,066)	
Revenue bonds	(84,834,797)	
Capital leases	(8,464,120)	
General obligation bonds	<u>(11,252,776)</u>	(393,902,630)

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.

(1,456,698)

Net position of governmental activities \$ (20,991,713)

See Notes to Financial Statements.

City of Hammond

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 Year Ended December 31, 2020

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 26,571,121	\$ 15,537,688	\$ 42,108,809
Intergovernmental	25,116,847	15,404,425	40,521,272
Development agreement	12,716,661	-	12,716,661
Licenses, permits and fees	2,608,473	18,878	2,627,351
Charges for services	17,171,089	1,632,084	18,803,173
Fines and forfeits	408,968	-	408,968
Other	2,245,844	1,646,437	3,892,281
Interest	91,858	65	91,923
Total revenues	86,930,861	34,239,577	121,170,438
Expenditures			
Current:			
General government	23,873,387	1,234,376	25,107,763
Public safety	49,530,374	4,060,510	53,590,884
Streets and equipment maintenance	-	6,268,679	6,268,679
Culture and recreation	957,571	6,287,744	7,245,315
Urban redevelopment and housing	5,163,481	9,970,681	15,134,162
Debt service:			
Principal	2,417,008	5,869,082	8,286,090
Interest and fees	1,762,709	5,249,052	7,011,761
Capital outlay	4,094,234	4,241,961	8,336,195
Total expenditures	87,798,764	43,182,085	130,980,849
Excess (deficiency) of revenues over expenditures	(867,903)	(8,942,508)	(9,810,411)
Other financing sources (uses):			
Proceeds of bond issuance	-	3,040,000	3,040,000
Proceeds of capital leases	2,933,588	-	2,933,588
Sale of capital assets	77,033	-	77,033
Transfers in	1,650,070	10,220,598	11,870,668
Transfers out	(6,326,237)	(5,544,480)	(11,870,717)
Total other financing sources (uses)	(1,665,546)	7,716,118	6,050,572
Net change in fund balances	(2,533,449)	(1,226,390)	(3,759,839)
Fund balances:			
January 1, 2020	13,469,602	36,122,396	49,591,998
December 31, 2020	<u>\$ 10,936,153</u>	<u>\$ 34,896,006</u>	<u>\$ 45,832,159</u>

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, 2020**

Net change in fund balances – total governmental funds		\$ (3,759,839)
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	11,231,118	
Depreciation	<u>(12,532,468)</u>	(1,301,350)
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	877,836	
1977 Police Officers' and Firefighters' Retirement Fund	106,561	
1925 Police Pension Fund	4,238,219	
1937 Firefighters' Pension Fund	5,276,859	
Other post-employment benefits	<u>(23,088,206)</u>	(12,588,731)
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	1,480,000	
Revenue bonds	3,500,000	
Notes payable	1,742,669	
Capital leases	<u>1,563,421</u>	8,286,090
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	(3,040,000)	
Issuance of capital leases	<u>(2,933,588)</u>	(5,973,588)
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		71,865
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	108,204	
Compensated absences	<u>(189,347)</u>	(81,143)
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>(902,075)</u>
Change in net position of governmental activities		<u>\$ (16,248,771)</u>

See Notes to Financial Statements.

City of Hammond

Statement of Net Position – Proprietary Funds
December 31, 2020

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 9,523,937	\$ 971,646	\$ 4,813,389	\$ 15,308,972	\$ 1,559,750
Cash with fiscal agent	114,625	-	-	114,625	-
Property taxes receivable	9,234,843	-	-	9,234,843	-
Accounts receivable, customer, net	1,608,521	2,879,337	494,799	4,982,657	-
Other receivables	4,544,101	52,447	-	4,596,548	113,151
Inventories	852,360	343,723	-	1,196,083	-
Prepaid items	87,716	111,725	-	199,441	-
Total current assets	25,966,103	4,358,878	5,308,188	35,633,169	1,672,901
Noncurrent Assets:					
Restricted cash, cash equivalents and investments:					
Bond and interest account	3,239,496	361,387	-	3,600,883	-
Capital projects - cash and investments	2,498,710	468,010	-	2,966,720	-
Cash with fiscal agent - bond and interest	1,751,506	-	-	1,751,506	-
Customer deposits	-	1,211,333	-	1,211,333	-
Depreciation	-	2,505,530	-	2,505,530	-
Construction account	-	691,768	-	691,768	-
Bond and interest sinking fund	-	373,790	-	373,790	-
Taxes receivable, net of allowance	400,608	-	-	400,608	-
Capital assets:					
Not being depreciated	20,101,548	6,414,442	167,273	26,683,263	-
Net of accumulated depreciation	164,287,445	34,465,915	184,720	198,938,080	-
Total noncurrent assets	192,279,313	46,492,175	351,993	239,123,481	-
Total assets	218,245,416	50,851,053	5,660,181	274,756,650	1,672,901
Deferred outflows of resources					
Pension related amounts	581,525	483,128	-	1,064,653	-
OPEB related amounts	8,586,740	3,292,802	-	11,879,542	-
Deferred loss on refunding	421,151	-	-	421,151	-
	9,589,416	3,775,930	-	13,365,346	-

(Continued)

City of Hammond

Statement of Net Position – Proprietary Funds (Continued)
December 31, 2020

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Liabilities					
Current Liabilities:					
Accounts payable	\$ 1,608,119	\$ 138,143	\$ 1,274	\$ 1,747,536	\$ 422,202
Accrued payroll	228,582	189,595	-	418,177	-
Taxes payable	-	31,150	-	31,150	-
Claims payable	-	-	-	-	2,707,397
PERF payable	-	26,266	-	26,266	-
Due to other funds	103,271	1,541,778	-	1,645,049	-
Compensated absences, current	16,928	1,952	-	18,880	-
Capital lease payable, current	292,888	-	-	292,888	-
Loans payable, current	3,920,000	-	-	3,920,000	-
Revenue bonds, current	-	415,000	-	415,000	-
General obligation bonds, current	3,175,000	-	-	3,175,000	-
Accrued interest payable	1,338,135	143,794	-	1,481,929	-
Contracts and retainage payable	701,084	-	-	701,084	-
Customer deposits	63,251	1,217,428	-	1,280,679	-
Total current liabilities	11,447,258	3,705,106	1,274	15,153,638	3,129,599
Long-term Liabilities, net of current maturities:					
Compensated absences	365,565	193,230	-	558,795	-
Capital lease payable	208,781	-	-	208,781	-
Loans payable	33,720,000	-	-	33,720,000	-
Revenue bonds	-	6,081,048	-	6,081,048	-
General obligation bonds, net of unamortized bond premium (discount)	42,465,300	-	-	42,465,300	-
Net pension liability	2,746,142	1,949,665	-	4,695,807	-
Other post-employment benefits	23,874,673	9,155,257	-	33,029,930	-
Total long-term liabilities	103,380,461	17,379,200	-	120,759,661	-
Total liabilities	114,827,719	21,084,306	1,274	135,913,299	3,129,599
Deferred inflows of resources					
Pension related amounts	732,159	551,127	-	1,283,286	-
OPEB related amounts	5,556,078	2,489,143	-	8,045,221	-
Deferred property taxes	9,234,843	-	-	9,234,843	-
	15,523,080	3,040,270	-	18,563,350	-
Net position					
Net investment in capital assets	101,028,175	34,758,098	351,993	136,138,266	-
Restricted for:					
Debt service	5,391,610	1,211,333	-	6,602,943	-
Capital improvements	3,263,045	3,665,309	-	6,928,354	-
Customer deposits	-	361,387	-	361,387	-
Unrestricted	(12,198,797)	(9,493,720)	5,306,914	(16,385,603)	(1,456,698)
Total net position	\$ 97,484,033	\$ 30,502,407	\$ 5,658,907	\$ 133,645,347	\$ (1,456,698)

See Notes to Financial Statements.

City of Hammond

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2020

	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	\$ 9,480,830	\$ 1,530,758	\$ 4,791,818	\$ 15,803,406	\$ -
Commercial and industrial sales	7,095,274	10,345,535	-	17,440,809	-
Municipal sales	3,119,951	-	-	3,119,951	-
Other charges for services	1,415,157	-	-	1,415,157	22,387,861
Other	499,039	371,129	200,002	1,070,170	25,397
Total operating revenues	21,610,251	12,247,422	4,991,820	38,849,493	22,413,258
Operating expenses:					
Plant and operations	10,192,795	-	-	10,192,795	-
Collections system	3,129,670	-	-	3,129,670	-
Water treatment	-	4,371,244	-	4,371,244	-
Transmission and distribution	-	2,955,465	-	2,955,465	-
Customer accounts	-	1,368,318	-	1,368,318	-
Administration and general	6,538,129	2,279,502	754,221	9,571,852	23,319,375
Depreciation	5,682,642	2,010,164	21,507	7,714,313	-
Total operating expenses	25,543,236	12,984,693	775,728	39,303,657	23,319,375
Operating income (loss)	(3,932,985)	(737,271)	4,216,092	(454,164)	(906,117)
Nonoperating income (expenses):					
Local tax distributions	10,455,934	-	-	10,455,934	-
Local tax distributions for sewer maintenance	685,526	-	-	685,526	-
Interest earned	111,980	33,278	5,367	150,625	3,993
Amortization	(16,534)	-	-	(16,534)	-
Gain/loss on sale of assets/retirement of assets	(432,341)	-	-	(432,341)	-
Interest expense	(3,060,758)	(353,302)	-	(3,414,060)	-
Fiscal charges	(4,339)	-	-	(4,339)	-
Total nonoperating income (expenses)	7,739,468	(320,024)	5,367	7,424,811	3,993
Income (loss) before contributions and transfers	3,806,483	(1,057,295)	4,221,459	6,970,647	(902,124)
Contributions and transfers:					
Contributed capital	4,418,181	-	-	4,418,181	-
Payment in lieu of taxes	(1,700,000)	(150,000)	-	(1,850,000)	-
Transfers In (out)	2,572,713	-	(2,572,713)	-	49
Total contributions and transfers	5,290,894	(150,000)	(2,572,713)	2,568,181	49
Change in net position	9,097,377	(1,207,295)	1,648,746	9,538,828	(902,075)
Net position (deficit):					
January 1, 2020	88,386,656	31,709,702	4,010,161	124,106,519	(554,623)
December 31, 2020	\$ 97,484,033	\$ 30,502,407	\$ 5,658,907	\$ 133,645,347	\$ (1,456,698)

See Notes to Financial Statements.

City of Hammond

Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Fund		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Cash flows from operating activities:					
Cash received for services	\$ 21,199,076	\$ 12,231,214	\$ 4,500,802	\$ 37,931,092	\$ 23,815,212
Payments to suppliers	(12,549,416)	(6,303,362)	(715,810)	(19,568,588)	(23,371,542)
Payments to employees	(8,207,219)	(4,212,103)	-	(12,419,322)	-
Other receipts	499,039	371,129	200,002	1,070,170	25,397
Net cash provided by operating activities	941,480	2,086,878	3,984,994	7,013,352	469,067
Cash flows from noncapital financing activities:					
Proceeds from tax anticipation warrants	600,000	-	-	600,000	-
Principal paid on tax anticipation warrants	(600,000)	-	-	(600,000)	-
Interest paid on tax anticipation warrants	(14,210)	-	-	(14,210)	-
Increase (decrease) in internal balances	-	388,778	-	388,778	-
Transfers out for payments in lieu of taxes	(1,700,000)	(150,000)	-	(1,850,000)	-
Transfers in/out	2,572,713	-	(2,572,713)	-	49
Net cash provided by (used in) noncapital financing activities	858,503	238,778	(2,572,713)	(1,475,432)	49
Cash flows from capital and related financing activities					
Local tax distributions:					
Community customers debt service	10,446,913	-	-	10,446,913	-
Sewer maintenance	720,326	-	-	720,326	-
Acquisition and construction of capital assets	(8,745,042)	(987,056)	(38,228)	(9,770,326)	-
Fiscal charges	(4,338)	-	-	(4,338)	-
Principal paid on capital debt	(7,000,000)	(395,000)	-	(7,395,000)	-
Principal paid on capital lease	(283,870)	-	-	(283,870)	-
Interest paid on capital debt	(3,258,317)	(323,076)	-	(3,581,393)	-
Interest paid on capital lease	(25,734)	-	-	(25,734)	-
Net cash used in capital and related financing activities	(8,150,062)	(1,705,132)	(38,228)	(9,893,422)	-
Cash flows from investing activities					
Cash receipts from interest	80,719	33,278	5,367	119,364	3,993
Net increase (decrease) in cash and cash equivalents	(6,269,360)	653,802	1,379,420	(4,236,138)	473,109
Cash and cash equivalents:					
January 1, 2020	23,397,634	5,929,662	3,433,969	32,761,265	1,086,641
December 31, 2020	\$ 17,128,274	\$ 6,583,464	\$ 4,813,389	\$ 28,525,127	\$ 1,559,750

See Notes to Financial Statements.

City of Hammond

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended December 31, 2020

	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)	\$ (3,932,985)	\$ (737,271)	\$ 4,216,092	\$ (454,164)	\$ (906,117)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,682,642	2,010,164	21,507	7,714,313	-
Bad debt expense	(77,669)	5,410	47,193	(25,066)	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:					
Accounts receivable, net	32,412	354,921	(291,016)	96,317	1,556,622
Taxes receivable	55,451	-	-	55,451	-
Inventories	(11,181)	25,318	-	14,137	-
Prepaid items	(5,854)	(8,590)	-	(14,444)	-
Accounts payable	(1,801,285)	10,657	(8,782)	(1,799,410)	25,009
Accrued payroll	12,039	26,898	-	38,937	-
PERF payable	-	4,292	-	4,292	-
Unearned revenue	-	-	-	-	(129,271)
Due to other funds	103,271	-	-	103,271	-
Claims payable	-	-	-	-	(77,176)
Taxes payable	-	(1,824)	-	(1,824)	-
Customer deposits	-	266,708	-	266,708	-
Compensated absences	(3,362)	9,762	-	6,400	-
Net pension liability	(324,923)	(307,363)	-	(632,286)	-
Other post-employment liability	5,528,408	410,563	-	5,938,971	-
Deferred outflows/inflows					
Pensions	(64,147)	(2,085)	-	(66,232)	-
Other post-employment benefits	(4,251,337)	19,318	-	(4,232,019)	-
Total adjustments	4,874,465	2,824,149	(231,098)	7,467,516	1,375,184
Net cash provided by operating activities	\$ 941,480	\$ 2,086,878	\$ 3,984,994	\$ 7,013,352	\$ 469,067
Supplemental schedule of noncash capital and related financing activities:					
Transfer of completed construction in progress	\$ -	\$ 1,476,226	\$ -	\$ 1,476,226	\$ -

See Notes to Financial Statements.

City of Hammond

**Statement of Fiduciary Net Position –
Pension Trust Funds
December 31, 2020**

Assets

Cash and cash equivalents \$ 6,560,559

Total assets \$ 6,560,559

Liabilities

Due to other organizations \$ -

Total liabilities -

Net Position

Restricted for pensions \$ 6,560,559

See Notes to Financial Statements.

City of Hammond

Statement of Changes in Fiduciary Net Position –
Pension Trust Funds
Year Ended December 31, 2020

Additions

Contributions:

Employer \$ 8,086,725

Plan members 13,308

Total contributions 8,100,033

Investment income:

Interest -

Net investment income -

Total additions 8,100,033

Deductions

Benefits 8,227,871

Administrative expenses 38,936

Total deductions 8,266,807

Change in net position (166,774)

Net position restricted for pensions:

January 1, 2020 6,727,333

December 31, 2020 \$ 6,560,559

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. See Note 13.

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

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

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

City of Hammond

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 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 \$100,000 for buildings and improvements, \$300,000 for infrastructure and \$10,000 for all other items, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Depreciation 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.

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, differences between expected and actual actuarial experience, the change in proportion and differences between employer contributions and proportionate share of contributions for and payments made subsequent to the plan's measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Notes 7 and 9 for pension and OPEB related disclosures, respectively.

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) 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 days 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.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council passes formal resolutions or ordinances to commit its fund balances. On December 31, 2020, the City had committed fund balances of \$2,560,561.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City's City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Council has not delegated the authority to assign amounts to be used for specific purposes. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. On December 31, 2020, 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.

Accounting Pronouncements Adopted During the Year

During the current year, the City adopted the following GASB pronouncements: GASB No. 83 – *Certain Asset Retirement Obligations*; GASB No. 84 – *Fiduciary Activities*; GASB No. 88 – *Certain Disclosures Related to Debt Incurring Direct Borrowing Placements*; GASB No. 89 – *Accounting for Interest Cost Incurred before the End of the Construction Period*; and GASB No. 90 – *Majority Equity Interests*. The City determined that GASB No.'s 83, 84, 89 and 90 did not have a significant effect on the City's financial statements. As a result of implementing GASB No. 88, the City expanded debt disclosures within Note 6 where applicable.

Programs Administered 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.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

As of December 31, 2020, cash and investments consisted of the following:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Component Units	
			Pension Funds	Port Authority	Housing Authority
Demand Deposits	\$ 31,718,596	\$ 15,423,597	\$ 6,560,559	\$ 2,765,048	4,381,439
Restricted Cash	10,970,068	13,132,767	-	-	3,007,071
Money Market Funds	8,629	-	-	2,919,448	-
TrustIndiana	-	-	-	5,595,600	-
	<u>\$ 42,697,293</u>	<u>\$ 28,556,364</u>	<u>\$ 6,560,559</u>	<u>\$ 11,280,096</u>	<u>\$ 7,388,510</u>

Custodial Credit Risk - Deposits

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

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 pledges 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.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

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.

At year-end the City and the Port Authority held investments in money market funds. Moody's and S&P rate each of 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, 2020.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

The City reports restricted cash and investments as follows:

	Governmental Activities	Business-Type Activities		Total	Component Units	
		Sanitary District	Water Utility		Port Authority	Housing Authority
Customer deposits	\$ -	\$ -	\$ 1,211,333	\$ 1,211,333	\$ -	\$ -
Capital improvement / projects	2,187,948	2,498,710	3,665,308	8,351,966	-	1,874,738
Debt service reserve cash	7,832,105	1,751,506	361,387	9,944,998	1,702,505	-
Bond & interest account	950,015	3,239,496	373,790	4,563,301	1,216,943	-
Tenant deposits	-	-	-	-	-	247,872
Housing escrows	-	-	-	-	-	750,190
CARES Act Fund	-	-	-	-	-	96,850
Other restricted cash	-	-	-	-	-	37,421
Total restricted assets	\$ 10,970,068	\$ 7,489,712	\$ 5,611,818	\$ 24,071,598	\$ 2,919,448	\$ 3,007,071

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, 2020 was as follows:

Primary Government

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 79,539,819	\$ 21,057	\$ -	\$ 79,560,876
Construction in progress	24,168,769	2,082,936	-	26,251,705
Total capital assets not being depreciated	103,708,588	2,103,993	-	105,812,581
Capital assets being depreciated:				
Buildings	50,605,569	790,205	-	51,395,774
Improvements	109,930,327	4,428,605	-	114,358,932
Machinery and equipment	32,558,090	3,042,899	-	35,600,989
Infrastructure	195,024,607	865,416	-	195,890,023
Total capital assets being depreciated	388,118,593	9,127,125	-	397,245,718
Less accumulated depreciation for:				
Buildings	29,951,153	842,942	-	30,794,095
Improvements	15,440,672	3,006,267	-	18,446,939
Machinery and equipment	24,114,326	2,942,298	-	27,056,624
Infrastructure	70,372,717	5,740,961	-	76,113,678
Total accumulated depreciation	139,878,868	12,532,468	-	152,411,336
Total capital assets being depreciated, net	248,239,725	(3,405,343)	-	244,834,382
Governmental activities capital assets, net	\$ 351,948,313	\$ (1,301,350)	\$ -	\$ 350,646,963

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,514,288	\$ -	\$ -	\$ 4,514,288
Construction in progress	15,628,539	9,851,788	3,311,352	22,168,975
Total capital assets not being depreciated	20,142,827	9,851,788	3,311,352	26,683,263
Capital assets being depreciated:				
Land improvements	184,228,863	35,634	-	184,264,497
Buildings and improvements	60,394,378	-	-	60,394,378
Machinery and equipment	60,646,137	1,600,582	938,827	61,307,892
Water distribution and sanitary system infrastructure	85,493,555	1,552,401	-	87,045,956
Total capital assets being depreciated	390,762,933	3,188,617	938,827	393,012,723
Less accumulated depreciation for:				
Land improvements	67,521,485	3,020,086	-	70,541,571
Buildings and improvements	32,591,043	1,091,858	-	33,682,901
Machinery and equipment	35,735,157	1,683,870	505,987	36,913,040
Water distribution and sanitary system infrastructure	51,018,632	1,918,499	-	52,937,131
Total accumulated depreciation	186,866,317	7,714,313	505,987	194,074,643
Total capital assets being depreciated, net	203,896,616	(4,525,696)	432,840	198,938,080
Business-type activities capital assets, net	\$ 224,039,443	\$ 5,326,092	\$ 3,744,192	\$ 225,621,343

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Discretely Presented Component Units

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<u>Port Authority component unit activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,601,482	\$ -	\$ -	\$ 5,601,482
Construction in progress	26,925	-	-	26,925
Total capital assets not being depreciated	5,628,407	-	-	5,628,407
Capital assets being depreciated:				
Buildings	23,580,669	-	-	23,580,669
Improvements	29,733,258	55,000	73,016	29,715,242
Equipment	4,341,788	348,546	53,772	4,636,562
Infrastructure	10,461,172	-	-	10,461,172
Total capital assets being depreciated	68,116,887	403,546	126,788	68,393,645
Less accumulated depreciation for:				
Buildings	5,051,314	569,509	-	5,620,823
Improvements	10,806,147	810,090	73,016	11,543,221
Equipment	3,370,771	257,779	53,772	3,574,778
Infrastructure	2,331,360	287,766	-	2,619,126
Total accumulated depreciation	21,559,592	1,925,144	126,788	23,357,948
Total capital assets being depreciated, net	46,557,295	(1,521,598)	-	45,035,697
Port Authority component unit activities capital assets, net	\$ 52,185,702	\$ (1,521,598)	\$ -	\$ 50,664,104

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<u>Housing Authority component unit activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,530,720	\$ -	\$ 17,555	\$ 1,513,165
Construction in progress	51,599	-	51,599	-
Total capital assets not being depreciated	1,582,319	-	69,154	1,513,165
Capital assets being depreciated:				
Buildings and improvements	67,372,742	142,450	(64,343)	67,579,535
Equipment	2,252,213	50,169	193,089	2,109,293
Total capital assets being depreciated	69,624,955	192,619	128,746	69,688,828
Less accumulated depreciation	24,932,309	2,209,043	180,344	26,961,008
Total capital assets being depreciated, net	44,692,646	(2,016,424)	(51,598)	42,727,820
Housing Authority component unit activities capital assets, net	\$ 46,274,965	\$ (2,016,424)	\$ 17,556	\$ 44,240,985

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

Primary Government

Governmental activities:

General government	\$ 2,999,020
Public safety	6,330,149
Streets and equipment maintenance	755,708
Culture and recreation	948,708
Urban redevelopment and housing	1,498,883
Total depreciation expense - governmental activities	\$ 12,532,468

Business-type activities:

Water	\$ 2,010,164
Sanitary	5,682,642
Storm water	21,507
Total depreciation expense - business-type activities	\$ 7,714,313

Discretely Presented Component Units:

Port Authority	\$ 1,925,144
Hammond Housing Authority	\$ 2,209,043

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Short-Term Obligations

Short-term obligation activity for the year ended December 31, 2020 was as follows:

Primary Government

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities:				
Advance funding program notes	\$ -	\$ 10,404,528	\$ 10,404,528	\$ -

The City may use short-term notes and loans to finance operations due to a delay in the receipt of property tax revenues. These notes were paid from the General Fund and the Park Fund (a nonmajor special revenue fund). The interest rate on these notes was 1.84 percent. All short-term notes and loans were repaid as of December 31, 2020.

In June 2020, the Hammond Sanitary District entered into an agreement for a direct line of credit in an amount up to \$1,000,000 for a term of one year and an interest rate of 1.5 percent. As of December 31, 2020, the entire line of credit remains unused, and no interest has been incurred.

Note 6. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

Primary Government

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
<i>Governmental Activities:</i>					
Bonds payable:					
General obligation bonds	\$ 4,320,000	\$ -	\$ 725,000	\$ 3,595,000	\$ 770,000
General obligation bonds - direct placement	8,335,000	-	755,000	7,580,000	755,000
Premium/(discount)	111,549	-	33,773	77,776	-
Net - general obligation bonds	12,766,549	-	1,513,773	11,252,776	1,525,000
Revenue bonds	46,025,000	3,040,000	1,150,000	47,915,000	1,050,000
Revenue bonds - direct placement	30,520,000	-	2,170,000	28,350,000	5,025,000
Premium/(discount)	167,889	-	38,092	129,797	-
Net - revenue bonds	76,712,889	3,040,000	3,358,092	76,394,797	6,075,000
Conduit debt - revenue bonds	8,620,000	-	180,000	8,440,000	190,000
Notes and loans payable	32,848,735	-	1,742,669	31,106,066	1,782,829
Capital leases	7,093,953	2,933,588	1,563,421	8,464,120	1,857,542
Compensated absences	203,149	262,748	73,401	392,496	196,248
	\$ 138,245,275	\$ 6,236,336	\$ 8,431,356	\$ 136,050,255	\$ 11,626,619

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
<i>Business-type Activities:</i>					
Bonds payable:					
General obligation bonds	\$ 43,820,000	\$ -	\$ 3,970,000	\$ 39,850,000	\$ 2,640,000
General obligation bonds - direct placement	3,730,000	-	515,000	3,215,000	535,000
Premium/(discount)	2,796,713	-	221,412	2,575,301	-
Net - general obligation bonds	50,346,713	-	4,706,412	45,640,301	3,175,000
Revenue bonds - direct placement	7,165,000	-	395,000	6,770,000	415,000
Premium/(discount)	(312,567)	-	(38,615)	(273,952)	-
Net - revenue bonds	6,852,433	-	356,385	6,496,048	415,000
Notes and loans payable	40,155,000	-	2,515,000	37,640,000	3,920,000
Capital leases	785,539	-	283,870	501,669	292,888
Compensated absences	571,275	13,060	6,659	577,676	18,880
	<u>\$ 98,710,960</u>	<u>\$ 13,060</u>	<u>\$ 7,868,326</u>	<u>\$ 90,855,694</u>	<u>\$ 7,821,768</u>

Discretely presented component units

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
<i>Port Authority:</i>					
Revenue bonds	\$ 13,730,000	\$ -	\$ 1,745,000	\$ 11,985,000	\$ 1,815,000
Compensated absences	8,527	22,442	-	30,969	-
	<u>\$ 13,738,527</u>	<u>\$ 22,442</u>	<u>\$ 1,745,000</u>	<u>\$ 12,015,969</u>	<u>\$ 1,815,000</u>

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
<i>Housing Authority:</i>					
Notes payable	\$ 1,460,772	\$ -	\$ 24,180	\$ 1,436,592	\$ 24,180

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

The revenue 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 46 includes detail on the fund source for all outstanding bonds. The capital leases 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.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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.

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. \$ 3,595,000

General Obligation Bond - Direct placement

In 2018, the City issued \$8,700,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2018A with principal and interest payable in semi-annual installments on January and July 15 of each year; interest rates at 3.55%. The final principal and interest payment is due January 15, 2029. The bond proceeds were used to finance the acquisition, construction, renovation, installation and equipping of certain community park improvements, including certain community pools and other park improvements. 7,580,000

Total General Obligation Bonds 11,175,000

Revenue Bonds

In 2007, the City issued \$25,930,000 of Taxable Economic Development Revenue Bonds, Series 2007 with principal payable in annual installments on February 1 of each year and interest rates at 7.50%, payable semiannually on February 1 and August 1. The final principal and interest payment is due February 1, 2029. The bonds are paid by TIF revenues. The bond proceeds were used to finance retail development of an area previously used as a golf course. 24,990,000

In 2014, the City issued \$2,000,000 of Economic Development Revenue Bonds, Series 2014 with principal and interest payable in semi-annual installments on February and August 1 of each year and interest rates at 4.00%. The final principal and interest payment is due August 1, 2033. The bonds are paid by TIF revenues. The bond proceeds were used to finance infrastructure projects in the Hammond Roby Allocation Area. 1,750,000

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 bonds are payable from TIF revenues. The bond proceeds were used to advance refund the City's Economic Development Revenue Bonds, Series 2012.

3,180,000

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

5,785,000

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 bonds are payable from TIF revenues. The bond proceeds were used to finance various acquisition, construction, equipping and installation of economic development facilities in the Hammond Central Allocation Area.

4,170,000

In 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 remaining \$3,040,000 was drawn during 2020. The first principal payment is due August 1, 2023 and the final principal and interest payment is due February 1, 2044. The bonds are payable from TIF revenues. The bond proceeds were used to finance the construction of a data center and technology hub.

8,040,000

Total Revenue Bonds

47,915,000

Revenue Bonds - Direct Placement

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

1,745,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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 bonds are paid by proceeds of water sales to other communities and if insufficient, by gaming revenues. The bond proceeds were used to finance city operations.

26,605,000

Total Revenue Bonds - Direct Placements

28,350,000

Total Revenue Bonds and Direct Placements

76,265,000

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. Payments on this debt are made from the General Fund. 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.

8,440,000

Notes and Loans Payable

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

3,125,673

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. In the event of default, the outstanding principal, interest and any other additional amounts can become payable immediately. The proceeds were used to finance the design and installation of energy cost saving equipment and to provide other services.

12,070,000

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.

7,355,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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

2,988,399

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. In the event of default, the outstanding principal, interest and any other additional amounts can become payable immediately. The proceeds were used to finance the design and construction of the Hammond Sportsplex.

5,566,994

Total Notes and Loans Payable

31,106,066

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.

8,464,120

Total Governmental Activities

\$ 135,450,186

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.

\$ 2,700,000

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 bonds are payable from sewerage works revenues and to the extent those funds are insufficient, from ad valorem taxes. The bond proceeds were used for acquisition, renovation and equipping of building for use by the Sanitary District.

10,415,000

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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 will be paid by an ad valorem property tax. 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.

15,770,000

In 2018, the Sanitary District through the Hammond Local Public Improvement Bond Bank issued \$11,500,000 of Hammond Local Public Improvement Bond Bank Bonds, Series 2018C. Principal and interest payments are payable semi-annually on January and July 15 through 2028 and then in annual installments on July 15 with interest rates ranging from 3.75% to 5.00%. The final principal and interest payment is due January 15, 2040. The bonds will be paid by an ad valorem property tax. The bond proceeds were used to pay for various upgrades to the wastewater treatment facility and paying incidental expenses incurred in connection with the issuance of the bonds.

10,965,000

General Obligation Bond - Direct placement

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.

3,215,000

Total General Obligation Bonds 43,065,000

Revenue Bonds - Direct Placement

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

6,770,000

Note Payable

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

37,640,000

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.

501,669

Total Business-type Activities

\$ 87,976,669

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.

\$ 11,985,000

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, currently 3.25%, or 7%. The loans require monthly principal payments totaling \$2,015 plus accrued and unpaid interest. The final principal and interest payment is due September 2026.

\$ 1,436,592

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Pledged Revenue and Payments

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

Debt Issue	Pledged Revenue Source	Interest Rates	Pledged Revenue	Pledge Remaining	Principal and Interest Retired	Commitment End Date	Percentage of Revenue Pledged
Primary Government							
<i>Governmental Activities:</i>							
Series 2007	TIF property taxes	7.50%	\$ 1,269,169	\$ 40,921,125	\$ 1,874,250	2/1/2029	147.68%
Series 2013	TIF property taxes	4.50%	490,823	2,431,146	202,575	1/15/2036	41.27%
Series 2014	TIF property taxes	4.00%	342,348	2,251,100	173,000	8/1/2033	50.53%
Series 2015A	Water revenues	3.50%	4,613,954	30,692,676	3,500,404	7/15/2025	75.87%
Series 2016A	Gaming revenues	5.00%	16,179,641	12,573,375	608,750	7/15/2035	3.76%
Series 2017	TIF property taxes	2.00% to 4.00%	3,827,892	3,360,407	1,166,950	1/15/2024	30.49%
Series 2018A	TIF property taxes	3.00% to 5.00%	236,725	8,972,766	236,725	2/1/2040	100.00%
Series 2018B	TIF property taxes	3.00% to 5.00%	3,827,892	6,134,817	172,731	1/15/2037	4.51%
Series 2019	TIF property taxes	4.00%	200,000	12,717,600	200,000	2/1/2044	100.00%
				<u>\$ 120,055,012</u>			
<i>Business-type Activities:</i>							
Series 2018	Net water revenues	4.625%	\$ 12,247,422	<u>\$ 9,712,797</u>	\$ 721,881	1/15/2033	5.89%
Discretely Presented Component Units:							
<i>Port Authority:</i>							
Series 2017	Port Authority revenues	3.85%	\$ 2,295,367	<u>\$ 15,793,119</u>	\$ 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

The information presented below does not include the impact of subsequent long-term debt issuances as detailed in Note 16.

Primary Government

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

Year Ending December 31,	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 745,000	\$ 136,400	\$ 1,240,000	\$ 3,172,582	\$ 1,782,829	\$ 1,076,715
2022	775,000	106,300	1,345,000	3,133,476	1,822,887	1,016,219
2023	805,000	75,000	1,475,000	3,094,245	1,883,695	954,171
2024	840,000	42,500	1,280,000	3,043,633	1,924,575	891,428
2025	430,000	8,600	1,030,000	2,999,478	1,967,642	823,678
2026-2030	-	-	33,305,000	11,310,453	13,554,499	3,228,099
2031-2035	-	-	9,720,000	2,738,196	7,303,939	738,684
2036-2040	-	-	5,195,000	940,027	866,000	46,352
2041-2044	-	-	1,765,000	144,100	-	-
	<u>\$ 3,595,000</u>	<u>\$ 368,800</u>	<u>\$ 56,355,000</u>	<u>\$ 30,576,190</u>	<u>\$ 31,106,066</u>	<u>\$ 8,775,346</u>

Direct Placement

Year Ending December 31,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 780,000	\$ 262,256	\$ 5,025,000	\$ 1,440,517	\$ 9,572,829	\$ 6,088,470
2022	805,000	234,300	5,085,000	1,170,995	9,832,887	5,661,290
2023	835,000	205,456	5,180,000	897,359	10,178,695	5,226,231
2024	865,000	175,548	5,625,000	618,819	10,534,575	4,771,928
2025	895,000	144,574	6,150,000	305,250	10,472,642	4,281,580
2026-2030	3,400,000	245,660	540,000	236,704	50,799,499	15,020,916
2031-2035	-	-	670,000	102,490	17,693,939	3,579,370
2036-2040	-	-	75,000	1,688	6,136,000	988,067
2041-2044	-	-	-	-	1,765,000	144,100
	<u>\$ 7,580,000</u>	<u>\$ 1,267,794</u>	<u>\$ 28,350,000</u>	<u>\$ 4,773,822</u>	<u>\$ 126,986,066</u>	<u>\$ 45,761,952</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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

Year Ending December 31,	General Obligation Bonds		Direct Placement Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 4,510,000	\$ 1,961,610	\$ 415,000	\$ 308,374	\$ 2,585,000	\$ 976,734	\$ 7,510,000	\$ 3,246,718
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	248,247	2,790,000	765,402	6,925,000	2,449,713
2025	4,015,000	1,258,521	495,000	226,047	2,865,000	691,218	7,375,000	2,175,786
2026 - 2030	15,945,000	3,495,724	2,835,000	761,737	15,490,000	2,273,898	34,270,000	6,531,359
2031 - 2035	5,805,000	707,110	1,680,000	118,285	8,540,000	341,220	16,025,000	1,166,615
2036 - 2039	955,000	81,884	-	-	-	-	955,000	81,884
	<u>\$ 43,065,000</u>	<u>\$ 12,323,606</u>	<u>\$ 6,770,000</u>	<u>\$ 2,220,927</u>	<u>\$ 37,640,000</u>	<u>\$ 6,794,304</u>	<u>\$ 87,475,000</u>	<u>\$ 21,338,837</u>

Discretely Presented Component Units

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

Year Ending December 31,	Port Authority Revenue Bonds		Housing Authority Notes Payable	
	Principal	Interest	Principal	Interest
2021	\$ 1,815,000	\$ 444,097	\$ 24,180	\$ 46,329
2022	1,885,000	373,547	24,180	45,543
2023	1,955,000	300,300	24,180	44,757
2024	2,030,000	224,358	24,180	43,972
2025	2,110,000	145,434	24,180	43,186
2026 - 2029	2,190,000	63,429	1,315,692	31,874
	<u>\$ 11,985,000</u>	<u>\$ 1,551,165</u>	<u>\$ 1,436,592</u>	<u>\$ 255,660</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

For the year ended December 31, 2020, the City has entered into various capital leases for the acquisition of various capital assets. Future minimum lease payments are due as follows:

Year	Primary Government	
	Governmental Activities	Business-type Activities
2021	\$ 2,519,612	\$ 244,472
2022	1,924,901	283,753
2023	1,919,936	-
2024	1,904,797	-
2025	1,333,227	-
Thereafter	869,906	-
Total minimum lease payments	10,472,379	528,225
Less interest	(2,008,259)	(26,556)
Present value minimum lease payments	\$ 8,464,120	\$ 501,669

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 Fund	\$ 7,178,873	\$ 512,097	\$ 1,486,251	\$ 1,788,540
1977 Police Officers and Firefighters Pension and Disability Fund	6,174,432	3,938,611	9,210,456	4,103,139
1925 Police Officers' Pension Plan	59,649,273	157,603	-	824
1937 Firefighters' Pension Plan	42,857,624	(1,612,949)	-	-
Total governmental activities	115,860,202	2,995,362	10,696,707	5,892,503
<u>Business-type activities:</u>				
Public Employees Retirement Fund				
Water Utility	1,949,665	106,934	483,128	551,127
Sanitary District	2,746,142	161,387	581,525	732,159
Total business-type activities	4,695,807	268,321	1,064,653	1,283,286
Discretely presented component unit:				
Public Employees Retirement Fund				
Port Authority	676,568	26,030	141,482	212,451
	\$ 121,232,577	\$ 3,289,713	\$ 11,902,842	\$ 7,388,240

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 the ability to contribute to the plan. The PERF retirement benefit is a hybrid plan that consists of two components: PERF DB, a monthly employer-funded defined benefit component and PERF DC, a member-funded account which is an annuity provided by the member's annuity savings account (ASA). The annuity savings account consists of member's contributions, set by state statute at 3% 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, 2020 was 11.2 percent of annual covered payroll. Contributions to the plan from the primary government and the Port Authority were \$2,467,326 for the year ended December 31, 2020.

Net Pension Liability

On December 31, 2020, the primary government and Port Authority reported a liability of \$12,551,248 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, relative to all other contributing employers. On June 30, 2020, 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, 2020	0.237680%	0.064550%	0.090920%	0.328600%	0.022400%
Increase/decrease from proportionate share at June 30, 2019	-0.005120%	-0.003740%	-0.002000%	-0.007120%	-0.001400%

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

For the year ended December 31, 2020, the City recognized pension expense as follows:

Primary Government

Governmental Activities	\$ 512,097
Business Type Activities:	
Water Utility	106,934
Sanitary District	161,387
Discretely presented component unit:	
Port Authority	26,030
	<u>\$ 806,448</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

At December 31, 2020, 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	\$ 127,189	\$ 34,542	\$ 48,654	\$ 210,385	\$ 11,987
Changes of assumptions	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	614,396	166,860	235,025	849,421	57,903
Change in proportion (recognized in current year expense)	56,244	7,396	6,773	70,413	1,678
Total deferred outflows to be recognized in expense in future periods	797,829	208,798	290,452	1,130,219	71,568
Subsequent contributions	688,422	274,330	291,073	1,253,825	69,914
Total deferred outflows	\$ 1,486,251	\$ 483,128	\$ 581,525	\$ 2,384,044	\$ 141,482
Deferred Inflows of Resources to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience	\$ 96,386	\$ 26,177	\$ 36,870	\$ 133,256	\$ 9,084
Changes of assumptions	1,495,777	406,229	572,181	2,474,187	140,969
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Change in proportion (recognized in current year expense)	196,377	118,721	123,108	438,206	62,398
Total deferred inflows to be recognized in expense in future periods	\$ 1,788,540	\$ 551,127	\$ 732,159	\$ 3,045,649	\$ 212,451

The primary government reported \$1,253,825 and the Port Authority reported \$69,914 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, 2021. 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,					
2021	\$ (788,988)	\$ (244,283)	\$ (335,761)	\$ (1,369,032)	\$ (97,958)
2022	(302,510)	(107,577)	(146,131)	(556,218)	(45,411)
2023	(160,193)	(61,346)	(59,650)	(281,189)	(22,109)
2024	260,980	70,877	99,834	431,691	24,595
Total	\$ (990,711)	\$ (342,329)	\$ (441,708)	\$ (1,774,748)	\$ (140,883)

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, 2020
Valuation date	
Assets	June 30, 2020
Liabilities	June 30, 2019, rolled forward to June 30, 2020
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	2.75% - 8.75%, based on service
Cost-of-living increases	In lieu of a COLA on January 1, 2021, members in pay were provided a 13th check on October 1, 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	Pub-2020 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3 year set forward for males and 1 year set forward for females
Retirees	Safety Retiree table with a 3 year set forward for males and 1 year set forward for females
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females
Disabled	General Disabled table with a 140% load
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

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%	4.4%
Private markets	14%	7.6%
Fixed income - ex inflation-linked	20%	1.9%
Fixed income - inflation-linked	7%	0.5%
Commodities	8%	1.6%
Real estate	7%	5.8%
Absolute return	10%	2.9%
Risk parity	12%	5.5%
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 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	\$ 11,704,005	\$ 7,178,873	\$ 3,388,708
Water Utility	3,178,616	1,949,665	920,318
Sanitary District	4,477,146	2,746,142	1,296,286
Port Authority	1,103,036	676,568	319,367
Net pension liability	<u>\$ 20,462,803</u>	<u>\$ 12,551,248</u>	<u>\$ 5,924,679</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/INPRSConsolidatedAR_FY20.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 2020, 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 52 percent of the salary of a first-class officer or firefighter plus a percent of that salary for each six (6) months of active service over 20 years to a maximum of 12 years. At age 50, a member with 20 years of service may elect to receive a benefit reduced by a factor established by the fund's actuary.

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

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

If a member dies while receiving retirement or disability benefits, the member's surviving spouse is entitled to receive a benefit equal to 70% of the member's monthly benefit during the spouse's lifetime assuming the death did not occur in the line-of-duty. Each of a member's surviving children is entitled to a monthly benefit equal to 20% 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, 2020 was 17.5 percent of the salary of a first-class officer or firefighter. Contributions to the plan from the City were \$4,087,122 for the year ended December 31, 2020.

Net Pension Liability

On December 31, 2020, the City reported a pension liability of \$6,174,432 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020 relative to all other contributing employers. On June 30, 2020, the City's proportion was 2.54293 percent, which was a decrease of 0.11637 from its proportion measured as of June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

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

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

For the year ended December 31, 2020, the City recognized pension expense of \$3,938,611. On December 31, 2020, 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	\$ 3,854,510	\$ 630,966
Changes of assumptions	50,790	3,126,369
Net difference between projected and actual earnings on pension plan investments	3,138,363	-
Change in proportion (recognized in current year expense)	151,270	345,804
Total deferred amounts to be recognized in expense in future periods	7,194,933	4,103,139
Subsequent contributions	2,015,523	-
	<u>\$ 9,210,456</u>	<u>\$ 4,103,139</u>

The City reported \$2,015,523 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, 2021. 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,	
2021	\$ (309,623)
2022	7,098
2023	755,973
2024	1,661,648
2025	512,932
Thereafter	463,766
Total	<u>\$ 3,091,794</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, 2020
Valuation date	
Assets	June 30, 2020
Liabilities	June 30, 2019, rolled forward to June 30, 2020
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
Inflation	2.25%
Future salary increases	2.75%
Cost-of-living increases	2.1% compounded annually, beginning July 1, 2021. Actual COLA increases at July 1, 2019 (1.6%) and July 1, 2020 (2.1%) are reflected in the valuation
Mortality assumption	Pub-2020 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3 year set forward for males and no set forward for females
Retirees	Safety Retiree table with a 3 year set forward for males and no set forward for females
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females
Disabled	General Disabled table
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

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

Discount Rate

The long-term return expectation on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.75% 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%	4.4%
Private markets	14%	7.6%
Fixed income - ex inflation-linked	20%	1.9%
Fixed income - inflation-linked	7%	0.5%
Commodities	8%	1.6%
Real estate	7%	5.8%
Absolute return	10%	2.9%
Risk parity	12%	5.5%
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.

Note 7. Employee Retirement Funds (Continued)

1977 Police Officers' and Firefighters' Pension and Disability 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%
Net pension liability	\$ 32,884,334	\$ 6,174,432	\$ (15,466,144)

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at www.in.gov/inprs/files/INPRSConsolidatedAR_FY20.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 70% continuation to the surviving beneficiary assuming the death did not occur in the line-of-duty. The benefit provisions of the 1925 Police Officers' Pension Plan for non-converted members are set forth in Indiana Code 36-8-6. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully paid police officers who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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

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

On December 31, 2020, there were 136 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, 2020.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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 \$4,403,819 during 2020 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.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 66,803,529	\$ 2,916,312	\$ 63,887,217
Changes for the year:			
Interest on the total pension liability	1,358,744	-	1,358,744
Actuarial experience	(808,560)	-	(808,560)
Changes of assumptions	(392,306)	-	(392,306)
Employer contributions	-	13,308	(13,308)
Contributions - non-employer contributing entity ¹	-	4,403,819	(4,403,819)
Projected benefit payments ²	(4,408,298)	-	(4,408,298)
Benefit payments	-	(4,411,958)	4,411,958
Administrative and project expenses	-	(17,645)	17,645
Net changes	(4,250,420)	(12,476)	(4,237,944)
Balances at December 31, 2020	\$ 62,553,109	\$ 2,903,836	\$ 59,649,273

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

Net Pension Liability

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

For the year ended December 31, 2020, the City recognized pension expense of \$157,603. On December 31, 2020, 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	\$ -	\$ 824

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,	
2021	\$ 275
2022	275
2023	275
2024	<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, 2020
Valuation date	December 31, 2019, rolled forward to December 31, 2020
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	1.49%
Price inflation	2.25%
Cost-of-living adjustment:	
Non-converted	2.75% per year in retirement beginning July 1, 2020
Converted	2.75% per year in retirement beginning July 1, 2020. The actual cost-of-living increase of 2.10% effective July 1, 2020 is reflected in the liability valuations at January 1, 2020.
Mortality assumption:	Pub-2010 Public Retirement Plans Mortality Tables (Amount-weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3-year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3-year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2-year set forward for females
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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 1.49 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 2.13% to 1.49% to reflect the Barclay's 20-year Municipal Bond Index rate as of December 31, 2020
- For converted members, the July 1, 2019 cost of living adjustment (COLA) was updated from the ongoing valuation assumption to reflect the know increase of 2.1%. Beginning July 1, 2021, the assumption reverts back to the assumed annual rate, which increased to 2.1% from the 2.0% used in the December 31, 2019 valuation. For non-converted members, the COLA assumption was updated from 2.5% to 2.75% in alignment with the salary increase assumption.
- The mortality assumptions were updated to the Pub-2010 family of mortality tables.
- The retirement rates for the converted members were adjusted to align more closely with recent experience. There was no change in the retirement rates for nonconverted members.

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
	0.49%	1.49%	2.49%
Net pension liability	<u>\$ 66,172,967</u>	<u>\$ 59,649,273</u>	<u>\$ 54,096,912</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 7. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan

Plan Description

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

Benefits Provided

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

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

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55% 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, 2020, there were 113 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, 2020.

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 \$3,682,906 during 2020 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, 2019	\$ 51,945,504	\$ 3,811,021	\$ 48,134,483
Changes for the year:			
Interest on the total pension liability	1,032,204	-	1,032,204
Plan amendments	-	-	-
Actuarial experience	(1,576,110)	-	(1,576,110)
Changes of assumptions	(1,069,043)	-	(1,069,043)
Contributions - non-employer contributing entity ¹	-	3,682,906	(3,682,906)
Projected benefit payments ²	(3,818,208)	-	(3,818,208)
Benefit payments	-	(3,815,913)	3,815,913
Administrative and project expenses	-	(21,291)	21,291
Net changes	<u>(5,431,157)</u>	<u>(154,298)</u>	<u>(5,276,859)</u>
Balances at December 31, 2020	<u>\$ 46,514,347</u>	<u>\$ 3,656,723</u>	<u>\$ 42,857,624</u>

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

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

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

For the year ended December 31, 2020, the City recognized pension benefit of \$1,612,949. On December 31, 2020, 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, 2020
Valuation date	December 31, 2019, rolled forward to December 31, 2020
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	1.49%
Price inflation	2.25%
Cost-of-living adjustment:	
Non-converted	2.75% per year in retirement beginning July 1, 2020
Converted	2.75% per year in retirement beginning July 1, 2020. The actual cost-of-living increase of 2.10% effective July 1, 2020 is reflected in the liability valuations at January 1, 2020.
Mortality assumption:	Pub-2010 Public Retirement Plans Mortality Tables (Amount-weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3-year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3-year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2-year set forward for females
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

Discount Rate

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

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of the retirees and beneficiaries currently receiving benefits. Therefore, the discount rate incorporates a municipal bond rate which was 1.49 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond rate as of December 31, 2020.

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 2.13% to 1.49% to reflect the Barclay's 20-year Municipal Bond Index rate as of December 31, 2020
- The discount rate was changed from 2.13% to 1.49% to reflect the Barclay's 20-year Municipal Bond Index rate as of December 31, 2020
- For converted members, the July 1, 2019 cost of living adjustment (COLA) was updated from the ongoing valuation assumption to reflect the know increase of 2.1%. Beginning July 1, 2021, the assumption reverts back to the assumed annual rate, which increased to 2.1% from the 2.0% used in the December 31, 2019 valuation. For non-converted members, the COLA assumption was updated from 2.5% to 2.75% in alignment with the salary increase assumption.
- The mortality assumptions were updated to the Pub-2010 family of mortality tables.
- The retirement rates for the converted members were adjusted to align more closely with recent experience. There was no change in the retirement rates for nonconverted members.

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 0.49%	Current Discount Rate 1.49%	1% Increase 2.49%
Net pension liability	\$ 47,316,647	\$ 42,857,624	\$ 39,037,344

City of Hammond, Indiana

Notes to Financial Statements

Note 8. Pension Trust Funds – Financial Data

Combining Schedule of Fiduciary Net Position - Pension Trust Funds

	1925 Fund	1937 Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 2,903,836	\$ 3,656,723	\$ 6,560,559
Liabilities			
Accounts payable	-	-	-
Net Position			
Restricted for pensions	\$ 2,903,836	\$ 3,656,723	\$ 6,560,559

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

	1925 Fund	1937 Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 4,403,819	\$ 3,682,906	\$ 8,086,725
Miscellaneous	13,308	-	13,308
Total contributions	<u>4,417,127</u>	<u>3,682,906</u>	<u>8,100,033</u>
Investment income:			
Interest	-	-	-
Total additions	<u>4,417,127</u>	<u>3,682,906</u>	<u>8,100,033</u>
Deductions			
Benefits	4,411,958	3,815,913	8,227,871
Administrative expenses	17,645	21,291	38,936
Total deductions	<u>4,429,603</u>	<u>3,837,204</u>	<u>8,266,807</u>
Changes in net position	(12,476)	(154,298)	(166,774)
Net position restricted for pensions:			
January 1, 2020	<u>2,916,312</u>	<u>3,811,021</u>	<u>6,727,333</u>
December 31, 2020	<u>\$ 2,903,836</u>	<u>\$ 3,656,723</u>	<u>\$ 6,560,559</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan

Plan Description. The City's single employer defined benefit plan (Plan) provides comprehensive medical, dental, vision and life insurance benefits to eligible retirees and their dependents. To be eligible, employees must attain age 60 with 15 years of service or age 65 with 10 years of service to be eligible for lifetime health insurance benefits during retirement. The Plan is a single employer defined benefit OPEB plan administered by the City of Hammond. 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. HHA's employees are included in the plan, but the City pays for those benefits. As such, the HHA does not share in the liabilities, deferred outflows and inflows and expense of the plan.

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

Employees Covered by Benefit Terms. On December 31, 2020, membership in the plan consisted of the following:

	Membership
Retirees and beneficiaries currently receiving benefits	558
Active Plan members	656
Total membership	1,214

The Hammond Housing Authority's employees and retirees participate in the City's OPEB plan, and the costs of their participation is covered by the City. The liability and other OPEB amounts associated with their participation is included within Governmental Activities and covered by the City's General Fund.

Actuarial Assumptions

The following are the methods and assumptions used to determine the total OPEB liability at December 31, 2020:

Measurement date	December 31, 2020
Valuation date	December 31, 2020
Actuarial cost method	Entry age normal - level percentage of salary
Discount rate	2.12% as of December 31, 2020 and 3.26% as of January 1, 2020
Payroll growth	2.75%
Inflation rate	2.25%
Mortality assumptions:	
General employees and retirees	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational usind Scale MP-2020
Public Safety employees and retirees	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational usind Scale MP-2020
Surviving spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational usind Scale MP-2020
Health care trend rates:	
Medical	8.0% in 2021, decreasing to an ultimate trend rate of 4.5% in 2028
Dental/vision	5.0% in 2021, decreasing to an ultimate trend rate of 3.0% in 2025

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

The following actuarial assumptions were changed from the prior year:

- The discount rate was changed from 3.26% to 2.12% to reflect the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/As or higher as of December 31, 2020.
- The mortality tables have been updated to the SOA Pub-2010 Headcount Weighted Mortality Tables fully generational using Scale MP-2010.
- The payroll growth rate, termination rate and retirement rate assumptions have been updated to follow the most recent INPRS PERF Actuarial Valuation as of June 30, 2020 for general employees and the most recent INPRS 1977 Police Officers' and Firefighters' Retirement Fund Actuarial Valuation as of June 30, 2020 for public safety employees.
- Health care trend rates for medical have been reset to an initial rate of 8.0 percent decreasing by 0.5 percent to an ultimate trend rate of 4.5 percent. Health care trend rates for dental and vision have been reset to an initial rate of 5.0 percent decreasing by 0.5 percent to an ultimate trend rate of 3.0 percent.

	<u>Total Post-employment Benefit Liability</u>
Balances at January 1, 2020	<u>\$ 180,349,355</u>
Changes for the year:	
Service cost	7,042,874
Interest on total post-employment liability	6,055,416
Differences between expected and actual experience	35,917,552
Changes in benefit terms	-
Changes of assumptions	66,616,945
Benefit payments	<u>(3,313,129)</u>
Net changes	<u>112,319,658</u>
 Balances at December 31, 2020	 <u><u>\$ 292,669,013</u></u>

The liability is reported as follows as of December 31, 2020 as follows:

Governmental Activities	\$ 255,861,934
Business-type Activities:	
Sanitary District	23,874,673
Water Utility	9,155,257
Discretely Presented Component Unit:	
Port Authority	<u>3,777,149</u>
	<u><u>\$ 292,669,013</u></u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Governmental Activities	\$ 309,179,004	\$ 255,861,934	\$ 214,713,333
Business-type Activities:			
Sanitary District	28,849,474	23,874,673	20,034,888
Water Utility	11,063,061	9,155,257	7,682,885
Discretely Presented Component Unit			
Port Authority	4,564,282	3,777,149	3,169,724
Total other post-employment benefit liability	<u>\$ 353,655,821</u>	<u>\$ 292,669,013</u>	<u>\$ 245,600,830</u>

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

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

	1% Decrease ¹	Current Healthcare Cost Trend Rate	1% Increase ²
Governmental Activities	\$ 187,401,614	\$ 255,861,934	\$ 315,315,679
Business-type Activities:			
Sanitary District	17,486,433	23,874,673	29,422,086
Water Utility	6,705,616	9,155,257	11,282,644
Discretely Presented Component Unit			
Port Authority	2,766,533	3,777,149	4,654,875
Total other post-employment benefit liability	<u>\$ 214,360,196</u>	<u>\$ 292,669,013</u>	<u>\$ 360,675,284</u>

¹ For medical premiums, 7.00 percent decreasing by 0.50 percent per year to an ultimate trend rate of 3.50 percent in 2028. For dental/vision premiums, 4.00 percent decreasing by 0.50 percent per year to an ultimate trend rate of 2.00 percent in 2025.

² For medical premiums, 9.00 percent decreasing by 0.50 percent per year to an ultimate trend rate of 5.50 percent in 2028. For dental/vision premiums, 6.00 percent decreasing by 0.50 percent per year to an ultimate trend rate of 4.00 percent in 2025.

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

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

For the year ended December 31, 2020, the City recognized OPEB expense in the financial statements as follows:

Governmental Activities - General Government	\$ 25,984,811
Business-type Activities:	
Sanitary District	1,547,143
Water Utility	533,536
Discretely Presented Component Units:	
Port Authority	<u>349,169</u>
 Total	 <u><u>\$ 28,414,659</u></u>

At December 31, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Sanitary District	Water Utility		
Deferred outflows of resources to be recognized in other post-employment benefit in future periods					
Differences between expected and actual experience	\$ 26,914,674	\$ 2,511,407	\$ 963,062	\$ 30,389,143	\$ 397,330
Changes of assumptions	65,109,174	6,075,333	2,329,740	73,514,247	961,180
Change in proportion (recognized in current year expense)	6,940,875	-	-	6,940,875	38,684
	<u>\$ 98,964,723</u>	<u>\$ 8,586,740</u>	<u>\$ 3,292,802</u>	<u>\$ 110,844,265</u>	<u>\$ 1,397,194</u>
Deferred inflows of resources to be recognized in other post-employment benefit in future periods					
Differences between expected and actual experience	\$ 1,306,443	\$ 121,904	\$ 46,747	\$ 1,475,094	\$ 19,286
Changes of assumptions	8,675,105	809,473	310,413	9,794,991	128,067
Change in proportion (recognized in current year expense)	38,684	4,624,701	2,131,983	6,795,368	184,191
	<u>\$ 10,020,232</u>	<u>\$ 5,556,078</u>	<u>\$ 2,489,143</u>	<u>\$ 18,065,453</u>	<u>\$ 331,544</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

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

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Sanitary District	Water Utility		
Year ending December 31:					
2021	\$ 14,533,801	\$ 478,650	\$ 123,796	\$ 15,136,247	\$ 180,122
2022	14,533,801	478,650	123,796	15,136,247	180,122
2023	14,534,561	478,650	123,796	15,137,007	179,366
2024	14,546,953	478,650	123,796	15,149,399	166,974
2025	16,832,925	691,954	205,593	17,730,472	200,721
Thereafter	13,962,450	424,108	102,882	14,489,440	158,345
Total	\$ 88,944,491	\$ 3,030,662	\$ 803,659	\$ 92,778,812	\$ 1,065,650

Note 10. Fund Balances

At December 31, 2020, 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	\$ 2,488,803	\$ 439,158	\$ 321,222	\$ -	\$ 760,380
Public safety	-	1,278,878	-	-	1,278,878
Highways and streets	-	1,564,521	-	-	1,564,521
Culture and recreation	71,758	36,428	1,816,461	-	1,852,889
Urban redevelopment and housing	-	20,684,384	-	-	20,684,384
Debt service	-	-	-	8,782,120	8,782,120
Total	\$ 2,560,561	\$ 24,003,369	\$ 2,137,683	\$ 8,782,120	\$ 34,923,172

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Risk Management (Continued)

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

The change in claims for 2020 and 2019, including an estimate of incurred by not reported claims is as follows:

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	2,784,573
Incurred claims, including claims incurred but not reported	10,690,482
Claim Payments	<u>(10,767,658)</u>
Unpaid Claims at December 31, 2020	<u>\$ 2,707,397</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 2020 and 2019 by \$370,813 and \$483,637 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, 2020, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>
Major Governmental:	
General Fund from the:	
Water Utility Fund	\$ 1,541,778
Nonmajor Governmental Funds	909,743
Nonmajor Governmental from the:	
Sanitary District Fund	103,271
Port Authority	70,426
	<hr/>
Total	<u>\$ 2,625,218</u>

<u>Fund</u>	<u>Due To Other Funds</u>
Major Enterprise:	
Waterworks Utility Fund to the:	
General Fund	\$ 1,541,778
Sanitary District Fund to the:	
Nonmajor Governmental Funds	103,271
Nonmajor Governmental to the:	
General Fund	909,743
Component Units:	
Port Authority to the:	
Nonmajor Governmental Funds	70,426
	<hr/>
Total	<u>\$ 2,625,218</u>

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

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Interfund Activity (Continued)

Transfers

Interfund transfers for the year ended December 31, 2020, are as follows:

<u>Fund</u>	<u>Transfer From Other Funds</u>
Major Governmental Funds:	
General Fund to the:	
Internal Service Fund	\$ 49
Nonmajor Governmental Funds	6,326,188
Nonmajor Governmental Fund to other:	
Nonmajor Governmental Funds	<u>5,544,480</u>
Total	<u>\$ 11,870,717</u>
<u>Fund</u>	<u>Transfer To Other Funds</u>
Major Governmental Funds:	
General Fund from the:	
Nonmajor governmental funds	\$ 1,650,070
Nonmajor Governmental Fund from other:	
Nonmajor governmental funds	10,220,598
Internal Service Fund from the:	
General Fund	49
Total	<u>\$ 11,870,717</u>

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

Payments in lieu of taxes (PILOT)

In 2020, the Sanitary District, the Water Utility and the Port Authority transferred \$1,392,539, \$150,000 and \$1,000,000, 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 \$307,461 to the Town of Munster.

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		Adjusted Balance
	Original Balances		Eliminations	
Current assets				
Receivables, other	\$ 73,214	\$ 58,024	\$ (73,214)	\$ 58,024
Noncurrent assets:				
Notes receivable	14,839,394	-	(14,839,394)	-
Other noncurrent assets	3,480,665	515,363	(3,101,403)	894,625
Current liabilities:				
Other current liabilities	3,844	1,059,533	(73,214)	990,163
Noncurrent liabilities:				
Other noncurrent liabilities	3,495,900	379,253	(125,271)	3,749,882
Notes payable	-	19,227,938	(17,815,526)	1,412,412
Interest expense	-	527,934	(167,761)	360,173
Interest income	167,761	-	(167,761)	-

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.

Note 13. Contingencies, Commitments and Other (Continued)

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.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 13. Contingencies, Commitments and Other (Continued)

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.

On March 17, 2021 HSD was officially notified that US EPA had partially approved the District's September 18, 2020 CSO Long Term Plan Update to the 1996 CSO Master Plan (LTCP) consistent with Paragraph 79 of the 2017 Consent Decree. The Agencies are continuing to review the District's Financial Capability Assessment (FCA). Recent FCA guidance allows, if justified, a schedule extension to the Consent Decree projects and tasks of up to ten (10) years beyond our current schedule. Negotiations for an extension have begun.

Commitments

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

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

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

Construction Commitments

Construction work in progress is composed of the following:

	Project Costs	Expended	Commitment
Engineering projects	6,974,086	4,161,042	\$ 2,813,044
Parks projects	3,102,396	3,102,396	-
Santiary District projects	16,406,364	15,888,999	517,365
Water Utility projects	6,220,010	5,986,312	233,698
	<u>\$ 32,702,856</u>	<u>\$ 29,138,749</u>	<u>\$ 3,564,107</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 13. Contingencies, Commitments and Other (Continued)

Expenditures over Budget

For the year ended December 31, 2020, expenditures/expenses exceeded budget in the following funds:

Nonmajor funds:

Special revenue funds		
Gateways TIF	\$	565,263
Parks and Recreation		1,901,995
Grants		
Fire Grants		9,311
Redevelopment		110
C.C.I.F.		5,866
C.C.D.F		11,968

Deficit Fund Balances/Net Position

As of December 31, 2020, the Motor Vehicle Highway Fund had a deficit fund balance of \$62,324.

Economic Dependency

The Housing Authority received approximately 84 percent of its revenues from the federal government in fiscal year 2020. If the amount of revenues received from HUD falls below critical levels, the Housing Authority's operating results could be adversely affected.

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.

Note 14. Tax Abatements (Continued)

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 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.

City of Hammond, Indiana

Notes to Financial Statements

Note 14. Tax Abatements (Continued)

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.

The estimated gross amount, on an accrual basis, by which the total property tax revenues for the abatement taxpayer recipient (payable 2020 taxes) were reduced as a result of the aforementioned abatement programs follows:

Real Property Tax Abatement	\$	592,971
Personal Property Tax Abatement		42,155
Total	\$	<u>635,126</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

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

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. 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.

Note 15. New Governmental Accounting Standards (Continued)

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.

GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement were effective on different timelines as requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance, requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Note 15. New Governmental Accounting Standards (Continued)

GASB Statement No. 101, *Compensated Absences*, will be effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Unless stated otherwise, management has not currently determined what impact, if any, these Statements may have on its financial statements.

Note 16. Subsequent Events

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.

On March 11, 2021, the Hammond Local Improvement Bond Bank refunded 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.

On September, 2021, the Hammond Local Improvement Bond Bank refunded its Series 2015A Bonds (issued for the Hammond Sanitary District) by issuing \$19,585,000 in Bond Bank Refunding Bonds, Series 2021B. The Bonds will be secured by and payable from certain water revenues received by the City through water revenue contracts and certain gaming revenues. The City had previously issued Hammond Local Public Improvement Bank Bonds, Series 2015A.

On August 31, 2021, the City issued \$13,897,853 in Annual Appropriation Notes, Series 2021. The notes will be used to acquire and install conservation measures and related expenditures throughout the City through a Guaranteed Energy Savings Contract ("Contract"). The Notes will be secured and payable from an annual appropriation by the City and a security interest in the City's rights in the Contract.

On October 28, 2021, the City entered into a lease agreement for \$2,135,000 to lease 3 fire trucks for the use by the City's fire department. The lease will be secured by the fire trucks.

On June 30, 2022, the Hammond Sanitary District entered into a preliminary lease agreement to finance the purchase of equipment with a cost of \$1,196,321.

**Required Supplementary Information
(Unaudited)**

City of Hammond, Indiana

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

For the years ending December 31,	2020	2019
Total other postemployment benefit liability		
Service cost	\$ 7,042,874	\$ 5,352,293
Interest on the total other postemployment benefit liability	6,055,416	6,267,120
Differences between expected and actual experience of the total other postemployment benefit liability	35,917,552	(1,379,714)
Change in benefit terms	-	(60,099)
Changes of assumptions	66,616,945	24,529,048
Benefit payments	(3,313,129)	(2,953,580)
Net change in other post-employment benefit liability	112,319,658	31,755,068
Total other postemployment benefit liability - beginning	180,349,355	148,594,287
Total other postemployment benefit liability - ending	<u>\$ 292,669,013</u>	<u>\$ 180,349,355</u>
Covered payroll	\$ 43,228,481	Not Available
Employer other post employment benefit liability as a percentage of covered payroll	677.03%	Not Available

Notes to Schedule:

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

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 2020, 2019 and 2018 was 2.26%, 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

For the years ending June 30,	2020	2019	2018	2017	2016
Public Employees' Retirement Fund *					
City's proportionate of the net pension liability	0.41555%	0.43301%	0.42829%	0.43644%	0.42932%
City's proportionate share of the net pension liability	\$ 12,551,248	\$ 14,139,393	\$ 14,549,205	\$ 19,471,960	\$ 19,484,450
City's covered payroll	22,433,944	22,289,242	21,854,051	21,652,479	20,575,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	55.95%	63.44%	66.57%	89.93%	94.70%
Plan fiduciary net position as a percentage of the total Pension liability (asset) **	79.38%	79.38%	79.69%	76.65%	75.35%
1977 Police and Firefighters' Plan					
City's proportionate of the net pension liability (asset)	2.54293%	2.65930%	2.72346%	2.84192%	2.90943%
City's proportionate share of the net pension liability (asset)	\$ 6,174,432	\$ 245,080	\$ (2,394,946)	\$ (438,374)	\$ 2,584,648
City's covered payroll	23,580,307	23,506,504	22,943,463	23,039,730	22,486,631
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	26.18%	1.04%	-10.44%	-1.90%	11.49%
Plan fiduciary net position as a percentage of the total Pension liability (asset)	98.60%	98.60%	101.96%	100.29%	98.24%

* The Public Employees' Retirement Fund covers employees of the City, the Sanitary District, the Water Utility and the Port Authority.

** 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,	2020	2019
Total pension liability		
Interest on the total pension liability	\$ 1,358,744	\$ 1,896,437
Changes in benefit terms	-	211,278
Differences between expected and actual experience	(808,560)	629,698
Changes in assumptions	(392,306)	5,826,406
Benefit payments	(4,408,298)	(4,611,931)
Net change in total pension liability	(4,250,420)	3,951,888
Total pension liability—beginning	66,803,529	62,851,641
Total pension liability—ending (a)	\$ 62,553,109	\$ 66,803,529
Plan fiduciary net position		
Contributions - Non-employer	\$ 4,403,819	\$ 4,687,914
Contributions - Employer	13,308	-
Pension plan net investment income	-	1,374
Benefit payments	(4,411,958)	(4,605,150)
Pension plan administrative expense	(17,645)	(15,252)
Net change in plan fiduciary net position	(12,476)	68,886
Plan fiduciary net position—beginning	2,916,312	2,847,426
Plan fiduciary net position—ending (b)	\$ 2,903,836	\$ 2,916,312
Net pension liability - ending (a) - (b)	\$ 59,649,273	\$ 63,887,217
Plan fiduciary net position as a percentage of the total pension liability	4.64%	4.37%
Covered payroll	\$ -	\$ -
Employer net pension liability as a percentage of covered payroll	N/A	N/A

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

City of Hammond

**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,	2020	2019
Total pension liability		
Interest on the total pension liability	\$ 1,032,204	\$ 1,494,783
Changes in benefit terms	-	45,440
Differences between expected and actual experience	(1,576,110)	47,371
Changes in assumptions	(1,069,043)	4,217,477
Benefit payments	(3,818,208)	(4,062,000)
Net change in total pension liability	(5,431,157)	1,743,071
Total pension liability—beginning	51,945,504	50,202,433
Total pension liability—ending (a)	<u>\$ 46,514,347</u>	<u>\$ 51,945,504</u>
Plan fiduciary net position		
Contributions - Non-employer	\$ 3,682,906	\$ 4,055,878
Benefit payments	(3,815,913)	(3,979,721)
Pension plan administrative expense	(21,291)	(68,074)
Net change in plan fiduciary net position	(154,298)	8,083
Plan fiduciary net position—beginning	3,811,021	3,802,938
Plan fiduciary net position—ending (b)	<u>\$ 3,656,723</u>	<u>\$ 3,811,021</u>
Net pension liability - ending (a) - (b)	\$ 42,857,624	\$ 48,134,483
Plan fiduciary net position as a percentage of the total pension liability	7.86%	7.34%
Covered payroll	\$ -	\$ -
Employer net pension liability as a percentage of covered payroll	N/A	N/A

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

City of Hammond

**Required Supplementary Information
Schedules of Contributions**

For the years ending December 31,	2020	2019	2018
Public Employees' Retirement Fund			
Statorily determined contribution	\$ 2,488,380	\$ 2,531,107	\$ 2,529,689
Contributions in relation to the actuarial determined contribution	2,467,326	2,503,257	2,435,388
Contribution deficiency (excess)	<u>\$ 21,054</u>	<u>\$ 27,850</u>	<u>\$ 94,301</u>
Covered payroll	\$ 22,217,679	\$ 22,599,172	\$ 22,586,511
Contributions as a percentage of covered payroll	11.11%	11.08%	10.78%
1977 Police and Firefighters' Plan			
Statorily determined contribution	\$ 4,160,879	\$ 4,209,311	\$ 4,061,412
Contributions in relation to the actuarial determined contribution	4,090,752	4,138,337	4,061,409
Contribution deficiency (excess)	<u>\$ 70,127</u>	<u>\$ 70,974</u>	<u>\$ 3</u>
Covered payroll	\$ 23,375,727	\$ 23,647,816	\$ 23,208,068
Contributions as a percentage of covered payroll	17.50%	17.50%	17.50%

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

City of Hammond

**Required Supplementary Information
Schedules of Contributions**

For the year ending December 31,

2020 2019

1925 Police Pension Plan

Statutorily determined contribution	\$ 4,411,958	\$ 4,605,150
Actual employer contributions	4,403,819	4,687,914
	\$ 8,139	\$ (82,764)
Contribution deficiency (excess)		
Covered payroll	\$ -	\$ -
Actual contributions as a percentage of covered payroll	N/A	N/A

1937 Firefighters' Pension Plan

Statutorily determined contribution	\$ 3,815,913	\$ 3,979,721
Actual employer contributions	3,682,906	4,055,878
	\$ 133,007	\$ (76,157)
Contribution deficiency (excess)		
Covered payroll	\$ -	\$ -
Actual contributions as a percentage of covered payroll	N/A	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, 2020

	Original Budget	Amended Budget	Actual Budgetary Basis Amounts	Variance
Revenues				
Property taxes	\$ 36,414,900	\$ 36,414,900	\$ 26,571,121	(9,843,779)
Intergovernmental	24,777,919	24,777,919	21,530,256	(3,247,663)
Development agreement	18,000,000	18,000,000	12,716,661	(5,283,339)
Licenses, permits and fees	1,927,537	1,927,537	4,106,247	2,178,710
Charges for services	15,925,000	15,925,000	14,625,710	(1,299,290)
Fines and forfeits	493,000	493,000	415,641	(77,359)
Other	944,808	944,808	1,603,106	658,298
Interest	400,000	400,000	117,197	(282,803)
Total revenues	98,883,164	98,883,164	81,685,939	(17,197,225)
Expenditures				
Current:				
General government	36,718,188	39,134,503	17,379,483	21,755,020
Public safety	48,994,368	50,224,249	50,088,632	135,617
Culture and recreation	-	1,318,668	948,633	370,035
Urban redevelopment and housing	902,427	8,123,395	5,945,506	2,177,889
Debt service:				
Principal	5,172,839	5,172,839	957,950	4,214,889
Interest and fees	580,010	580,010	690,651	(110,641)
Capital outlay	3,220,800	3,243,461	3,035,780	207,681
Total expenditures	95,588,632	107,797,125	79,046,635	28,750,490
Excess (deficiency) of revenues over (under) expenditures	3,294,532	(8,913,961)	2,639,304	11,553,265
Other financing sources (uses)				
Sale of capital assets	10,000	10,000	77,033	67,033
Transfers in	3,500,000	3,500,000	1,650,070	(1,849,930)
Transfers out	-	1,429,364	(6,326,637)	(7,756,001)
Total other financing sources (uses)	3,510,000	4,939,364	(4,599,534)	(9,538,898)
Change in fund balance (budgetary basis)	\$ 6,804,532	\$ (3,974,597)	(1,960,230)	\$ 2,014,367
Fund balances (Budgetary Basis):				
January 1, 2020			<u>13,876,065</u>	
December 31, 2020			<u>\$ 11,915,835</u>	
GAAP Adjustments:				
Adjust revenues for accruals			2,766,883	
Adjust expenditures for accruals			<u>(3,340,102)</u>	
Change in fund balance GAAP basis)			(2,533,449)	
Fund balances (GAAP Basis):				
January 1, 2020			<u>13,469,602</u>	
December 31, 2020			<u>\$ 10,936,153</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

City of Hammond, Indiana

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, 2020**

	General	Façade	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Blight Elimination
Assets										
Cash and cash equivalents	\$ 801,511	\$ 140,268	\$ 416	\$ -	\$ 518,167	\$ 94,027	\$ 30	\$ 83,550	\$ 21,437	\$ 166,331
Receivables:										
Property taxes, net	29,674,522	-	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Other	180,506	-	-	591	-	1,217	-	-	-	-
Prepaid items	68,775	-	-	-	-	-	-	-	-	-
Due from other funds	2,623,058	-	-	-	-	-	-	-	-	-
Total assets	\$ 33,348,372	\$ 140,268	\$ 416	\$ 591	\$ 518,167	\$ 95,244	\$ 30	\$ 83,550	\$ 21,437	\$ 166,331
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ 2,571,417	\$ -	\$ (2,967)	\$ 2,659	\$ 120,000	\$ -	\$ -	\$ -	\$ 750	\$ -
Accrued payroll	138,576	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,709,993	-	(2,967)	2,659	120,000	-	-	-	750	-
Deferred inflows of resources										
Deferred property taxes	29,674,522	-	-	-	-	-	-	-	-	-
Fund balances										
Nonspendable - prepaid items	68,775	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	895,082	140,268	3,383	(2,068)	398,167	95,244	30	83,550	20,687	166,331
Total fund balances	963,857	140,268	3,383	(2,068)	398,167	95,244	30	83,550	20,687	166,331
Total liabilities, deferred inflows of resources and fund balances	\$ 33,348,372	\$ 140,268	\$ 416	\$ 591	\$ 518,167	\$ 95,244	\$ 30	\$ 83,550	\$ 21,437	\$ 166,331

City of Hammond

**Combining Balance Sheet
General Fund Accounts - Continued
December 31, 2020**

	HHS		Special	HIDA								
	Stimulus	Public Defender	Events Fire	Overtime Reimbursement	Background Checks	Clerks Perpetual	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations		
Assets												
Cash and cash equivalents	\$ 37,981	\$ 1,575	\$ 1,878	\$ -	\$ 852	\$ 75,108	\$ 548,308	\$ 27,940	\$ 1,007,163	\$ 1,114		
Receivables:												
Property taxes, net	-	-	-	-	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	2,000	-	-	-
Intergovernmental	-	-	-	5,750	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	39,037	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	83	25	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 37,981	\$ 1,575	\$ 1,878	\$ 5,750	\$ 852	\$ 75,108	\$ 587,345	\$ 27,940	\$ 1,009,246	\$ 1,139		
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,331	\$ -	\$ 3,767	\$ -		
Accrued payroll	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	17,089	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	17,089	-	-	16,331	-	3,767	-		
Deferred inflows of resources												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances												
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	83	25		
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	37,981	1,575	1,878	(11,339)	852	75,108	571,014	27,940	1,005,396	1,114		
Total fund balances	37,981	1,575	1,878	(11,339)	852	75,108	571,014	27,940	1,005,479	1,139		
Total liabilities, deferred inflows of resources and fund balances	\$ 37,981	\$ 1,575	\$ 1,878	\$ 5,750	\$ 852	\$ 75,108	\$ 587,345	\$ 27,940	\$ 1,009,246	\$ 1,139		

City of Hammond

Combining Balance Sheet
 General Fund Accounts - Continued
 December 31, 2020

	Public Safety	Gaming Revenue	Rainy Day Fund	Penalties	Penalties	Ambulance Fees	COVID	Animal Control Donation	Vehicle Release	Unemployment
Assets										
Cash and cash equivalents	\$ 211,523	\$ 4,061,275	\$ 2,856	\$ -	\$ -	\$ 108,624	\$ -	\$ 2,885	\$ 455,388	\$ -
Receivables:										
Property taxes, net	-	-	-	-	-	-	-	-	-	-
Gaming	-	2,434,167	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	1,200	-
Prepaid items	-	21,681	-	41	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 211,523	\$ 6,517,123	\$ 2,856	\$ 41	\$ -	\$ 108,624	\$ -	\$ 2,885	\$ 456,588	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 505,542	\$ 2,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	153,870	-	-	-	-	-
Total liabilities	-	505,542	2,495	-	153,870	-	-	-	-	-
Deferred inflows of resources										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
Fund balances										
Nonspendable - prepaid items	-	21,681	-	41	-	-	-	-	-	-
Committed	-	2,560,561	-	-	-	-	-	-	-	-
Unassigned	211,523	3,429,339	361	-	(153,870)	108,624	-	2,885	456,588	-
Total fund balances	211,523	6,011,581	361	41	(153,870)	108,624	-	2,885	456,588	-
Total liabilities, deferred inflows of resources and fund balances	\$ 211,523	\$ 6,517,123	\$ 2,856	\$ 41	\$ -	\$ 108,624	\$ -	\$ 2,885	\$ 456,588	\$ -

City of Hammond

Combining Balance Sheet
General Fund Accounts - Continued
December 31, 2020

	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
Assets												
Cash and cash equivalents	\$ 6,553	\$ 19,109	\$ 1,325	\$ 438	\$ 1,052	\$ 117,910	\$ 245,867	\$ -	\$ 125,082	\$ 170,308	\$ -	\$ 9,057,851
Receivables:												
Property taxes, net	-	-	-	-	-	-	-	-	-	-	-	29,674,522
Gaming	-	-	-	-	-	-	-	-	-	-	-	2,434,167
Accounts	-	-	-	-	-	1,869	-	-	-	-	-	3,869
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	5,750
Other	-	-	-	-	-	-	-	-	-	-	-	222,551
Prepaid items	-	-	-	221	-	9,720	-	-	-	-	-	100,546
Due from other funds	-	-	-	-	-	-	-	-	-	-	(171,537)	2,451,521
Total assets	\$ 6,553	\$ 19,109	\$ 1,325	\$ 659	\$ 1,052	\$ 129,499	\$ 245,867	\$ -	\$ 125,082	\$ 170,308	\$ (171,537)	\$ 43,950,777
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,223,506
Accrued payroll	-	-	-	494	-	-	-	-	-	(22,474)	-	116,596
Due to other funds	-	-	-	-	-	-	-	578	-	-	(171,537)	-
Total liabilities	-	-	-	494	-	3,512	-	578	-	(22,474)	(171,537)	3,340,102
Deferred inflows of resources												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	29,674,522
Fund balances												
Nonspendable - prepaid items	-	-	-	221	-	9,720	-	-	-	-	-	100,546
Committed	-	-	-	-	-	-	-	-	-	-	-	2,560,561
Unassigned	6,553	19,109	1,325	(56)	1,052	116,267	245,867	(578)	125,082	192,782	-	8,275,046
Total fund balances	6,553	19,109	1,325	165	1,052	125,987	245,867	(578)	125,082	192,782	-	10,936,153
Total liabilities, deferred inflows of resources and fund balances	\$ 6,553	\$ 19,109	\$ 1,325	\$ 659	\$ 1,052	\$ 129,499	\$ 245,867	\$ -	\$ 125,082	\$ 170,308	\$ (171,537)	\$ 43,950,777

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund Accounts
Year Ended December 31, 2020

	General	Façade Rebate Program	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Blight Elimination
Revenues										
Property taxes	\$ 26,571,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,625,973	-	-	-	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	1,843,624	-	-	-	-	-	-	-	-	-
Charges for services	17,170,625	-	-	-	-	-	-	-	-	-
Fines and forfeits	285,287	-	-	-	-	123,681	-	-	-	-
Other	483,686	-	-	-	47,433	-	-	11,550	50,000	49,180
Interest	91,858	-	-	-	-	-	-	-	-	-
Total revenues	52,072,174	-	-	-	47,433	123,681	-	11,550	50,000	49,180
Expenditures										
Current:										
General government	12,604,486	-	(3,971)	21,175	-	200,465	-	-	-	38,443
Public safety	47,914,047	-	-	-	175,861	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	29,837	-
Urban redevelopment and housing	879,744	67,424	-	-	-	-	-	62,325	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	108,814	-	-	-	-	-	-	-	-	-
Capital outlay	947,509	-	-	-	-	-	-	-	-	-
Total expenditures	62,454,600	67,424	(3,971)	21,175	175,861	200,465	-	62,325	29,837	38,443
Excess (deficiency) of revenues over (under) expenditures	(10,382,426)	(67,424)	3,971	(21,175)	(128,428)	(76,784)	-	(50,775)	20,163	10,737
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	37,685	-	-	-	-	-	-	-	-	-
Transfers in	15,551,986	-	-	23,597	-	-	-	-	-	-
Transfers out	(4,883,550)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,706,121	-	-	23,597	-	-	-	-	-	-
Change in fund balance	323,695	(67,424)	3,971	2,422	(128,428)	(76,784)	-	(50,775)	20,163	10,737
Fund balances:										
January 1, 2020	640,162	207,692	(588)	(4,490)	526,595	172,028	30	134,325	524	155,594
December 31, 2020	\$ 963,857	\$ 140,268	\$ 3,383	\$ (2,068)	\$ 398,167	\$ 95,244	\$ 30	\$ 83,550	\$ 20,687	\$ 166,331

City of Hammond

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

General Fund Accounts

Year Ended December 31, 2020

	HHS Stimulus	Public Defender	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual Records	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	59,088	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	115	263	367,566	22,110	-	-
Charges for services	-	-	464	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	309,585	-
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	464	59,088	115	263	367,566	22,110	309,585	-
Expenditures										
Current:										
General government	-	-	-	-	869	2,028	-	-	-	272
Public safety	-	-	464	71,624	-	-	533,169	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-	459,849	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	464	71,624	869	2,028	533,169	-	459,849	272
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(12,536)	(754)	(1,765)	(165,603)	22,110	(150,264)	(272)
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	2,983	-
Transfers in	37,981	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	37,981	-	-	-	-	-	-	-	2,983	-
Change in fund balance	37,981	-	-	(12,536)	(754)	(1,765)	(165,603)	22,110	(147,281)	(272)
Fund balances:										
January 1, 2020	-	1,575	1,878	1,197	1,606	76,873	736,617	5,830	1,152,760	1,411
December 31, 2020	\$ 37,981	\$ 1,575	\$ 1,878	\$ (11,339)	\$ 852	\$ 75,108	\$ 571,014	\$ 27,940	\$ 1,005,479	\$ 1,139

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2020

	Public Safety	Gaming Revenue	Rainy Day Fund	Penalties	COVID-19 Police Overtime	Ambulance User Fees For Equipment	COVID-19 Grant	Animal Control Donation	Vehicle Release	Unemployment
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	793,069	16,179,641	-	-	-	-	2,459,076	-	-	-
Development agreement	-	12,716,661	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-	-	131,175	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other	-	1,194,611	525	-	-	-	-	410	642	-
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	793,069	30,090,913	525	-	-	-	2,459,076	410	131,817	-
Expenditures										
Current:										
General government	-	8,937,801	309,457	312,565	-	-	75,505	1,820	-	70,735
Public safety	244,316	-	-	-	153,870	-	31,655	-	3,976	-
Culture and recreation	-	927,734	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	3,694,139	-	-	-	-	-	-	-	-
Debt service:										
Principal	280,401	180,000	1,956,607	-	-	-	-	-	-	-
Interest and fees	18,521	428,750	1,206,624	-	-	-	-	-	-	-
Capital outlay	64,420	6,691	3,058,383	800	-	16,376	-	-	-	-
Total expenditures	607,658	14,175,115	6,531,071	313,365	153,870	16,376	107,160	1,820	3,976	70,735
Excess (deficiency) of revenues over (under) expenditures	185,411	15,915,798	(6,530,546)	(313,365)	(153,870)	(16,376)	2,351,916	(1,410)	127,841	(70,735)
Other financing sources (uses)										
Proceeds from capital leases	-	-	2,933,588	-	-	-	-	-	-	-
Sale of capital assets	-	-	36,365	-	-	-	-	-	-	-
Transfers in	-	-	3,330,000	313,068	-	125,000	-	-	-	70,735
Transfers out	(15,000)	(18,277,357)	-	-	-	-	(2,351,916)	-	-	-
Total other financing sources (uses)	(15,000)	(18,277,357)	6,299,953	313,068	-	125,000	(2,351,916)	-	-	70,735
Change in fund balance	170,411	(2,361,559)	(230,593)	(297)	(153,870)	108,624	-	(1,410)	127,841	-
Fund balances:										
January 1, 2020	41,112	8,373,140	230,954	338	-	-	-	4,295	328,747	-
December 31, 2020	\$ 211,523	\$ 6,011,581	\$ 361	\$ 41	\$ (153,870)	\$ 108,624	\$ -	\$ 2,885	\$ 456,588	\$ -

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,571,121
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	25,116,847
Development agreement	-	-	-	-	-	-	-	-	-	-	-	12,716,661
Licenses, permits and fees	-	-	-	112,637	-	130,983	-	-	-	-	-	2,608,473
Charges for services	-	-	-	-	-	-	-	-	-	-	-	17,171,089
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	408,968
Other	-	-	-	71,681	-	-	-	-	-	26,541	-	2,245,844
Interest	-	-	-	-	-	-	-	-	-	-	-	91,858
Total revenues	-	-	-	184,318	-	130,983	-	-	-	26,541	-	86,930,861
Expenditures												
Current:												
General government	-	-	-	1,301,737	-	-	-	-	-	-	-	23,873,387
Public safety	-	-	270,812	-	-	130,580	-	-	-	-	-	49,530,374
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	957,571
Urban redevelopment and housing	-	-	-	-	-	-	-	-	-	-	-	5,163,481
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	2,417,008
Interest and fees	-	-	-	-	-	-	-	-	-	-	-	1,762,709
Capital outlay	-	-	-	55	-	-	-	-	-	-	-	4,094,234
Total expenditures	-	-	270,812	1,301,792	-	130,580	-	-	-	-	-	87,798,764
Excess (deficiency) of revenues over (under) expenditures	-	-	(270,812)	(1,117,474)	-	403	-	-	-	26,541	-	(867,903)
Other financing sources (uses)												
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-	-	2,933,588
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	77,033
Transfers in	-	-	285,000	1,114,289	-	-	-	-	-	-	(19,201,586)	1,650,070
Transfers out	-	-	-	-	-	-	-	-	-	-	19,201,586	(6,326,237)
Total other financing sources (uses)	-	-	285,000	1,114,289	-	-	-	-	-	-	-	(1,665,546)
Change in fund balance	-	-	14,188	(3,185)	-	403	-	-	-	26,541	-	(2,533,449)
Fund balances:												
January 1, 2020	6,553	19,109	(12,863)	3,350	1,052	125,584	245,867	(578)	125,082	166,241	-	13,469,602
December 31, 2020	\$ 6,553	\$ 19,109	\$ 1,325	\$ 165	\$ 1,052	\$ 125,987	\$ 245,867	\$ (578)	\$ 125,082	\$ 192,782	\$ -	\$ 10,936,153

City of Hammond

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 20,850,485	\$ -	\$ 259,139	\$ 21,109,624
Receivables:				
Property taxes, net	6,524,701	1,843,151	-	8,367,852
Accounts	728	-	-	728
Intergovernmental	240,669	-	-	240,669
Other	11,506	-	-	11,506
Loans receivable, net	4,358,506	-	-	4,358,506
Prepaid items	35,742	-	-	35,742
Due from other funds	173,697	-	-	173,697
Restricted cash and cash equivalents	306,129	8,782,120	1,881,819	10,970,068
Note receivable	171,000	-	-	171,000
Total assets	\$ 32,673,163	\$ 10,625,271	\$ 2,140,958	\$ 45,439,392
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,045,894	\$ -	\$ 3,275	\$ 1,049,169
Accrued payroll	133,215	-	-	133,215
Due to other funds	909,743	-	-	909,743
Unearned revenue	83,407	-	-	83,407
Total liabilities	2,172,259	-	3,275	2,175,534
Deferred inflows of resources				
Unavailable revenue	6,524,701	1,843,151	-	8,367,852
Fund balances (deficits)				
Nonspendable - prepaid items	35,742	-	-	35,742
Restricted				
General government	441,864	-	321,222	763,086
Public safety	1,278,878	-	-	1,278,878
Highways and streets	1,564,521	-	-	1,564,521
Culture and recreation	36,428	-	1,816,461	1,852,889
Urban redevelopment and housing	20,681,678	-	-	20,681,678
Debt service	-	8,782,120	-	8,782,120
Unassigned (deficit)	(62,908)	-	-	(62,908)
Total fund balances (deficits)	23,976,203	8,782,120	2,137,683	34,896,006
Total liabilities, deferred inflows of resources and fund balances	\$ 32,673,163	\$ 10,625,271	\$ 2,140,958	\$ 45,439,392

City of Hammond

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 13,806,458	\$ 1,731,230	\$ -	\$ 15,537,688
Intergovernmental taxes	15,309,624	94,801	-	15,404,425
Licenses and permits	18,878	-	-	18,878
Charges for services	1,632,084	-	-	1,632,084
Other	840,986	801,479	3,972	1,646,437
Interest	-	65	-	65
Total revenues	31,608,030	2,627,575	3,972	34,239,577
Expenditures				
Current:				
General government	1,234,061	-	315	1,234,376
Public safety	4,060,510	-	-	4,060,510
Streets and equipment maintenance	6,268,679	-	-	6,268,679
Culture and recreation	6,287,744	-	-	6,287,744
Urban redevelopment and housing	9,970,681	-	-	9,970,681
Debt service,				
Principal retirement	1,069,082	4,800,000	-	5,869,082
Interest and fees	585,224	4,663,828	-	5,249,052
Capital outlay	3,532,566	-	709,395	4,241,961
Total expenditures	33,008,547	9,463,828	709,710	43,182,085
Excess (deficiency) of revenues over (under) expenditures	(1,400,517)	(6,836,253)	(705,738)	(8,942,508)
Other financing sources (uses):				
Proceeds of bond issuance	3,040,000	-	-	3,040,000
Transfers in	2,381,640	7,838,958	-	10,220,598
Transfers out	(5,544,410)	(70)	-	(5,544,480)
Total other financing sources (uses)	(122,770)	7,838,888	-	7,716,118
Change in fund balance	(1,523,287)	1,002,635	(705,738)	(1,226,390)
Fund balances:				
January 1, 2020	25,499,490	7,779,485	2,843,421	36,122,396
December 31, 2020	\$ 23,976,203	\$ 8,782,120	\$ 2,137,683	\$ 34,896,006

City of Hammond

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020**

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF
Assets							
Cash and cash equivalents	\$ 977,225	\$ 9,326,475	\$ 1,160,364	\$ 344,430	\$ 8	\$ 1,477,194	\$ 1,017,123
Receivables:							
Property taxes, net	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	306,129	-	-	-	-	-	-
Note receivable	-	-	171,000	-	-	-	-
Total assets	\$ 1,283,354	\$ 9,326,475	\$ 1,331,364	\$ 344,430	\$ 8	\$ 1,477,194	\$ 1,017,123
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 22,249	\$ 12,828	\$ 144,612	\$ 5,760	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	22,249	12,828	144,612	5,760	-	-	-
Deferred inflows of resources							
Deferred property taxes	-	-	-	-	-	-	-
Fund balances							
Nonspendable - prepaid items	-	-	-	-	-	-	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	1,261,105	9,313,647	1,186,752	338,670	8	1,477,194	1,017,123
Unassigned	-	-	-	-	-	-	-
Total fund balances	1,261,105	9,313,647	1,186,752	338,670	8	1,477,194	1,017,123
Total liabilities, deferred inflows of resources and fund balances	\$ 1,283,354	\$ 9,326,475	\$ 1,331,364	\$ 344,430	\$ 8	\$ 1,477,194	\$ 1,017,123

City of Hammond

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2020

	Woodmar Gateways TIF	Parks and Recreation	Grants	Motor Vehicle Highway	Motor Vehicle Highway - Restricted	Local Road and Street Tax	County Economic Development Income Tax
Assets							
Cash and cash equivalents	\$ 385,735	\$ 1,052,851	\$ 1,657,324	\$ 37,838	\$ 431,975	\$ 971,870	\$ 315,885
Receivables:							
Property taxes, net	-	4,134,403	-	1,751,710	-	-	-
Accounts	-	728	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	126,532	114,137	-
Other	-	11,506	-	-	-	-	-
Loans receivable, net	-	-	4,358,506	-	-	-	-
Prepaid items	-	32,585	2,223	584	-	-	-
Due from other funds	-	-	-	-	-	-	173,697
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 385,735	\$ 5,232,073	\$ 6,018,053	\$ 1,790,132	\$ 558,507	\$ 1,086,007	\$ 489,582
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 101,210	\$ 534,621	\$ 26,310	\$ -	\$ 79,993	\$ 107,251
Accrued payroll	-	57,018	1,761	74,436	-	-	-
Due to other funds	-	824,356	85,387	-	-	-	-
Unearned revenue	-	46,073	-	-	-	-	37,334
Total liabilities	-	1,028,657	621,769	100,746	-	79,993	144,585
Deferred inflows of resources							
Deferred property taxes	-	4,134,403	-	1,751,710	-	-	-
Fund balances							
Nonspendable - prepaid items	-	32,585	2,223	584	-	-	-
Restricted							
General government	-	-	-	-	-	-	344,997
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	558,507	1,006,014	-
Culture and recreation	-	36,428	-	-	-	-	-
Urban redevelopment and housing	385,735	-	5,394,061	-	-	-	-
Unassigned	-	-	-	(62,908)	-	-	-
Total fund balances	385,735	69,013	5,396,284	(62,324)	558,507	1,006,014	344,997
Total liabilities, deferred inflows of resources and fund balances	\$ 385,735	\$ 5,232,073	\$ 6,018,053	\$ 1,790,132	\$ 558,507	\$ 1,086,007	\$ 489,582

City of Hammond

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2020

	Evidence Money	Local Option Income Tax	Haz-Mat	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Assets							
Cash and cash equivalents	\$ 20,629	\$ 1,179,903	\$ 65,426	\$ 16,718	\$ 199,837	\$ 15,971	\$ 81,486
Receivables:							
Property taxes, net	-	-	-	-	436,820	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	350	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 20,629	\$ 1,179,903	\$ 65,426	\$ 16,718	\$ 636,657	\$ 16,321	\$ 81,486
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 3,798	\$ 5,625	\$ 1,637	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	3,798	5,625	1,637	-
Deferred inflows of resources							
Deferred property taxes	-	-	-	-	436,820	-	-
Fund balances							
Nonspendable - prepaid items	-	-	-	-	-	350	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	20,629	1,179,903	-	12,920	194,212	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	65,426	-	-	14,334	81,486
Unassigned	-	-	-	-	-	-	-
Total fund balances	20,629	1,179,903	65,426	12,920	194,212	14,684	81,486
Total liabilities, deferred inflows of resources and fund balances	\$ 20,629	\$ 1,179,903	\$ 65,426	\$ 16,718	\$ 636,657	\$ 16,321	\$ 81,486

City of Hammond

**Combining Balance Sheet - Continued
Nonmajor Special Revenue Funds
December 31, 2020**

	C.C.I.F.	Major Moves	18A Park Bond COI	C.C.D.F.	Total
Assets					
Cash and cash equivalents	\$ 94,161	\$ 17,351	\$ -	\$ 2,706	\$ 20,850,485
Receivables:					
Property taxes, net	-	-	-	201,768	6,524,701
Accounts	-	-	-	-	728
Intergovernmental receivables	-	-	-	-	240,669
Other	-	-	-	-	11,506
Loans receivable, net	-	-	-	-	4,358,506
Prepaid items	-	-	-	-	35,742
Due from other funds	-	-	-	-	173,697
Restricted cash and cash equivalents	-	-	-	-	306,129
Note receivable	-	-	-	-	171,000
Total assets	\$ 94,161	\$ 17,351	\$ -	\$ 204,474	\$ 32,673,163
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,045,894
Accrued payroll	-	-	-	-	133,215
Due to other funds	-	-	-	-	909,743
Unearned revenue	-	-	-	-	83,407
Total liabilities	-	-	-	-	2,172,259
Deferred inflows of resources					
Deferred property taxes	-	-	-	201,768	6,524,701
Fund balances					
Nonspendable - prepaid items	-	-	-	-	35,742
Restricted					
General government	-	-	-	2,706	347,703
Public safety	-	-	-	-	1,407,664
Highways and streets	-	-	-	-	1,564,521
Culture and recreation	-	-	-	-	36,428
Urban redevelopment and housing	94,161	17,351	-	-	20,647,053
Unassigned	-	-	-	-	(62,908)
Total fund balances	94,161	17,351	-	2,706	23,976,203
Total liabilities, deferred inflows of resources and fund balances	\$ 94,161	\$ 17,351	\$ -	\$ 204,474	\$ 32,673,163

City of Hammond

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2020**

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF
Revenues							
Property taxes	\$ 1,328,092	\$ 3,827,892	\$ 709,314	\$ 342,348	\$ -	\$ -	\$ 490,823
Intergovernmental	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	194,045	-	-	-	-	-	-
Total revenues	1,522,137	3,827,892	709,314	342,348	-	-	490,823
Expenditures							
Current:							
General government	60	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	478,046	1,702,324	875,385	23,272	3,043,222	3,500	-
Debt service:							
Principal	137,319	215,400	-	-	-	-	-
Interest and fees	114,253	199,217	-	-	-	-	-
Capital outlay	600,000	734,175	-	-	-	-	24,442
Total expenditures	1,329,678	2,851,116	875,385	23,272	3,043,222	3,500	24,442
Excess (deficiency) of revenues over (under) expenditures	192,459	976,776	(166,071)	319,076	(3,043,222)	(3,500)	466,381
Other financing sources (uses)							
Proceeds of bond issuance	-	-	-	-	3,040,000	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(236,725)	(1,339,679)	-	(172,996)	-	-	(199,968)
Total other financing sources (uses)	(236,725)	(1,339,679)	-	(172,996)	3,040,000	-	(199,968)
Change in fund balance	(44,266)	(362,903)	(166,071)	146,080	(3,222)	(3,500)	266,413
Fund balances:							
January 1, 2020	1,305,371	9,676,550	1,352,823	192,590	3,230	1,480,694	750,710
December 31, 2020	\$ 1,261,105	\$ 9,313,647	\$ 1,186,752	\$ 338,670	\$ 8	\$ 1,477,194	\$ 1,017,123

City of Hammond

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2020**

	Woodmar Gateway TIF	Parks and Recreation	Grants	Motor Vehicle Highway	Motor Vehicle Highway - Restricted	Local Road and Street Tax	County Economic Development Income Tax
Revenues							
Property taxes	\$ 1,269,169	\$ 3,702,547	\$ -	\$ 1,569,540	\$ -	\$ -	\$ -
Intergovernmental	-	293,662	3,600,495	1,518,601	1,527,507	1,333,189	3,149,157
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	1,632,084	-	-	-	-	-
Other	-	39,655	164,863	166,137	-	-	250,825
Total revenues	1,269,169	5,667,948	3,765,358	3,254,278	1,527,507	1,333,189	3,399,982
Expenditures							
Current:							
General government	-	-	36,182	-	-	-	1,014,953
Public safety	-	-	283,657	-	-	-	434,073
Highways and streets	-	-	-	5,133,646	-	1,135,033	-
Culture and recreation	-	6,287,742	-	-	-	-	-
Urban redevelopment and housing	-	-	3,429,175	-	-	-	-
Debt service:							
Principal	-	432,000	-	-	-	-	284,363
Interest and fees	-	260,324	-	-	-	-	11,430
Capital outlay	241,644	77,191	494,892	-	1,276,254	-	-
Total expenditures	241,644	7,057,257	4,243,906	5,133,646	1,276,254	1,135,033	1,744,819
Excess (deficiency) of revenues over (under) expenditures	1,027,525	(1,389,309)	(478,548)	(1,879,368)	251,253	198,156	1,655,163
Other financing sources (uses)							
Proceeds of bond issuance	-	-	-	-	-	-	-
Transfers in	-	669,406	200,000	1,500,000	-	-	6,117
Transfers out	(1,275,636)	-	(669,406)	-	-	(285,000)	(1,260,000)
Total other financing sources (uses)	(1,275,636)	669,406	(469,406)	1,500,000	-	(285,000)	(1,253,883)
Change in fund balance	(248,111)	(719,903)	(947,954)	(379,368)	251,253	(86,844)	401,280
Fund balances:							
January 1, 2020	633,846	788,916	6,344,238	317,044	307,254	1,092,858	(56,283)
December 31, 2020	\$ 385,735	\$ 69,013	\$ 5,396,284	\$ (62,324)	\$ 558,507	\$ 1,006,014	\$ 344,997

City of Hammond

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2020**

	Evidence Money	Local Option Income Tax	Hazardous Materials	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 390,343	\$ -	\$ -
Intergovernmental	-	3,646,509	-	14,136	27,025	10,800	-
Licenses, permits and fees	-	-	18,878	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	12,902	-	-	-	12,557	-	-
Total revenues	12,902	3,646,509	18,878	14,136	429,925	10,800	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	12,902	3,286,378	22,001	21,499	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	406,750	9,007	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,000	-	-
Total expenditures	12,902	3,286,378	22,001	21,499	408,750	9,007	-
Excess (deficiency) of revenues over (under) expenditures	-	360,131	(3,123)	(7,363)	21,175	1,793	-
Other financing sources (uses)							
Proceeds of bond issuance	-	-	-	-	-	-	-
Transfers in	-	6,117	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	6,117	-	-	-	-	-
Change in fund balance	-	366,248	(3,123)	(7,363)	21,175	1,793	-
Fund balances:							
January 1, 2020	20,629	813,655	68,549	20,283	173,037	12,891	81,486
December 31, 2020	\$ 20,629	\$ 1,179,903	\$ 65,426	\$ 12,920	\$ 194,212	\$ 14,684	\$ 81,486

City of Hammond

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2020

	C.C.I.F.	Major Moves	18A Park Bond COI	C.C.D.F.	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 176,390	\$ 13,806,458
Intergovernmental	175,259	-	-	13,284	15,309,624
Licenses, permits and fees	-	-	-	-	18,878
Charges for services	-	-	-	-	1,632,084
Other	-	-	2	-	840,986
Total revenues	175,259	-	2	189,674	31,608,030
Expenditures					
Current:					
General government	182,866	-	-	-	1,234,061
Public safety	-	-	-	-	4,060,510
Highways and streets	-	-	-	-	6,268,679
Culture and recreation	-	-	2	-	6,287,744
Urban redevelopment and housing	-	-	-	-	9,970,681
Debt service:					
Principal	-	-	-	-	1,069,082
Interest and fees	-	-	-	-	585,224
Capital outlay	-	-	-	81,968	3,532,566
Total expenditures	182,866	-	2	81,968	33,008,547
Excess (deficiency) of revenues over (under) expenditures	(7,607)	-	-	107,706	(1,400,517)
Other financing sources (uses)					
Proceeds of bond issuance	-	-	-	-	3,040,000
Transfers in	-	-	-	-	2,381,640
Transfers out	-	-	-	(105,000)	(5,544,410)
Total other financing sources (uses)	-	-	-	(105,000)	(122,770)
Change in fund balance	(7,607)	-	-	2,706	(1,523,287)
Fund balances:					
January 1, 2020	101,768	17,351	-	-	25,499,490
December 31, 2020	\$ 94,161	\$ 17,351	\$ -	\$ 2,706	\$ 23,976,203

City of Hammond

Combining Balance Sheet
 Gateways TIF Funds
 December 31, 2020

	Gateways TIF	Collateral ST#8	GTW18A Const AC	GTW18A Ice Kube	Total
Assets					
Cash and cash equivalents	\$ 912,377	\$ 64,848	\$ -	\$ -	\$ 977,225
Restricted cash and cash equivalents	-	-	306,129	-	306,129
Total assets	\$ 912,377	\$ 64,848	\$ 306,129	\$ -	\$ 1,283,354
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 22,244	\$ 5	\$ -	\$ -	\$ 22,249
Total liabilities	22,244	5	-	-	22,249
Fund balances					
Restricted	890,133	64,843	306,129	-	1,261,105
Total fund balances	890,133	64,843	306,129	-	1,261,105
Total liabilities, deferred inflows of resources and fund balances	\$ 912,377	\$ 64,848	\$ 306,129	\$ -	\$ 1,283,354

City of Hammond

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Gateways TIF Funds
Year Ended December 31, 2020**

	Gateways TIF	Collateral ST#8	GTW18A Const AC	GTW18A Ice Kube	Total
Revenues					
Property taxes	\$ 1,328,092	\$ -	\$ -	\$ -	\$ 1,328,092
Other	194,045	-	-	-	194,045
Total revenues	1,522,137	-	-	-	1,522,137
Expenditures					
Current:					
General government	-	60	-	-	60
Urban redevelopment and housing	478,046	-	-	-	478,046
Debt service:					
Principal	137,319	-	-	-	137,319
Interest and fees	114,253	-	-	-	114,253
Capital outlay	-	-	-	600,000	600,000
Total expenditures	729,618	60	-	600,000	1,329,678
Excess (deficiency) of revenues over (under) expenditures	792,519	(60)	-	(600,000)	192,459
Other financing sources (uses)					
Transfers out	(236,725)	-	-	-	(236,725)
Change in fund balance	555,794	(60)	-	(600,000)	(44,266)
Fund balances:					
January 1, 2020	334,339	64,903	306,129	600,000	1,305,371
December 31, 2020	\$ 890,133	\$ 64,843	\$ 306,129	\$ -	\$ 1,261,105

City of Hammond

Combining Balance Sheet
Hammond Central TIF Funds
December 31, 2020

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Total
Assets						
Cash and cash equivalents	\$ 653,516	\$ 2,165,269	\$ 3,492,033	\$ 3,003,590	\$ 12,067	\$ 9,326,475
Total assets	\$ 653,516	\$ 2,165,269	\$ 3,492,033	\$ 3,003,590	\$ 12,067	\$ 9,326,475
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 12,828	\$ -	\$ 12,828
Total liabilities	-	-	-	12,828	-	12,828
Fund balances						
Restricted	653,516	2,165,269	3,492,033	2,990,762	12,067	9,313,647
Total fund balances	653,516	2,165,269	3,492,033	2,990,762	12,067	9,313,647
Total liabilities, deferred inflows of resources and fund balances	\$ 653,516	\$ 2,165,269	\$ 3,492,033	\$ 3,003,590	\$ 12,067	\$ 9,326,475

City of Hammond

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Hammond Central TIF Funds
Year Ended December 31, 2020**

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Eliminations	Total
Revenues							
Property taxes	\$ 536,401	\$ 258,332	\$ 332,077	\$ 2,701,082	\$ -	\$ -	\$ 3,827,892
Other	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total revenues	536,401	258,332	332,077	2,701,082	-	-	3,827,892
Expenditures							
Current:							
Urban redevelopment and housing	-	-	-	1,702,324	-	-	1,702,324
Debt service:							
Principal	-	-	-	215,400	-	-	215,400
Interest and fees	-	-	-	199,217	-	-	199,217
Capital outlay	-	-	734,175	-	-	-	734,175
Total expenditures	-	-	734,175	2,116,941	-	-	2,851,116
Excess (deficiency) of revenues over (under) expenditures	536,401	258,332	(402,098)	584,141	-	-	976,776
Other financing sources (uses)							
Transfers in	-	-	-	207,309	-	(207,309)	-
Transfers out	-	(293,674)	-	(1,253,314)	-	207,309	(1,339,679)
Total other financing sources (uses)	-	(293,674)	-	(1,046,005)	-	-	(1,339,679)
Change in fund balance	536,401	(35,342)	(402,098)	(461,864)	-	-	(362,903)
Fund balances:							
January 1, 2020	117,115	2,200,611	3,894,131	3,452,626	12,067	-	9,676,550
December 31, 2020	\$ 653,516	\$ 2,165,269	\$ 3,492,033	\$ 2,990,762	\$ 12,067	\$ -	\$ 9,313,647

City of Hammond

Combining Balance Sheet
Roby TIF Funds
December 31, 2020

	Roby TIF	Marina	Total
Assets			
Cash and cash equivalents	\$ 344,327	\$ 103	\$ 344,430
Total assets	<u>\$ 344,327</u>	<u>\$ 103</u>	<u>\$ 344,430</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 5,760	\$ -	\$ 5,760
Total liabilities	<u>5,760</u>	<u>-</u>	<u>5,760</u>
Fund balances			
Restricted	338,567	103	338,670
Total fund balances	<u>338,567</u>	<u>103</u>	<u>338,670</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 344,327</u>	<u>\$ 103</u>	<u>\$ 344,430</u>

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Roby TIF Funds
 Year Ended December 31, 2020

	Roby TIF	Marina	Total
Revenues			
Property taxes	\$ 342,348	\$ -	\$ 342,348
Interest	-	-	-
Total revenues	<u>342,348</u>	<u>-</u>	<u>342,348</u>
Expenditures			
Current:			
Urban redevelopment and housing	23,272	-	23,272
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
Total expenditures	<u>23,272</u>	<u>-</u>	<u>23,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>319,076</u>	<u>-</u>	<u>319,076</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(172,996)	-	(172,996)
Total other financing sources (uses)	<u>(172,996)</u>	<u>-</u>	<u>(172,996)</u>
Change in fund balance	146,080	-	146,080
Fund balances:			
January 1, 2020	<u>192,487</u>	<u>103</u>	<u>192,590</u>
December 31, 2020	<u>\$ 338,567</u>	<u>\$ 103</u>	<u>\$ 338,670</u>

City of Hammond

Combining Balance Sheet
Parks and Recreation Funds
December 31, 2020

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Assets						
Cash and cash equivalents	\$ 280	\$ 5,820	\$ 1,033,681	\$ 13,070	\$ -	\$ 1,052,851
Accounts receivable:						
Property taxes, net	4,134,403	-	-	-	-	4,134,403
Accounts	-	-	728	-	-	728
Other	11,506	-	-	-	-	11,506
Prepaid items	32,585	-	-	-	-	32,585
Total assets	\$ 4,178,774	\$ 5,820	\$ 1,034,409	\$ 13,070	\$ -	\$ 5,232,073
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 93,573	\$ -	\$ 5,807	\$ -	\$ 1,830	\$ 101,210
Due to other funds	-	-	-	-	824,356	824,356
Accrued payroll	57,018	-	-	-	-	57,018
Unearned revenue	46,073	-	-	-	-	46,073
Total liabilities	196,664	-	5,807	-	826,186	1,028,657
Deferred inflows of resources						
Deferred property taxes	4,134,403	-	-	-	-	4,134,403
Fund balances						
Restricted	(184,878)	5,820	1,028,602	13,070	(826,186)	36,428
Total fund balances	(152,293)	5,820	1,028,602	13,070	(826,186)	69,013
Total liabilities, deferred inflows of resources and fund balances	\$ 4,178,774	\$ 5,820	\$ 1,034,409	\$ 13,070	\$ -	\$ 5,232,073

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Parks and Recreation Funds
 Year Ended December 31, 2020

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Revenues						
Property taxes	\$ 3,702,547	\$ -	\$ -	\$ -	\$ -	\$ 3,702,547
Intergovernmental	277,642	-	-	16,020	-	293,662
Charges for services	1,143,687	-	456,397	-	32,000	1,632,084
Other	35,705	3,950	-	-	-	39,655
Total revenues	5,159,581	3,950	456,397	16,020	32,000	5,667,948
Expenditures						
Current:						
Public safety	-	-	-	-	-	-
Culture and recreation	5,121,756	-	227,723	3,375	934,888	6,287,742
Capital outlay	77,191	-	-	-	-	77,191
Total expenditures	5,891,271	-	227,723	3,375	934,888	7,057,257
Excess (deficiency) of revenues over (under) expenditures	(731,690)	3,950	228,674	12,645	(902,888)	(1,389,309)
Other financing sources (uses)						
Transfers in	669,406	-	-	-	-	669,406
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	669,406	-	-	-	-	669,406
Change in fund balance	(62,284)	3,950	228,674	12,645	(902,888)	(719,903)
Fund balances:						
January 1, 2020	(90,009)	1,870	799,928	425	76,702	788,916
December 31, 2020	\$ (152,293)	\$ 5,820	\$ 1,028,602	\$ 13,070	\$ (826,186)	\$ 69,013

City of Hammond

Combining Balance Sheet
Grants Funds
December 31, 2020

	Neighborhood Stabilization	ASAP	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant	FY19 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs
Assets									
Cash and cash equivalents	\$ 97,940	\$ -	\$ 15,213	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-	-
Total assets	\$ 97,940	\$ -	\$ 17,436	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	978	3,112	11,577	120	1,602	2,888
Accrued payroll	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	978	3,112	11,577	120	1,602	2,888
Deferred inflows of resources									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund balances									
Restricted	97,940	-	15,213	(978)	(3,112)	(11,577)	(120)	(1,597)	(2,888)
Total fund balances	97,940	-	17,436	(978)	(3,112)	(11,577)	(120)	(1,597)	(2,888)
Total liabilities, deferred inflows of resources and fund balances	\$ 97,940	\$ -	\$ 17,436	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -

City of Hammond

Combining Balance Sheet - continued

Grants Funds

December 31, 2020

	Judicial Assistance Grants	Human Relations	Human Relations (Federal)	FY19 OPO Grant	FY19 DUI Task Force	C.D.B.G.	C.D.B.G. Donation	FY19 Fire Grants	Affordable Housing
Assets									
Cash and cash equivalents	\$ -	\$ 9,235	\$ 70,862	\$ -	\$ 8,648	\$ -	\$ 114,111	\$ -	\$ 729,322
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	688,774	-	-	3,669,732
Total assets	\$ -	\$ 9,235	\$ 70,862	\$ -	\$ 8,648	\$ 688,774	\$ 114,111	\$ -	\$ 4,399,054
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 2,115	\$ -	\$ -	\$ -	\$ -	\$ 53,822	\$ -	\$ -	\$ 140,082
Due to other funds	7,487	-	-	1,195	25,677	30,751	-	-	-
Accrued payroll	-	-	1,054	-	-	-	-	-	-
Total liabilities	9,602	-	1,054	1,195	25,677	84,573	-	-	140,082
Deferred inflows of resources									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund balances									
Restricted	(9,602)	9,235	69,808	(1,195)	(17,029)	604,201	114,111	-	4,258,972
Total fund balances	(9,602)	9,235	69,808	(1,195)	(17,029)	604,201	114,111	-	4,258,972
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 9,235	\$ 70,862	\$ -	\$ 8,648	\$ 688,774	\$ 114,111	\$ -	\$ 4,399,054

City of Hammond

Combining Balance Sheet - continued

Grants Funds

December 31, 2020

	Emergency/ C.D.B.G.	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Assets							
Cash and cash equivalents	\$ 7,636	\$ 386	\$ 527,772	\$ 19,905	\$ 28,067	\$ 28,222	\$ 1,657,324
Intergovernmental receivables	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	4,358,506
Total assets	\$ 7,636	\$ 386	\$ 527,772	\$ 19,905	\$ 28,067	\$ 28,222	\$ 6,018,053
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 3,723	\$ -	\$ 334,379	\$ -	\$ 500	\$ -	\$ 534,621
Due to other funds	-	-	-	-	-	-	85,387
Accrued payroll	707	-	-	-	-	-	1,761
Total liabilities	4,430	-	334,379	-	500	-	621,769
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances							
Restricted	3,206	386	193,393	19,905	27,567	28,222	5,394,061
Total fund balances	3,206	386	193,393	19,905	27,567	28,222	5,396,284
Total liabilities, deferred inflows of resources and fund balances	\$ 7,636	\$ 386	\$ 527,772	\$ 19,905	\$ 28,067	\$ 28,222	\$ 6,018,053

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Grants Funds
 Year Ended December 31, 2020

	Neighborhood Stabilization	ASAP	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant	FY19 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs
Revenues									
Intergovernmental	\$ -	\$ -	\$ 3,247	\$ -	\$ -	\$ -	\$ -	\$ 23,704	\$ 140,688
Other	5,046	-	-	-	-	-	-	-	-
Total revenues	5,046	-	3,247	-	-	-	-	23,704	140,688
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	78,751	-	-	-	-	24,408	135,191
Urban redevelopment and housing	-	65,275	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	65,275	78,751	-	-	-	-	24,408	135,191
Excess (deficiency) of revenues over (under) expenditures	5,046	(65,275)	(75,504)	-	-	-	-	(704)	5,497
Change in fund balance	5,046	(65,275)	(75,504)	-	-	-	-	(704)	5,497
Fund balances:									
January 1, 2020	92,894	65,275	92,940	(978)	(3,112)	(11,577)	(120)	(893)	(8,385)
December 31, 2020	\$ 97,940	\$ -	\$ 17,436	\$ (978)	\$ (3,112)	\$ (11,577)	\$ (120)	\$ (1,597)	\$ (2,888)

City of Hammond

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

Grants Funds

Year Ended December 31, 2020

	Judicial Assistance Grants	Human Relations	Human Relations (Federal)	FY19 OPO Grant	FY19 DUI Task Force	C.D.B.G. C.D.B.G.	C.D.B.G. Donation	FY19 Fire Grants	Affordable Housing
Revenues									
Intergovernmental	\$ 31,597	\$ 10,000	\$ 39,900	\$ -	\$ -	\$ 2,213,926	\$ -	\$ 93,108	\$ 199,077
Other	-	-	-	-	-	126,020	6,727	-	13
Total revenues	31,597	10,000	39,900	-	-	2,339,946	6,727	93,108	199,090
Expenditures									
Current:									
General government	-	765	34,117	-	-	-	1,300	-	-
Public safety	39,084	-	-	(51)	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	2,167,178	-	-	514,078
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Capital outlay	2,115	-	-	-	-	-	-	-	-
Total expenditures	41,199	765	34,117	(51)	-	2,167,178	1,300	-	514,078
Excess (deficiency) of revenues over (under) expenditures	(9,602)	9,235	5,783	51	-	172,768	5,427	93,108	(314,988)
Change in fund balance	(9,602)	9,235	5,783	51	-	(496,638)	5,427	93,108	(314,988)
Fund balances:									
January 1, 2020	-	-	64,025	(1,246)	(17,029)	1,100,839	108,684	(93,108)	4,573,960
December 31, 2020	\$ (9,602)	\$ 9,235	\$ 69,808	\$ (1,195)	\$ (17,029)	\$ 604,201	\$ 114,111	\$ -	\$ 4,258,972

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
 Grants Funds
 Year Ended December 31, 2020

	Emergency/ C.D.B.G.	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Revenues							
Intergovernmental	\$ 44,464	\$ -	\$ 371,138	\$ -	\$ -	\$ 429,646	\$ 3,600,495
Other	7,282	-	-	9,000	10,775	-	164,863
Total revenues	51,746	-	371,138	9,000	10,775	429,646	3,765,358
Expenditures							
Current:							
General government	-	-	-	-	-	-	36,182
Public safety	-	-	-	134	6,140	-	283,657
Urban redevelopment and housing	129,540	-	-	-	-	553,104	3,429,175
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	492,777	-	-	-	494,892
Total expenditures	129,540	-	492,777	134	6,140	553,104	4,243,906
Excess (deficiency) of revenues over (under) expenditures	(77,794)	-	(121,639)	8,866	4,635	(123,458)	(478,548)
Change in fund balance	(77,794)	-	78,361	8,866	4,635	(123,458)	(947,954)
Fund balances:							
January 1, 2020	81,000	386	115,032	11,039	22,932	151,680	6,344,238
December 31, 2020	\$ 3,206	\$ 386	\$ 193,393	\$ 19,905	\$ 27,567	\$ 28,222	\$ 5,396,284

City of Hammond

Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2020

	General Obligation Bonds			Refunding Bonds		
	Series 2008 (Judgement Funding)	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)
Assets						
Restricted cash and cash equivalents	\$ -	\$ 365,297	\$ 584,672	\$ 44	\$ -	\$ 2
Receivables:						
Property taxes, net	-	851,265	991,886	-	-	-
Total assets	\$ -	\$ 1,216,562	\$ 1,576,558	\$ 44	\$ -	\$ 2
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources						
Deferred property taxes	-	851,265	991,886	-	-	-
Fund balances						
Restricted	-	365,297	584,672	44	-	2
Total fund balances	-	365,297	584,672	44	-	2
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 1,216,562	\$ 1,576,558	\$ 44	\$ -	\$ 2

City of Hammond

Combining Balance Sheet - Continued
 Nonmajor Debt Service Funds
 December 31, 2020

	Refunding Bonds					Total
	Series 2015A (Water Sinking)	Series 2017 (Potash)	Series 2018A (Gateway)	Series 2018B (Lear Seating)	Series 2019 (Data Center)	
Assets						
Restricted cash and cash equivalents	\$ 6,274,543	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 8,782,120
Receivables:						
Property taxes, net	-	-	-	-	-	1,843,151
Total assets	\$ 6,274,543	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 10,625,271
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources						
Deferred property taxes	-	-	-	-	-	1,843,151
Fund balances						
Restricted	6,274,543	663,000	721,831	172,731	-	8,782,120
Total fund balances	6,274,543	663,000	721,831	172,731	-	8,782,120
Total liabilities, deferred inflows of resources and fund balances	\$ 6,274,543	\$ 663,000	\$ 721,831	\$ 172,731	\$ -	\$ 10,625,271

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended December 31, 2020

	General Obligation Bonds			Refunding Bonds		
	Series 2008 (Judgement Funding)	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)
Revenues						
Property taxes	\$ -	\$ 805,185	\$ 926,045	\$ -	\$ -	\$ -
Intergovernmental	-	44,079	50,722	-	-	-
Other	-	-	2,865	598,614	-	-
Interest	-	-	6	42	14	3
Total revenues	-	849,264	979,638	598,656	14	3
Expenditures						
Debt service:						
Principal	-	725,000	755,000	-	120,000	100,000
Interest and fees	-	160,899	295,967	1,874,368	82,575	73,000
Capital outlay	-	-	-	-	-	-
Total expenditures	-	885,899	1,050,967	1,874,368	202,575	173,000
Deficiency of revenues over expenditures	-	(36,635)	(71,329)	(1,275,712)	(202,561)	(172,997)
Other financing sources (uses)						
Transfers in	-	-	1,041,835	1,275,636	199,968	172,996
Transfers out	(70)	-	(1,041,835)	-	-	-
Total other financing sources (uses)	(70)	-	-	1,275,636	199,968	172,996
Change in fund balance	(70)	(36,635)	(71,329)	(76)	(2,593)	(1)
Fund balances:						
January 1, 2020	70	401,932	656,001	120	2,593	3
December 31, 2020	\$ -	\$ 365,297	\$ 584,672	\$ 44	\$ -	\$ 2

City of Hammond

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2020

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Total
Assets					
Cash and cash equivalents	\$ 258,489	\$ 650	\$ -	\$ -	\$ 259,139
Restricted cash and cash equivalents	-	-	1,815,811	66,008	1,881,819
Total assets	\$ 258,489	\$ 650	\$ 1,815,811	\$ 66,008	\$ 2,140,958
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 3,250	\$ -	\$ -	\$ 25	\$ 3,275
Total liabilities	3,250	-	-	25	3,275
Fund balances					
Restricted	255,239	650	1,815,811	65,983	2,137,683
Total fund balances	255,239	650	1,815,811	65,983	2,137,683
Total liabilities, deferred inflows of resources and fund balances	\$ 258,489	\$ 650	\$ 1,815,811	\$ 66,008	\$ 2,140,958

City of Hammond

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 Year Ended December 31, 2020

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Total
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	3,957	15	3,972
Total revenues	-	-	3,957	15	3,972
Expenditures					
Current:					
General government	-	-	-	315	315
Capital outlay	226,671	12,300	426,010	44,414	709,395
Total expenditures	226,671	12,300	426,010	44,729	709,710
Excess (deficiency) of revenues over (under) expenditures	(226,671)	(12,300)	(422,053)	(44,714)	(705,738)
Other financing sources (uses)					
Issuance of loan	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balance	(226,671)	(12,300)	(422,053)	(44,714)	(705,738)
Fund balances:					
January 1, 2020	481,910	12,950	2,237,864	110,697	2,843,421
December 31, 2020	\$ 255,239	\$ 650	\$ 1,815,811	\$ 65,983	\$ 2,137,683

CITY OF HAMMOND

Lake County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**

Year ended December 31, 2020

CITY OF HAMMOND
Lake County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**
Year ended December 31, 2020

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	2
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE	4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	9-12

CITY OF HAMMOND
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay Megan Flores	01-01-19 to 01-16-20 01-17-20 to 12-31-21
Mayor	Thomas M. McDermott, Jr.	01-01-19 to 12-31-21
President of the Board of Public Works and Safety	Heather Garay Kevin Margraf	01-01-19 to 01-16-20 01-17-20 to 12-31-21
President of the Common Council	Dave Woerpel	01-01-20 to 12-31-21

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Those Charged with Governance
City of Hammond
Lake County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hammond (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 8, 2022. We were also engaged to audit the financial statements of the governmental activities of the City. The opinion on governmental activities was disclaimed because there was not sufficient appropriate audit evidence for capital assets, accumulated depreciation, net investment in capital assets and depreciation expense of the City. Because of the significance of the matter discussed in the *Basis for Disclaimer Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. Accordingly, we did not express an opinion on governmental activities of the City, as of December 31, 2020, and for the year then ended.

Our report includes a reference to other auditors who audited the financial statements of the Hammond Housing Authority (the Authority), as described in our report on City's financial statements. The financial statements of the Authority were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

(Continued)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

City of Hammond's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
November 8, 2022

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

Those Charged with Governance
City of Hammond
Lake County, Indiana

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the

(Continued)

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We were engaged to audit the governmental activities and have audited the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 8, 2022. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We expressed unmodified opinions on the business-type activities, aggregate discretely presented component units, the general fund, the sanitary district and water utility enterprise funds, and the aggregate remaining fund information on those financial statements, however the scope of our audit was not sufficient to enable us to express an opinion on the governmental activities because due to a lack of supporting documentation, we were unable to audit the capital assets, accumulated depreciation, net investment in capital assets and depreciation expense, and it was not practicable to determine the amount of any adjustments that would be necessary to adjust reported capital assets, accumulated depreciation, net investment in capital assets, and depreciation expense, and accordingly we did not express an opinion on the governmental activities. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the schedule of expenditures of federal awards.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
November 8, 2022

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipients
Department of Housing and Urban Development					
<i>Entitlement Grants Cluster</i>					
Community Development Block Grants/Entitlement Grants	Direct Award	14.218	B-19-MC- 18-0006	\$1,486,620	\$1,080,590
	Direct Award	14.218	B-20-MC- 18-0002	84,647	4,584
COVID-19	Direct Award	14.218	B-20-MC- 18-0006	980,143	-
Total Community Development Block Grants/Entitlement Grants				<u>2,551,410</u>	<u>1,085,174</u>
Total Entitlement Grants Cluster				<u>2,551,410</u>	<u>1,085,174</u>
Emergency Solutions Grant Program	Direct Award	14.231	E-18-MC- 18-0006	3,377	-
	Direct Award	14.231	E-19-MC- 18-0006	60,690	60,690
COVID -19	Direct Award	14.231	E-20-MC- 18-0006	7,284	7,284
Total Emergency Solutions Grant Program				<u>71,351</u>	<u>67,974</u>
Home Investment Partnership Program	Direct Award	14.239	M-16-MC-18-0204	1,027	-
	Direct Award	14.239	M-17-MC-18-0204	258,840	-
	Direct Award	14.239	M-19-MC-18-0204	50,782	-
	Direct Award	14.239	M-20-MC-18-0204	17,105	-
Total Home Investment Partnership Program				<u>327,754</u>	<u>-</u>
Fair Housing Assistance Program State and Local	Direct Award	14.401	FF205K195024	49,900	-
				<u>49,900</u>	<u>-</u>
Total Department of Housing and Urban Development				<u>3,000,415</u>	<u>1,153,148</u>
Department of Justice					
Equitable Sharing Program	Direct Award	16.922		80,974	-
Total Department of Justice				<u>80,974</u>	<u>-</u>

(Continued).

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipients
Department of Transportation					
<i>Highway Planning and Construction Cluster</i>					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES# 1500221	234,181	-
	Indiana Department of Transportation	20.205	DES#1297 017	85,116	-
	Indiana Department of Transportation	20.205	DES#1382 659	122,929	-
	Indiana Department of Transportation	20.205	DES#1500 416	86,943	-
	Indiana Department of Transportation	20.205	DES#1601 163	41,179	-
Total Highway and Construction				<u>570,348</u>	<u>-</u>
Total Highway and Construction Cluster				<u>570,348</u>	<u>-</u>
Total Department of Transportation				<u>570,348</u>	<u>-</u>
Department of Treasury					
COVID-19 Coronavirus Relief Fund	Indiana Finance Authority	21.019		2,459,076	-
Total Department of Treasury				<u>2,459,076</u>	<u>-</u>
Department of Health and Human Services					
COVID-19 Provider Relief Fund	Direct Award	93.498	WW19138 219	37,981	-
Total Provider Relief Fund				<u>37,981</u>	<u>-</u>
Total Department of Health and Human Services				<u>37,981</u>	<u>-</u>
Department of Homeland Security					
Assistance to Firefighters Grant	Direct Award	97.044	EMW-2018-SS-00011	93,108	-
Total Assistance to Firefighters Grant				<u>93,108</u>	<u>-</u>
Total Department of Homeland Security				<u>93,108</u>	<u>-</u>
Total Schedule of Expenditures of Federal Awards				<u>\$ 6,241,902</u>	<u>\$ 1,153,148</u>

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

CITY OF HAMMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Hammond (the "City") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

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

NOTE 2 - INDIRECT COST RATE

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

CITY OF HAMMOND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended December 31, 2020

SECTION 1 - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditor's report issued:

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs

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

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

Unmodified

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

<u> </u>	Yes	<u> X </u>	No
---------------	-----	--------------	----

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund
14.218	Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants Program (including COVID-19)

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

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

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2020

SECTION 2 - FINANCIAL STATEMENT FINDINGS

FINDING 2020-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness
Repeat Finding: 2019-001

Criteria:

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

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

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

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

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

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

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

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

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2020

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

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

Repeat Finding: Yes, this is a partial repeat finding as some matters were addressed from the prior finding (2019-001)

Recommendation: We recommend that the City complete their capital assets inventory analysis to support capital assets balances for Governmental Activities.

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

FINDING 2020-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Significant Deficiency

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2020

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

2 CFR 200.510(b) states: "*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 *Basis for determining Federal awards expended*. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. Due to the lack of effective internal controls, the following errors resulted in the misclassification of Assistance Listing Numbers (ALN) and understatement of the total federal awards expended on the SEFA by \$10,000.

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

An adjustment and reclassification were proposed, accepted by the City, and made to the SEFA to correct the issues noted above.

Cause: Management had not established an effective system of internal control that would have ensured proper reporting of the SEFA assistance listing numbers.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Repeat Finding: Yes. The prior finding number was 2019-002.

Recommendation: We recommended that the City's management establish a formal review over the SEFA to ensure amounts reported are accurate back to general ledger and award documents.

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

SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



Megan E. Flores
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action Plan: Megan Flores, City Controller

CORRECTIVE ACTION TAKEN:

1. Financial Transactions and Reporting

- a. Financial Statements and Notes to the Financial Statements
 - i. The City has implemented various internal control steps surrounding all financial transactions. An example of this would be formalized transfer, void, and expenditure transfer sheets showing the process of approval, implementation and verification.

Status of Audit Finding: Corrected as of 12/31/2020

2. Cash and Investments (Bank Reconciliations)

- a. The City performs a transfer from 01 to 01P monthly to assist with the Payroll Sweep process. The City is switching to a new financial software in 2023 and these software issues will no longer be an issue.
- b. Outstanding reconciling items continue to be mitigated on a monthly basis through the reconciliation process. Several of the outstanding items will also be addressed through the implementation of the new financial software.

Status of Audit Finding: Corrected as of 12/31/2020

3. Capital Assets- City

- a. The City contracted Duff and Phelps to assist with its capital asset records. Infrastructure continues to be an issue that we are looking to another agency to assist with. This is an ongoing issue that we hope to be corrected in FY 2023.

Status of Audit Finding: Still in progress

4. Net Pension Liability

- a. PERF
 - i. The Insurance Administrator, Amy Smith verifies PERF eligibility on a quarterly basis through the use of www.ssa.gov/employer/ssnv.htm

Status of Audit Finding: Corrected as of 12/31/2020

City of Hammond
Controller's Office
5925 Calumet Avenue
Hammond, Indiana 46320

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: floresm@gohammond.com



Megan E. Flores
Controller

CITY OF HAMMOND

5. Other Post-Employment Benefits (OPEB)

- a. The City continues to utilize Nyhart to perform its actuarial valuation of the OPEB. Once completed, Nyhart provides the City with a listing of the employees that were identified as part of the valuation. The City then reviews the listing for accuracy and notifies Nyhart of any discrepancies. Discrepancies are then address between the City and Nyhart and reflected in the final report.
- b. The City and the Hammond Housing Authority (HHA) have entered into a Participating Employer Agreement that makes HHA liable for their expense in the OPEB.
- c. The Insurance Administrator, Amy Smith verifies OPEB eligibility on a quarterly basis through the use of www.ssa.gov/employer/ssnv.htm

Status of Audit Finding: Corrected as of 12/31/2020

Megan Flores

(Signature)

controller

(Title)

11-10-2022

(Date)

City of Hammond
Controller's Office
5925 Calumet Avenue
Hammond, Indiana 46320

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: floresm@gohammond.com



Megan E. Flores
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002

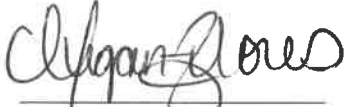
Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action Plan: Megan Flores, City Controller

Status of Audit Finding: Corrected as of 12/31/2021

HUD REQUIRED ACTION: N/A

CORRECTIVE ACTION TAKEN: The Planning and Development Finance Manager, Caryn Janiga is now required to provide summary reports from the IDIS-HUD web portal that reflects the details of collection/expenditure amounts for the CDBG and HOME grants. The Finance Manager, Caryn Janiga in combination with the Community Development Director, Owana Miller will also be required to submit the SAM's verification pages, which will be referenced when confirming the program names, pass-through entities, and identifying numbers. These reports and documentation are provided to the Controller's Office- Deputy Controller of Operations, Tinisha Greenwell for review, approval, and entry into the Gateway reporting system. Once the data has been entered into Gateway, the reports are then provided to the Controller's Office City Controller, Megan Flores for review. Once the data is approved it is entered into the SEFA on Gateway by Senior AP Analyst, Jessica Cooper. City Controller, Megan Flores then officially submits the report in the Gateway.



(Signature)
Controller

(Title)
11-8-2022

(Date)

City of Hammond
Controller's Office
5925 Calumet Avenue
Hammond, Indiana 46320

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: floresm@gohammond.com



Megan E. Flores
Controller

CITY OF HAMMOND

CORRECTIVE ACTION PLAN

FINDING 2020-001 Capital Assets (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Megan Flores, City Controller

Contact Phone Number: 219-853-6324

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The City initially contracted with Duff and Phelps to assist with our capital asset records. Unfortunately, infrastructure assets became an issue that we felt should be reviewed by another agency. The City is working closely with RSM on maintaining good records for current assets and will be looking to contract with another agency to assist with our infrastructure related assets in the near future.

Anticipated Completion Date: May 2023

(Signature)

Controller

(Title)

11-10-2022

(Date)

City of Hammond
Controller's Office
5925 Calumet Avenue
Hammond, Indiana 46320

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: floresm@gohammond.com



Megan E. Flores
Controller

CITY OF HAMMOND

CORRECTIVE ACTION PLAN

FINDING 2020-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Megan Flores, City Controller

Contact Phone Number: 219-853-6324

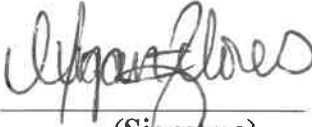
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

CFDA Numbers associated with the reported grants will be tested for accuracy in sam.gov before the Schedule of Expenditures of Federal Awards is submitted. This testing will be performed by the Deputy Controller of Operations, Tinisha Greenwell.

A master list of all active federal grant funds has been created and will be maintained to use as reference when compiling the SEFA. This list is to be used as a check list to identify the funds that should be tested for activity related to federal grants which therefore requires disclosure on the SEFA. As experienced with ALN 14.401- Fair Housing Assistance Program, some grants may not record any activity in one FY but records activity in the next. This list will help reduce oversight.

Anticipated Completion Date: December 2022



(Signature)
controller

(Title)
11-8-2022

(Date)

City of Hammond
Controller's Office
5925 Calumet Avenue
Hammond, Indiana 46320

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: floresm@gohammond.com