



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B61652

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

June 19, 2023

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

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of City of Hammond. We have reviewed the audit report opined upon by Crowe, LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. As discussed in the *Disclaimer of Opinion Governmental Activities* paragraph, the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. The Independent Auditor's Report may be found pages 2-5.

We call your attention to the findings in the report. The findings appear on pages 11-14 of the Single Audit Report, which is included after the Annual Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further details.

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

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

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

Tammy R. White, CPA
Deputy State Examiner

City of Hammond, Indiana

**Annual Financial Report
For the Year Ended December 31, 2021**

City of Hammond, Indiana

Table of Contents

Financial Section	
Schedule of Officials	1
Independent Auditor's Report	2 – 5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	6 – 7
Statement of Activities	8 – 9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14 – 15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17 – 18
Statement of Fiduciary Net Position – Pension Trust Funds	19
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	20
Notes to Financial Statements	21 – 82
Required Supplementary Information	
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios – Postemployment Healthcare Plan	83
Schedule of Proportionate Share of Net Pension Liability – Public Employees' Retirement Fund and 1977 Police and Firefighters Plan	84
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns – 1925 Police Pension Plan	85
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns – 1937 Firefighters' Pension Plan	86
Schedules of Contributions Liability – Public Employees' Retirement Fund and 1977 Police and Firefighters Plan	87 – 88
Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	89
Notes to Required Supplementary Information	90 – 91

Financial Section (continued)

Supplementary Information

Governmental Funds – Combining Financial Statements	
Combining Balance Sheet – General Fund Accounts	92 – 95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts	96 – 99
Combining Balance Sheet – Nonmajor Governmental Funds	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	101
Combining Balance Sheet – Nonmajor Special Revenue Funds	102 – 105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	106 – 109
Combining Balance Sheet – Gateways TIF Funds	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Gateways TIF Funds	111
Combining Balance Sheet – Hammond Central TIF Funds	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Hammond Central TIF Funds	113
Combining Balance Sheet – Roby TIF Funds	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Roby TIF Funds	115
Combining Balance Sheet – Parks and Recreation Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Parks and Recreation Funds	117
Combining Balance Sheet – Grants Funds	118 – 120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Grants Funds	121 – 123
Combining Balance Sheet – Nonmajor Debt Service Funds	124 – 125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	126 – 127
Combining Balance Sheet – Nonmajor Capital Projects Funds	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	129

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 Woerpal	1/1/21 – 12/31/21
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 Dimopoulous	1/1/21 – 12/31/22
Chief Executive Operator of the Water Utility	Mark McLaughlin	Appointed
Water Utility Business Manager	Deborah L. Van Meter	Appointed
President of the Water Works Board of Directors	Sharon 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 Audit of the Financial Statements

Disclaimer and Unmodified Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information; and we were engaged to audit the financial statements of the governmental activities of the City of Hammond (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

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

Disclaimer of Opinion Governmental Activities

Because of the significance of the matter discussed in the *Basis for Disclaimer Opinion and Unmodified Opinions* section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the City. Accordingly, we do not express an opinion on governmental activities of the City, as of December 31, 2021, and for the year then ended.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, 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.

(Continued)

Basis for Disclaimer of Opinion and Unmodified Opinions

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

Matter Giving Rise to Disclaimer Opinion on Governmental Activities

The City reported \$347,566,503 for capital assets, net of accumulated depreciation, for land and other capital assets, net investment of capital assets of \$218,102,746 and depreciation expenses of \$12,200,046 but did not provide supporting documentation for these amounts. As a result of this lack of supporting documentation, we were unable to audit the capital assets, accumulated depreciation, net investment in capital assets and depreciation expense, and it was not practicable to determine the amount of any adjustments that would be necessary to adjust reported capital assets, accumulated depreciation, net investment in capital assets, and depreciation expense. The capital assets, net of accumulated depreciation, reported represent 70 percent of the total assets of the City's governmental activities.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

(Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

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.

(Continued)

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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
May 19, 2023

Basic Financial Statements

Government-Wide Financial Statements

City of Hammond, Indiana

Statement of Net Position
December 31, 2021

	Primary Government			Component Unit Port Authority
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 77,259,594	\$ 19,811,844	\$ 97,071,438	\$ 6,434,578
Receivables:				
Property taxes, net	38,495,832	9,175,502	47,671,334	-
Casino	2,474,527	-	2,474,527	-
Accounts, net	4,007	4,727,353	4,731,360	-
Intergovernmental	436,386	-	436,386	-
Other	790,629	4,157,136	4,947,765	-
Loans receivable, net	3,820,891	-	3,820,891	-
Prepaid items	222,487	228,136	450,623	486,143
Inventory	-	1,299,444	1,299,444	142,181
Note receivable	171,000	-	171,000	-
Internal balances	483,912	(483,912)	-	-
Total current assets	124,159,265	38,915,503	163,074,768	7,062,902
Noncurrent Assets:				
Restricted cash and cash equivalents	7,836,068	10,636,316	18,472,384	2,919,939
Taxes receivable, net	-	225,051	225,051	-
Net pension asset	16,222,187	-	16,222,187	-
Capital assets, not being depreciated	110,698,013	5,445,990	116,144,003	7,412,658
Capital assets, net of accumulated depreciation	236,868,490	213,794,534	450,663,024	43,346,345
Total noncurrent assets	371,624,758	230,101,891	601,726,649	53,678,942
Total assets	495,784,023	269,017,394	764,801,417	60,741,844
Deferred outflows of resources				
Pension related amounts	18,346,503	1,734,175	20,080,678	245,329
Other post-employment benefit amounts	82,290,183	9,556,172	91,846,355	1,134,769
Unamortized losses related to debt refundings	106,704	1,005,003	1,111,707	-
Total deferred outflows of resources	100,743,390	12,295,350	113,038,740	1,380,098
Total assets and deferred outflows of resources	596,527,413	281,312,744	877,840,157	62,121,942

(Continued)

City of Hammond, Indiana

Statement of Net Position (Continued)
December 31, 2021

	Primary Government			Component Unit Port Authority
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts payable	\$ 6,516,687	\$ 2,338,193	\$ 8,854,880	\$ 119,939
Accrued payroll	333,668	336,385	670,053	13,191
Claims payable	2,771,687	-	2,771,687	-
Taxes payable	-	45,616	45,616	-
PERF payable	-	8,415	8,415	-
Accrued interest payable	2,123,111	995,146	3,118,257	211,903
Unearned revenue	24,203,641	-	24,203,641	368,875
Customer deposits	-	1,500,253	1,500,253	-
Compensated absences	195,568	24,686	220,254	-
Capital leases payable, current	1,939,587	140,274	2,079,861	-
Notes and loans payable	2,127,119	2,645,000	4,772,119	-
Revenue bonds	3,420,000	425,000	3,845,000	1,885,000
General obligation bonds	1,580,000	4,920,000	6,500,000	-
Total current liabilities	45,211,068	13,378,968	58,590,036	2,598,908
Long-term Liabilities, net of current maturities:				
Net pension liability	100,816,992	2,072,591	102,889,583	295,145
Compensated absences	195,568	554,610	750,178	36,242
Other post-employment benefits	251,522,691	31,639,343	283,162,034	3,672,538
Capital leases payable	8,781,466	68,507	8,849,973	-
Notes and loans payable	40,833,358	32,410,000	73,243,358	-
Revenue bonds	75,887,568	5,692,589	81,580,157	8,285,000
General obligation bonds, net of unamortized bond premium (discount)	8,119,011	36,363,888	44,482,899	-
Total long-term liabilities	486,156,654	108,801,528	594,958,182	12,288,925
Total liabilities	531,367,722	122,180,496	653,548,218	14,887,833
Deferred inflows of resources				
Pension related amounts	31,736,934	3,369,704	35,106,638	488,410
Other post-employment benefit amounts	17,975,602	8,432,418	26,408,020	445,666
Property taxes levied for subsequent years	38,495,832	9,175,502	47,671,334	-
Total deferred inflows of resources	88,208,368	20,977,624	109,185,992	934,076
Net Position				
Net investment in capital assets	218,102,746	137,949,503	356,052,249	40,589,003
Restricted for:				
General government	883,462	-	883,462	-
Public safety	2,338,775	-	2,338,775	-
Streets and equipment maintenance	1,564,776	-	1,564,776	-
Culture and recreation	1,651,782	-	1,651,782	-
Urban development and housing	21,408,837	-	21,408,837	-
Debt service	-	3,765,490	3,765,490	2,708,036
Capital projects	15,025,347	5,233,186	20,258,533	-
Unrestricted	(284,024,402)	(8,793,555)	(292,817,957)	3,002,994
Total net position (deficit)	\$ (23,048,677)	\$ 138,154,624	\$ 115,105,947	\$ 46,300,033

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 26,512,006	\$ 15,142,442	\$ 2,855,915	\$ -
Public safety	68,464,149	727,967	440,345	-
Streets and equipment maintenance	9,340,279	-	1,859,388	-
Culture and recreation	14,438,819	3,977,070	-	-
Urban redevelopment and housing	13,492,794	-	2,546,876	-
Interest and amortization expense	7,250,023	-	-	-
Total governmental activities	<u>139,498,070</u>	<u>19,847,479</u>	<u>7,702,524</u>	<u>-</u>
Business-type activities:				
Water utility	15,234,980	18,544,319	-	-
Sanitary District	32,288,564	22,384,975	-	-
Stormwater utility	55,716	4,424,924	-	-
Total business-type activities	<u>47,579,260</u>	<u>45,354,218</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 187,077,330</u>	<u>\$ 65,201,697</u>	<u>\$ 7,702,524</u>	<u>\$ -</u>
Component Unit:				
Port authority	\$ 10,878,683	\$ 5,022,679	\$ -	\$ -
Total component unit	<u>\$ 10,878,683</u>	<u>\$ 5,022,679</u>	<u>\$ -</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, 2021

December 31, 2021

See Notes to Financial Statements.

Net (Expense), Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Port Authority
\$ (8,513,649)	\$ -	\$ (8,513,649)	\$ -
(67,295,837)	-	(67,295,837)	-
(7,480,891)	-	(7,480,891)	-
(10,461,749)	-	(10,461,749)	-
(10,945,918)	-	(10,945,918)	-
(7,250,023)	-	(7,250,023)	-
<u>(111,948,067)</u>	<u>-</u>	<u>(111,948,067)</u>	<u>-</u>
-	3,309,339	3,309,339	-
-	(9,903,589)	(9,903,589)	-
-	4,369,208	4,369,208	-
-	<u>(2,225,042)</u>	<u>(2,225,042)</u>	<u>-</u>
<u>(111,948,067)</u>	<u>(2,225,042)</u>	<u>(114,173,109)</u>	<u>-</u>
-	-	-	(5,856,004)
-	-	-	<u>(5,856,004)</u>
46,245,366	9,374,018	55,619,384	-
26,820	-	26,820	-
7,232,241	-	7,232,241	-
19,485,399	-	19,485,399	-
3,561,261	-	3,561,261	-
3,946,330	(3,200,000)	746,330	(1,000,000)
2,412,734	-	2,412,734	-
2,278,303	-	2,278,303	-
17,249,869	-	17,249,869	-
-	-	-	7,000,000
3,028,426	-	3,028,426	-
35,544	59,747	95,291	3,176
(652,039)	(2,451)	(654,490)	-
-	(297,403)	(297,403)	-
5,040,849	800,408	5,841,257	121,566
<u>109,891,103</u>	<u>6,734,319</u>	<u>116,625,422</u>	<u>6,124,742</u>
(2,056,964)	4,509,277	2,452,313	268,738
<u>(20,991,713)</u>	<u>133,645,347</u>	<u>112,653,634</u>	<u>46,031,295</u>
<u>\$ (23,048,677)</u>	<u>\$ 138,154,624</u>	<u>\$ 115,105,947</u>	<u>\$ 46,300,033</u>

Fund Financial Statements

City of Hammond, Indiana

Balance Sheet – Governmental Funds
December 31, 2021

	Major Funds			Total Governmental Funds
	General Fund	ARPA Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 12,578,979	\$ 24,564,775	\$ 38,969,318	\$ 76,113,072
Investments				
Receivables:				
Property taxes, net	29,438,258	-	9,057,574	38,495,832
Gaming	2,474,527	-	-	2,474,527
Accounts	3,966	-	24	3,990
Intergovernmental	8,205	-	428,181	436,386
Other	210,701	-	26,510	237,211
Loans receivable, net	-	-	3,820,891	3,820,891
Prepaid items	158,781	-	49,021	207,802
Due from other funds	535,466	-	-	535,466
Restricted cash and investments	-	-	7,836,068	7,836,068
Note receivable	-	-	171,000	171,000
Total assets	\$ 45,408,883	\$ 24,564,775	\$ 60,358,587	\$ 130,332,245
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,904,005	\$ 431,387	\$ 1,888,502	\$ 5,223,894
Accrued payroll	162,942	-	170,726	333,668
Due to other funds	-	-	51,554	51,554
Unearned revenues	-	24,133,388	70,253	24,203,641
Total liabilities	3,066,947	24,564,775	2,181,035	29,812,757
Deferred inflows of resources				
Property taxes levied for subsequent years	29,438,258	-	9,057,574	38,495,832
Fund balances				
Nonspendable - prepaid items	158,781	-	49,021	207,802
Restricted	-	-	49,217,158	49,217,158
Committed	1,743,492	-	-	1,743,492
Unassigned	11,001,405	-	(146,201)	10,855,204
Total fund balances	12,903,678	-	49,119,978	62,023,656
Total liabilities, deferred inflows of resources, and fund balances	\$ 45,408,883	\$ 24,564,775	\$ 60,358,587	\$ 130,332,245

See Notes to Financial Statements.

City of Hammond, Indiana

**Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2021**

Total fund balances – governmental funds \$ 62,023,656

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. 347,566,503

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	18,346,503	
Deferred inflows due to pensions	(31,736,934)	
Deferred outflows due to other post-employment benefits	82,290,183	
Deferred inflows due to other post-employment benefits	<u>(17,975,602)</u>	50,924,150

Deferred items on debt refundings that are other financing uses in the fund financial statements are deferred outflows of resources that are amortized over the life of the bonds in the government-wide financial statements. 106,704

The pension liabilities and assets 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	(3,105,269)	
Net pension asset - 1977 Police Officers' and Firefighters' Retirement Fund	16,222,187	
Net pension liability - 1925 Police Pension Fund	(40,331,876)	
Net pension liability - 1937 Firefighters' Pension Fund	<u>(57,379,847)</u>	(84,594,805)

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

Accrued interest	(2,123,111)	
Compensated absences	(391,136)	
Contingent liabilities	(643,630)	
Other postemployment benefits	(251,522,691)	
Notes payable	(42,960,477)	
Revenue bonds	(79,307,568)	
Capital leases	(10,721,053)	
General obligation bonds	<u>(9,699,011)</u>	(397,368,677)

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. (1,706,208)

Net position of governmental activities \$ (23,048,677)

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 Year Ended December 31, 2021

	Major Funds			Total Governmental Funds
	General Fund	ARPA Fund	Nonmajor Governmental Funds	
Revenues				
Property taxes	\$ 29,344,190	\$ -	\$ 16,901,176	\$ 46,245,366
Intergovernmental	27,859,187	1,564,538	16,966,540	46,390,265
Development agreement	17,249,869	-	-	17,249,869
Licenses, permits and fees	2,925,502	-	7,407	2,932,909
Charges for services	16,340,749	-	3,977,274	20,318,023
Fines and forfeits	398,336	-	-	398,336
Other	2,305,545	-	2,218,897	4,524,442
Interest	33,850	-	85	33,935
Total revenues	96,457,228	1,564,538	40,071,379	138,093,145
Expenditures				
Current:				
General government	23,792,511	-	1,252,967	25,045,478
Public safety	54,547,927	-	3,917,195	58,465,122
Streets and equipment maintenance	-	-	6,401,096	6,401,096
Culture and recreation	215,950	-	7,144,376	7,360,326
Urban redevelopment and housing	5,299,948	32,993	6,929,864	12,262,805
Debt service:				
Principal	3,063,826	-	8,688,011	11,751,837
Interest and fees	1,680,523	-	5,263,045	6,943,568
Debt issuance costs	-	-	204,234	204,234
Capital outlay	4,540,961	1,531,545	6,066,006	12,138,512
Total expenditures	93,141,646	1,564,538	45,866,794	140,572,978
Excess of revenues over expenditures	3,315,582	-	(5,795,415)	(2,479,833)
Other financing sources (uses):				
Proceeds of bond issuance	-	-	36,392,853	36,392,853
Proceeds of capital lease	4,233,568	-	-	4,233,568
Discount on bonds issued	-	-	(319,774)	(319,774)
Payment to escrow agent	-	-	(21,799,467)	(21,799,467)
Sale of capital assets	88,896	-	75,254	164,150
Transfers in	1,568,999	-	12,623,866	14,192,865
Transfers out	(7,239,520)	-	(6,953,345)	(14,192,865)
Total other financing sources (uses)	(1,348,057)	-	20,019,387	18,671,330
Net change in fund balances	1,967,525	-	14,223,972	16,191,497
Fund balances:				
January 1, 2021	10,936,153	-	34,896,006	45,832,159
December 31, 2021	\$ 12,903,678	\$ -	\$ 49,119,978	\$ 62,023,656

See Notes to Financial Statements.

City of Hammond, Indiana

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2021

Net change in fund balances – total governmental funds		\$ 16,191,497
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. Governmental funds report proceeds from sale of capital assets as other financing sources while governmental activities report only the gain or loss on sale:		
Capital outlay	9,935,775	
Depreciation	(12,200,046)	
Gain or loss on sale of capital assets	<u>(816,189)</u>	(3,080,460)
Items related to pension expense are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements.		
Deferred outflows of resources related to pension expense	7,649,796	
Deferred inflows of resources related to pension expense	<u>(25,844,431)</u>	(18,194,635)
Items related to OPEB expense are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements.		
Deferred outflows of resources related to OPEB expense	(16,674,540)	
Deferred inflows of resources related to OPEB expense	<u>(7,955,370)</u>	(24,629,910)
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	1,525,000	
Revenue bonds	28,064,467	
Notes payable	1,786,450	
Capital leases	<u>1,976,635</u>	33,352,552
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	(36,392,853)	
Issuance of capital leases	<u>(4,233,568)</u>	(40,626,421)
Discount on bonds is recorded as other financing uses in the fund financial statements, but the discount is reduces the liability in the Statement of Net Position which is amortized over the life of the bonds:		
Discount on bonds issued	<u>319,774</u>	319,774
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	<u>30,449</u>	30,449
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	(132,670)	
Compensated absences	1,360	
Contingent liabilities	(643,630)	
Net pension liability:		
Public Employees' Retirement Fund	4,073,604	
1925 Police Pension Fund	2,525,748	
1937 Firefighters' Pension Fund	2,269,426	
Net pension asset:		
1977 Police Officers" and Firefighters' Retirement Fund	22,396,619	
Other post-employment benefits	<u>4,339,243</u>	34,829,700
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>(249,510)</u>
Change in net position of governmental activities		<u>\$ (2,056,964)</u>

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Net Position – Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Major Funds		Nonmajor Fund		
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 11,893,420	\$ 2,225,323	\$ 5,552,426	\$ 19,671,169	\$ 1,146,522
Cash with fiscal agent	140,675	-	-	140,675	-
Property taxes receivable	9,175,502	-	-	9,175,502	-
Accounts receivable, customer, net	1,983,774	2,533,493	210,086	4,727,353	14,685
Other receivables	4,105,682	51,454	-	4,157,136	553,435
Inventories	867,355	432,089	-	1,299,444	-
Prepaid items	93,140	134,996	-	228,136	-
Total current assets	28,259,548	5,377,355	5,762,512	39,399,415	1,714,642
Noncurrent Assets:					
Restricted cash, cash equivalents and investments:					
Bond and interest account	2,218,085	361,380	-	2,579,465	-
Capital projects - cash and investments	635,547	440,628	-	1,076,175	-
Cash with fiscal agent - bond and interest	960,974	-	-	960,974	-
Customer deposits	-	1,493,457	-	1,493,457	-
Depreciation	-	3,465,496	-	3,465,496	-
Construction account	-	691,515	-	691,515	-
Bond and interest sinking fund	-	369,234	-	369,234	-
Taxes receivable, net of allowance	225,051	-	-	225,051	-
Capital assets not being depreciated	4,852,372	593,618	-	5,445,990	-
Capital assets, net of accumulated depreciation	174,902,423	38,728,898	163,213	213,794,534	-
Total noncurrent assets	183,794,452	46,144,226	163,213	230,101,891	-
Total assets	212,054,000	51,521,581	5,925,725	269,501,306	1,714,642
Deferred outflows of resources					
Pension related amounts	930,264	803,911	-	1,734,175	-
OPEB related amounts	6,932,291	2,623,881	-	9,556,172	-
Deferred loss on refunding	1,005,003	-	-	1,005,003	-
	8,867,558	3,427,792	-	12,295,350	-

(Continued)

City of Hammond, Indiana

Statement of Net Position – Proprietary Funds (Continued)
December 31, 2021

	Business-Type Activities - Enterprise Funds				
	Major Funds		Nonmajor Fund		Internal Service Fund
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Liabilities					
Current Liabilities:					
Accounts payable	\$ 2,307,382	\$ 22,696	\$ 8,115	\$ 2,338,193	\$ 649,163
Accrued payroll	275,388	60,997	-	336,385	-
Taxes payable	-	45,616	-	45,616	-
Claims payable	-	-	-	-	2,771,687
PERF payable	-	8,415	-	8,415	-
Due to other funds	-	483,912	-	483,912	-
Compensated absences, current	22,771	1,915	-	24,686	-
Capital lease payable, current	140,274	-	-	140,274	-
Loans payable, current	2,645,000	-	-	2,645,000	-
Revenue bonds, current	-	425,000	-	425,000	-
General obligation bonds, current	4,920,000	-	-	4,920,000	-
Accrued interest payable	860,167	134,979	-	995,146	-
Customer deposits	-	1,500,253	-	1,500,253	-
Total current liabilities	11,170,982	2,683,783	8,115	13,862,880	3,420,850
Long-term Liabilities, net of current maturities:					
Compensated absences	365,007	189,603	-	554,610	-
Capital lease payable	68,507	-	-	68,507	-
Loans payable	32,410,000	-	-	32,410,000	-
Revenue bonds	-	5,692,589	-	5,692,589	-
General obligation bonds, net of unamortized bond premium (discount)	36,363,888	-	-	36,363,888	-
Net pension liability	1,181,631	890,960	-	2,072,591	-
Other post-employment benefits	22,951,986	8,687,357	-	31,639,343	-
Total long-term liabilities	93,341,019	15,460,509	-	108,801,528	-
Total liabilities	104,512,001	18,144,292	8,115	122,664,408	3,420,850
Deferred inflows of resources					
Pension related amounts	1,916,799	1,452,905	-	3,369,704	-
OPEB related amounts	5,836,296	2,596,122	-	8,432,418	-
Property taxes levied for subsequent years	9,175,502	-	-	9,175,502	-
	16,928,597	4,049,027	-	20,977,624	-
Net position					
Net investment in capital assets	104,212,129	33,574,161	163,213	137,949,503	-
Restricted for:					
Debt service	3,404,110	361,380	-	3,765,490	-
Capital improvements	635,547	4,597,639	-	5,233,186	-
Unrestricted	(8,770,826)	(5,777,126)	5,754,397	(8,793,555)	(1,706,208)
Total net position	\$ 99,480,960	\$ 32,756,054	\$ 5,917,610	\$ 138,154,624	\$ (1,706,208)

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				
	Major Fund		Nonmajor Fund		Internal Service Fund
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Operating revenues:					
Residential sales	\$ 9,923,419	\$ 3,563,657	\$ 4,424,924	\$ 17,912,000	\$ -
Commercial and industrial sales	8,552,452	14,980,662	-	23,533,114	-
Municipal sales	2,514,265	-	-	2,514,265	-
Other charges for services	1,394,839	-	-	1,394,839	24,883,997
Other	343,326	430,652	26,430	800,408	608,487
Total operating revenues	22,728,301	18,974,971	4,451,354	46,154,626	25,492,484
Operating expenses:					
Plant and operations	14,768,025	-	-	14,768,025	-
Collections system	3,739,615	-	-	3,739,615	-
Water treatment	-	4,603,965	-	4,603,965	-
Transmission and distribution	-	3,568,309	-	3,568,309	-
Customer accounts	-	2,251,503	-	2,251,503	-
Administration and general	5,014,221	2,096,673	34,209	7,145,103	25,743,603
Depreciation	6,081,163	2,378,466	21,507	8,481,136	-
Total operating expenses	29,603,024	14,898,916	55,716	44,557,656	25,743,603
Operating income (loss)	(6,874,723)	4,076,055	4,395,638	1,596,970	(251,119)
Nonoperating income (expenses):					
Local tax distributions	9,374,018	-	-	9,374,018	-
Interest earned	36,825	16,107	6,815	59,747	1,609
Amortization of bond issuance cost	(200,951)	-	-	(200,951)	-
Loss on disposal of assets	-	(2,451)	-	(2,451)	-
Interest expense	(2,481,239)	(336,064)	-	(2,817,303)	-
Fiscal charges	(3,350)	-	-	(3,350)	-
Total nonoperating income (expenses)	6,725,303	(322,408)	6,815	6,409,710	1,609
Income (loss) before contributions and transfers	(149,420)	3,753,647	4,402,453	8,006,680	(249,510)
Contributions and transfers:					
Contributed capital	(130,130)	-	(167,273)	(297,403)	-
Payment in lieu of taxes	(1,700,000)	(1,500,000)	-	(3,200,000)	-
Transfers In (out)	3,976,477	-	(3,976,477)	-	-
Total contributions and transfers	2,146,347	(1,500,000)	(4,143,750)	(3,497,403)	-
Change in net position	1,996,927	2,253,647	258,703	4,509,277	(249,510)
Net position (deficit):					
January 1, 2021	97,484,033	30,502,407	5,658,907	133,645,347	(1,456,698)
December 31, 2021	\$ 99,480,960	\$ 32,756,054	\$ 5,917,610	\$ 138,154,624	\$ (1,706,208)

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				
	Major Fund		Nonmajor Fund		Internal Service Fund
	Sanitary District	Water Utility	Storm Water Utility Fund	Total	
Cash flows from operating activities					
Cash received for services	\$ 22,013,072	\$ 18,882,322	\$ 4,724,074	\$ 45,619,468	\$ 24,443,713
Payments to suppliers	(14,365,468)	(8,036,579)	(41,805)	(22,443,852)	(25,467,037)
Payments to employees	(8,618,689)	(5,877,652)	-	(14,496,341)	-
Other receipts	339,976	430,652	26,430	797,058	608,487
Net cash provided by (used in) operating activities	(631,109)	5,398,743	4,708,699	9,476,333	(414,837)
Cash flows from noncapital financing activities					
Proceeds from tax anticipation warrants	1,500,000	-	-	1,500,000	-
Principal paid on tax anticipation warrants	(1,500,000)	-	-	(1,500,000)	-
Interest paid on tax anticipation warrants	(29,750)	-	-	(29,750)	-
Increase (decrease) in internal balances	-	95,134	-	95,134	-
Transfers out for payments in lieu of taxes	(1,700,000)	(1,500,000)	-	(3,200,000)	-
Transfers in/out	3,976,477	-	(3,976,477)	-	-
Net cash provided by (used in) noncapital financing activities	2,246,727	(1,404,866)	(3,976,477)	(3,134,616)	-
Cash flows from capital and related financing activities					
Local tax distributions	9,859,656	-	-	9,859,656	-
Proceeds from bonds	10,535,000	-	-	10,535,000	-
Acquisition and construction of capital assets	(1,839,759)	(823,078)	-	(2,662,837)	-
Fiscal charges and bond issuance costs	(204,301)	-	-	(204,301)	-
Principal paid and refunding on capital debt	(17,255,000)	(415,000)	-	(17,670,000)	-
Principal paid on capital lease	(292,888)	-	-	(292,888)	-
Interest paid on capital debt	(3,718,005)	(308,337)	-	(4,026,342)	-
Interest paid on capital lease	(16,716)	-	-	(16,716)	-
Net cash used in capital and related financing activities	(2,932,013)	(1,546,415)	-	(4,478,428)	-
Cash flows from investing activities					
Cash receipts from interest	36,824	16,107	6,815	59,746	1,609
Net cash provided by investing activities	36,824	16,107	6,815	59,746	1,609
Net increase (decrease) in cash and cash equivalents	(1,279,571)	2,463,569	739,037	1,923,035	(413,228)
Cash and cash equivalents:					
January 1, 2021	17,128,272	6,583,464	4,813,389	28,525,125	1,559,750
December 31, 2021	\$ 15,848,701	\$ 9,047,033	\$ 5,552,426	\$ 30,448,160	\$ 1,146,522

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended December 31, 2021

	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)	\$ (6,874,723)	\$ 4,076,055	\$ 4,395,638	\$ 1,596,970	\$ (251,119)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	6,081,163	2,378,466	21,507	8,481,136	-
Bad debt expense	(310,081)	8,834	(14,437)	(315,684)	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:					
Accounts receivable, net	(375,253)	337,010	299,150	260,907	(440,284)
Other receivables	-	993	-	993	-
Inventories	(14,995)	(88,365)	-	(103,360)	-
Prepaid items	(5,424)	(23,270)	-	(28,694)	(14,685)
Accounts payable	699,263	(115,448)	6,841	590,656	226,961
Accrued payroll	46,806	(128,598)	-	(81,792)	-
PERF payable	-	(17,851)	-	(17,851)	-
Due to other funds	-	(1,153,000)	-	(1,153,000)	-
Claims payable	-	-	-	-	64,290
Taxes payable	-	14,466	-	14,466	-
Customer deposits	(63,251)	282,825	-	219,574	-
Due to City of Hammond	(103,271)	-	-	(103,271)	-
Compensated absences	5,285	(3,664)	-	1,621	-
Net pension liability	(1,564,511)	(1,058,705)	-	(2,623,216)	-
Other post-employment liability	(922,687)	(467,900)	-	(1,390,587)	-
Deferred outflows/inflows					
Pensions	835,903	580,995	-	1,416,898	-
Other post-employment benefits	1,934,667	775,900	-	2,710,567	-
Total adjustments	6,243,614	1,322,688	313,061	7,879,363	(163,718)
Net cash provided by (used in) operating activities	\$ (631,109)	\$ 5,398,743	\$ 4,708,699	\$ 9,476,333	\$ (414,837)
Supplemental schedule of noncash capital and related financing activities:					
Transfer of completed construction in progress	\$ -	\$ 6,011,212	\$ -	6,011,212	\$ -

See Notes to Financial Statements.

City of Hammond, Indiana

**Statement of Fiduciary Net Position –
Pension Trust Funds
December 31, 2021**

	<u>Pension Trust</u>
Assets	
Cash and cash equivalents	<u>\$ 4,939,281</u>
Total assets	<u><u>\$ 4,939,281</u></u>
Net Position	
Restricted for pensions	<u><u>\$ 4,939,281</u></u>

See Notes to Financial Statements.

City of Hammond, Indiana

Statement of Changes in Fiduciary Net Position –
Pension Trust Funds
Year Ended December 31, 2021

Additions

Contributions:

Employer	\$ 8,117,864
Plan members	3,986
Total contributions	<u>8,121,850</u>

Total additions	<u>8,121,850</u>
------------------------	------------------

Deductions

Benefits	9,701,852
Administrative expenses	41,276
Total deductions	<u>9,743,128</u>

Change in net position	(1,621,278)
-------------------------------	-------------

Net position restricted for pensions:

January 1, 2021	<u>6,560,559</u>
December 31, 2021	<u>\$ 4,939,281</u>

See Notes to Financial Statements.

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

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

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

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

Blended Component Unit

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit

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

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

Related Organizations

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

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

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Governmental Funds

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

The City administers the following major governmental funds:

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

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

Proprietary Funds

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

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

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

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

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Investments

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

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

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

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

Receivables

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

City of Hammond, Indiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund Receivables, Payables and Activity

The City has the following types of transactions between funds:

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

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

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

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

Capital and Intangible Assets

Capital assets which include land and improvements, streets and sidewalks, buildings, storm sewers, sanitary sewers, water distribution system, machinery and equipment 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:

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

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

Deferred Inflows or Deferred Outflows of Resources and Unearned Revenue

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

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 business day from year to year and there shall be no payment for personal days at the end of any calendar year or in the event of termination of the employment relationship for any reason.

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

Claims and Judgments

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

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, 2021, the City had committed fund balances of \$1,743,492.

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, 2021, 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.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

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

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

As of December 31, 2021, cash and investments consisted of the following:

	Governmental	Business Type	Fiduciary Funds	Component Unit
	Activities	Activities	Pension Funds	Port Authority
Demand Deposits	\$ 77,250,965	\$ 19,811,844	\$ 4,939,281	\$ 3,436,247
Restricted Cash	7,836,068	10,636,316	-	-
Money Market Funds	8,629	-	-	2,919,939
TrustIndiana	-	-	-	2,998,331
	<u>\$ 85,095,662</u>	<u>\$ 30,448,160</u>	<u>\$ 4,939,281</u>	<u>\$ 9,354,517</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.

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

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

Interest Rate Risk

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

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 and the Port Authority do not have formal investment policies for credit risk.

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The City and the Port Authority do not have formal investment policies addressing concentration of credit risk. At year-end, the City and the Port Authority were not exposed to concentration of credit risk as of December 31, 2021.

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 Unit
		Sanitary District	Water Utility		Port Authority
Customer deposits	\$ -	\$ -	\$ 1,493,457	\$ 1,493,457	\$ -
Capital improvement / projects	2,123,768	635,547	4,597,639	7,356,954	-
Debt service reserve cash	4,469,168	960,974	361,380	5,791,522	1,702,500
Bond & interest account	1,243,132	2,218,085	369,234	3,830,451	1,217,439
Total restricted assets	\$ 7,836,068	\$ 3,814,606	\$ 6,821,710	\$ 18,472,384	\$ 2,919,939

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, 2021 was as follows:

Primary Government

	Balance January 1, 2021	Additions	Transfers/ Deletions	Balance December 31, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 79,560,876	\$ 446,928	\$ (272,177)	\$ 80,279,981
Construction in progress	26,251,705	5,063,572	897,245	30,418,032
Total capital assets not being depreciated	105,812,581	5,510,500	625,068	110,698,013
Capital assets being depreciated:				
Buildings	51,395,774	161,746	1,746,870	49,810,650
Improvements	114,358,932	1,207,183	33,750	115,532,365
Machinery and equipment	35,600,989	4,207,673	2,540,008	37,268,654
Infrastructure	195,890,023	-	-	195,890,023
Total capital assets being depreciated	397,245,718	5,576,602	4,320,628	398,501,692
Less accumulated depreciation for:				
Buildings	30,794,095	989,958	456,493	31,327,560
Improvements	18,446,939	3,222,296	13,077	21,656,158
Machinery and equipment	27,056,624	3,090,552	2,508,610	27,638,566
Infrastructure	76,113,678	4,897,240	-	81,010,918
Total accumulated depreciation	152,411,336	12,200,046	2,978,180	161,633,202
Total capital assets being depreciated, net	244,834,382	(6,623,444)	1,342,448	236,868,490
Governmental activities capital assets, net	\$ 350,646,963	\$ (1,112,944)	\$ 1,967,516	\$ 347,566,503

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,514,288	\$ 1,750	\$ -	\$ 4,516,038
Construction in progress	22,168,975	1,436,830	22,675,853	929,952
Total capital assets not being depreciated	26,683,263	1,438,580	22,675,853	5,445,990
Capital assets being depreciated:				
Land improvements	184,264,495	762,633	-	185,027,128
Buildings and improvements	60,394,378	6,703,869	-	67,098,247
Machinery and equipment	61,307,891	9,831,852	546,550	70,593,193
Water distribution and sanitary system infrastructure	87,045,957	6,041,688	56,616	93,031,029
Total capital assets being depreciated	393,012,721	23,340,042	603,166	415,749,597
Less accumulated depreciation for:				
Land improvements	70,541,571	3,027,265	-	73,568,836
Buildings and improvements	33,682,901	1,197,362	-	34,880,263
Machinery and equipment	36,913,039	2,060,728	544,099	38,429,668
Water distribution and sanitary system infrastructure	52,937,131	2,195,781	56,616	55,076,296
Total accumulated depreciation	194,074,642	8,481,136	600,715	201,955,063
Total capital assets being depreciated, net	198,938,079	14,858,906	2,451	213,794,534
Business-type activities capital assets, net	\$ 225,621,342	\$ 16,297,486	\$ 22,678,304	\$ 219,240,524

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Discretely Presented Component Unit

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<u>Port Authority component unit activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,601,482	\$ -	\$ -	\$ 5,601,482
Construction in progress	26,925	1,784,251	-	1,811,176
Total capital assets not being depreciated	5,628,407	1,784,251	-	7,412,658
Capital assets being depreciated:				
Buildings	23,580,669	-	-	23,580,669
Improvements	29,715,242	94,691	73,016	29,736,917
Equipment	4,636,562	139,383	258,876	4,517,069
Infrastructure	10,461,172	-	-	10,461,172
Total capital assets being depreciated	68,393,645	234,074	331,892	68,295,827
Less accumulated depreciation for:				
Buildings	5,620,823	1,023,760	-	6,644,583
Improvements	11,543,221	334,378	73,016	11,804,583
Equipment	3,574,778	291,665	258,876	3,607,567
Infrastructure	2,619,126	273,623	-	2,892,749
Total accumulated depreciation	23,357,948	1,923,426	331,892	24,949,482
Total capital assets being depreciated, net	45,035,697	(1,689,352)	-	43,346,345
Port Authority component unit activities capital assets, net	\$ 50,664,104	\$ 94,899	\$ -	\$ 50,759,003

City of Hammond, Indiana

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

Primary Government

Governmental activities:

General government	\$ 2,475,389
Public safety	6,317,184
Streets and equipment maintenance	883,283
Culture and recreation	1,321,265
Urban redevelopment and housing	1,202,925
Total depreciation expense - governmental activities	<u>\$ 12,200,046</u>

Business-type activities:

Water	\$ 2,378,466
Sanitary	6,081,163
Storm water	21,507
Total depreciation expense - business-type activities	<u>\$ 8,481,136</u>

Discretely Presented Component Unit:

Port Authority	<u>\$ 1,923,426</u>
----------------	---------------------

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

Primary Government

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds:					
General obligation bonds	\$ 3,595,000	\$ -	\$ 745,000	\$ 2,850,000	\$ 775,000
General obligation bonds - direct placement	7,580,000	-	780,000	6,800,000	805,000
Premium/(discount)	77,776	-	28,765	49,011	-
Net - general obligation bonds	11,252,776	-	1,553,765	9,699,011	1,580,000
Revenue bonds	47,915,000	2,910,000	1,050,000	49,775,000	1,145,000
Revenue bonds - direct placement	28,350,000	19,585,000	26,710,000	21,225,000	2,075,000
Premium/(discount)	129,797	(44,319)	27,910	57,568	-
Net - revenue bonds	76,394,797	22,450,681	27,787,910	71,057,568	3,220,000
Conduit debt - revenue bonds	8,440,000	-	190,000	8,250,000	200,000
Notes and loans payable	31,106,066	13,897,853	1,786,450	43,217,469	2,127,119
Premium/(discount)	-	(256,992)	-	(256,992)	-
Capital leases	8,464,120	4,233,568	1,976,635	10,721,053	1,939,587
Compensated absences	392,496	-	1,360	391,136	195,568
	\$ 136,050,255	\$ 40,325,110	\$ 33,296,120	\$ 143,079,245	\$ 9,262,274
	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021	Due Within One Year
<u>Business-type Activities:</u>					
Bonds payable:					
General obligation bonds	\$ 39,850,000	\$ 10,535,000	\$ 14,230,000	\$ 36,155,000	\$ 4,325,000
General obligation bonds - direct placement	3,215,000	3,075,000	3,515,000	2,775,000	595,000
Premium/(discount)	2,575,301	-	221,413	2,353,888	-
Net - general obligation bonds	45,640,301	13,610,000	17,966,413	41,283,888	4,920,000
Revenue bonds - direct placement	6,770,000	-	415,000	6,355,000	425,000
Premium/(discount)	(273,952)	-	(36,541)	(237,411)	-
Net - revenue bonds	6,496,048	-	378,459	6,117,589	425,000
Notes and loans payable	37,640,000	-	2,585,000	35,055,000	2,645,000
Capital leases	501,669	-	292,888	208,781	140,274
Compensated absences	577,676	31,522	29,902	579,296	24,686
	\$ 90,855,694	\$ 13,641,522	\$ 21,252,662	\$ 83,244,554	\$ 8,154,960

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Discretely Presented Component Unit

	Balance			Balance	
	January 1,			December 31,	Due Within
	2021	Additions	Deletions	2021	One Year
<i>Port Authority:</i>					
Revenue bonds	\$ 11,985,000	\$ -	\$ 1,815,000	\$ 10,170,000	\$ 1,885,000
Compensated absences	30,969	5,273	-	36,242	-
	<u>\$ 12,015,969</u>	<u>\$ 5,273</u>	<u>\$ 1,815,000</u>	<u>\$ 10,206,242</u>	<u>\$ 1,885,000</u>

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

The general obligation bonds are payable with either general fund resources, property tax levies, or incremental revenues available in the TIF funds as applicable. The pledged revenue and payments table on page 45 includes detail on the fund source for all outstanding bonds. The capital loans are retired by General Fund.

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

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

In July 2021, the city issued Series 2021A Taxable Economic Development Revenue bonds in the amount of \$2,910,000 for costs related to infrastructure projects in the Downtown No. 1 Urban Renewal Allocation Area.

In September 2021, the City issued \$19,585,000 of Series 2021B Taxable Bond Bank Refunding Bonds which to current refund the City's Taxable Economic Development Revenue Bonds, Series 2015A. The results of the transaction is a reduction of \$744,583 in future debt service payments for an economic gain of \$369,143.

In 2021 the City issued Series 2021 Annual Appropriation Notes in the amount of \$13,897,853 for costs related to the design and installation of energy cost saving equipment and other services.

In February 2021, the Sanitary District issued Series 2021 Taxable Ad Valorem Property Tax First Mortgage Refunding Bonds in the amount of \$10,535,000 which currently refunded the Sanitary District's Taxable Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2014. The results of the transaction is a reduction of \$2,597,151 in future debt service payments for an economic gain of \$1,618,662.

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Primary Government

Governmental Activities

General Obligation Bond

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

\$ 2,850,000

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.

6,800,000

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.

1,640,000

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

2,300,000

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

5,725,000

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

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

4,170,000

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

8,040,000

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

2,910,000

Total Revenue Bonds

49,775,000

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.

1,640,000

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

19,585,000

Total Revenue Bonds - Direct Placement

21,225,000

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Conduit Debt

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

8,250,000

Notes and Loans Payable

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

2,983,157

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

11,260,000

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

6,923,000

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

2,809,939

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

5,343,520

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

13,897,853

Total Notes and Loans Payable

43,217,469

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Capital Leases

The City has entered into various capital leases for equipment and vehicles. The total equipment cost is \$15,882,595 and accumulated amortization is \$4,532,220. Interest rates vary and the end date of the leases are from 2022 through 2027.

10,721,053

Total Governmental Activities

\$ 142,838,522

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.

\$ 1,365,000

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

14,105,000

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

10,575,000

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

10,110,000

Total General Obligation Bonds

36,155,000

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

General Obligation Bonds - Direct Placement

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

2,775,000

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.

6,355,000

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.

35,055,000

Capital Leases

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

208,781

Total Business-type Activities

\$ 41,618,781

Discretely Presented Component Unit

Port Authority

Revenue Bonds

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

\$ 10,170,000

City of Hammond, Indiana

Notes to Financial Statements

Note 5. 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%	\$ 1,369,558	\$ 39,046,875	\$ 1,874,250	2/1/2029	136.85%
Series 2013	TIF property taxes	4.50%	536,886	2,249,083	182,063	1/15/2036	33.91%
Series 2014	TIF property taxes	4.00%	449,125	2,072,200	178,900	8/1/2033	39.83%
Series 2016A	Gaming revenues	5.00%	19,485,399	11,963,750	609,625	7/15/2035	3.13%
Series 2017	TIF property taxes	2.00% to 4.00%	3,859,764	2,401,657	958,750	1/15/2024	24.84%
Series 2018A	TIF property taxes	3.00% to 5.00%	296,725	8,676,041	296,725	2/1/2040	100.00%
Series 2018B	TIF property taxes	3.00% to 5.00%	3,859,764	5,962,085	172,731	1/15/2037	4.48%
Series 2019	TIF property taxes	4.00%	260,800	12,396,000	321,600	2/1/2044	123.31%
Series 2021A	TIF property taxes	4.20%	634,846	4,807,599	-	7/15/2046	-
Series 2021B	Gaming revenues	3.25%	19,485,399	22,602,904	-	7/15/2030	-
				<u>\$ 112,178,194</u>			
<i>Business-type Activities:</i>							
Series 2018	Net water revenues	4.625%	\$ 18,974,971	<u>\$ 7,909,429</u>	\$ 723,372	12/31/2032	3.81%
<i>Discretely Presented Component Unit:</i>							
Series 2017	Port Authority revenues	3.85%	\$ 2,295,367	<u>\$ 11,277,068</u>	\$ 2,259,097	7/15/2026	98.42%

Debt Service Requirements

Primary Government

The information below does not include the impact of subsequent long-term debt issuances as detailed in Note 16. The future debt service requirements to amortize the outstanding governmental activities debt other than compensated absences, pension liabilities and other postemployment benefits, but including interest, are as follows:

Year Ending	General Obligation Bonds		Revenue Bonds		Notes Payable		Conduit Debt Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31,								
2022	\$ 775,000	\$ 106,300	\$ 1,145,000	\$ 2,843,320	\$ 2,127,119	\$ 1,669,142	\$ 200,000	\$ 410,000
2023	805,000	75,000	1,265,000	2,816,590	2,370,789	1,436,935	210,000	399,875
2024	840,000	42,500	1,140,000	2,775,763	2,442,104	1,355,774	220,000	389,250
2025	430,000	8,600	880,000	2,739,373	2,516,972	1,270,391	230,000	378,125
2026	-	-	945,000	2,707,223	5,032,072	1,319,904	425,000	366,500
2027-2031	-	-	30,900,000	8,220,740	14,996,009	4,497,712	3,485,000	1,367,250
2032-2036	-	-	6,055,000	2,309,591	9,530,918	1,736,290	3,480,000	402,750
2037-2041	-	-	5,275,000	991,237	4,201,486	464,677	-	-
2042-2046	-	-	2,170,000	183,620	-	-	-	-
	<u>\$ 2,850,000</u>	<u>\$ 232,400</u>	<u>\$ 49,775,000</u>	<u>\$ 25,587,457</u>	<u>\$ 43,217,469</u>	<u>\$ 13,750,825</u>	<u>\$ 8,250,000</u>	<u>\$ 3,713,750</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Year Ending December 31,	Direct Placement					
	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 805,000	\$ 234,300	\$ 2,075,000	\$ 563,442	\$ 7,127,119	\$ 5,826,504
2023	835,000	205,456	2,045,000	625,100	7,530,789	5,558,956
2024	865,000	175,548	2,115,000	556,945	7,622,104	5,295,780
2025	895,000	144,574	2,185,000	486,481	7,136,972	5,027,544
2026	930,000	112,535	2,260,000	413,714	9,592,072	4,919,876
2027-2031	2,470,000	133,125	9,920,000	909,303	61,771,009	15,128,130
2032-2036	-	-	625,000	72,002	19,690,918	4,520,633
2037-2041	-	-	-	-	9,476,486	1,455,914
2042-2046	-	-	-	-	2,170,000	183,620
	<u>\$ 6,800,000</u>	<u>\$ 1,005,538</u>	<u>\$ 21,225,000</u>	<u>\$ 3,626,987</u>	<u>\$ 132,117,469</u>	<u>\$ 47,916,957</u>

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

Year Ending December 31,	General Obligation Bonds		Direct Placement				Notes Payable		Total	
	Principal	Interest	General Obligation Bonds		Revenue Bonds		Principal	Interest	Principal	Interest
			Principal	Interest	Principal	Interest				
2022	\$ 4,325,000	\$ 1,293,682	\$ 595,000	\$ 56,491	\$ 425,000	\$ 289,062	\$ 2,645,000	\$ 908,094	\$ 7,395,000	\$ 2,490,838
2023	3,065,000	1,161,741	605,000	43,645	445,000	269,175	2,725,000	837,738	6,235,000	2,268,654
2024	3,190,000	1,040,256	620,000	30,530	475,000	248,247	2,790,000	765,402	6,455,000	2,053,905
2025	3,500,000	911,705	635,000	17,146	495,000	226,047	2,865,000	691,218	6,860,000	1,828,970
2026	4,060,000	762,038	320,000	3,440	515,000	202,921	2,940,000	615,120	7,515,000	1,580,079
2027-2031	13,350,000	1,770,535	-	-	2,970,000	629,116	15,895,000	1,862,256	32,215,000	4,261,907
2032-2036	3,935,000	330,460	-	-	1,030,000	47,955	5,195,000	137,742	10,160,000	516,157
2037-2041	730,000	48,494	-	-	-	-	-	-	730,000	48,494
	<u>\$ 36,155,000</u>	<u>\$ 7,318,911</u>	<u>\$ 2,775,000</u>	<u>\$ 151,252</u>	<u>\$ 6,355,000</u>	<u>\$ 1,912,523</u>	<u>\$ 35,055,000</u>	<u>\$ 5,817,570</u>	<u>\$ 77,565,000</u>	<u>\$ 15,049,004</u>

Discretely Presented Component Unit

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

Year Ending December 31,	Port Authority	
	Revenue Bonds	
	Principal	Interest
2022	1,885,000	373,547
2023	1,955,000	300,300
2024	2,030,000	224,358
2025	2,110,000	145,434
2026	2,190,000	63,429
	<u>\$ 10,170,000</u>	<u>\$ 1,107,068</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Future minimum lease payments are due as follows:

Year Ending December 31,	Primary Government	
	Governmental Activities	Business-type Activities
2022	\$ 2,614,322	\$ 230,233
2023	2,609,357	-
2024	2,594,218	-
2025	2,022,648	-
2026	1,213,383	-
Thereafter	1,702,079	-
Total minimum lease payments	12,756,007	230,233
Less interest	2,034,954	21,452
Present value minimum lease payments	<u>\$ 10,721,053</u>	<u>\$ 208,781</u>

Note 6. Employee Retirement Systems

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

	Net Pension Liability (Asset)	Pension Expense (Income)	Deferred Outflows	Deferred Inflows
Primary Government:				
<u>Governmental activities:</u>				
Public Employees Retirement Fund	\$ 3,105,269	\$ (1,869,356)	\$ 2,456,522	\$ 4,963,059
1977 Police Officers and Firefighters Pension and Disability Fund	(16,222,187)	(6,405,957)	15,889,981	26,773,326
1925 Police Officers' Pension Plan	57,379,847	(2,269,701)	-	549
1937 Firefighters' Pension Plan	40,331,876	(2,525,748)	-	-
Total governmental activities	<u>84,594,805</u>	<u>(13,070,762)</u>	<u>18,346,503</u>	<u>31,736,934</u>
<u>Business-type activities:</u>				
Public Employees Retirement Fund				
Water Utility	890,960	(101,310)	803,911	1,452,905
Sanitary District	1,181,631	(173,530)	930,264	1,916,799
Total business-type activities	<u>2,072,591</u>	<u>(274,840)</u>	<u>1,734,175</u>	<u>3,369,704</u>
Discretely presented component unit:				
Public Employees Retirement Fund				
Port Authority	295,145	(55,638)	245,329	488,410
	<u>\$ 86,962,541</u>	<u>\$ (13,401,240)</u>	<u>\$ 20,326,007</u>	<u>\$ 35,595,048</u>

Note 6. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund

Plan Description

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

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

Benefits Provided

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

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

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. 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, 2021 was 11.2 percent of annual covered payroll. Contributions to the plan from the primary government and the Port Authority were \$2,671,366 for the year ended December 31, 2021.

Net Pension Liability

On December 31, 2021, the primary government and Port Authority reported a combined liability of \$5,473,005 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, relative to all other contributing employers. On June 30, 2021, the primary government and discretely presented component unit proportionate share and change from prior year's proportionate share was as follows:

	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Water District	Sanitary District		
Proportionate share at June 30, 2021	0.23599%	0.06771%	0.08980%	0.39350%	0.02243%
Increase/decrease from proportionate share at June 30, 2020	-0.00169%	0.00316%	-0.00112%	0.00035%	0.00003%

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

For the year ended December 31, 2021, the City recognized pension expense (income) as follows:

<u>Primary Government</u>	
Governmental Activities	\$ (361,474)
Business Type Activities:	
Water Utility	(101,310)
Sanitary District	(173,530)
Discretely presented component unit:	
Port Authority	(55,638)
	<u>\$ (691,952)</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

At December 31, 2021, 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	\$ 106,209	\$ 30,473	\$ 40,415	\$ 177,097	\$ 10,095
Changes of assumptions	1,561,971	448,159	594,368	2,604,498	148,460
Change in proportion (recognized in current year expense)	26,006	82,703	3,852	112,561	1,697
Total deferred outflows to be recognized in expense in future periods	1,694,186	561,335	638,635	2,894,156	160,252
Subsequent contributions	762,336	242,576	291,629	1,296,541	85,077
Total deferred outflows	<u>\$ 2,456,522</u>	<u>\$ 803,911</u>	<u>\$ 930,264</u>	<u>\$ 4,190,697</u>	<u>\$ 245,329</u>
Deferred Inflows of Resources to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience	\$ 62,003	\$ 17,790	\$ 23,594	103,387	\$ 5,893
Changes of assumptions	697,502	200,127	265,417	1,163,046	66,295
Net difference between projected and actual earnings on pension plan investments	4,031,908	1,156,831	1,534,240	6,722,979	383,218
Change in proportion (recognized in current year expense)	171,646	78,157	93,548	343,351	33,004
Total deferred inflows to be recognized in expense in future periods	<u>\$ 4,963,059</u>	<u>\$ 1,452,905</u>	<u>\$ 1,916,799</u>	<u>\$ 8,332,763</u>	<u>\$ 488,410</u>

The primary government reported \$1,296,541 and the Port Authority reported \$85,077 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,					
2022	\$ (906,280)	\$ (253,620)	\$ (377,230)	\$ (1,537,130)	\$ (100,750)
2023	(765,071)	(205,317)	(291,483)	(1,261,871)	(77,428)
2024	(445,009)	(101,954)	(170,891)	(717,854)	(40,439)
2025	(1,152,513)	(330,679)	(438,560)	(1,921,752)	(109,541)
Total	<u>\$ (3,268,873)</u>	<u>\$ (891,570)</u>	<u>\$ (1,278,164)</u>	<u>\$ (5,438,607)</u>	<u>\$ (328,158)</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Actuarial Assumptions

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

Measurement date	June 30, 2021
Valuation date	
Assets	June 30, 2021
Liabilities	June 30, 2020, rolled forward to June 30, 2021
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.25%, net of investment expenses
Amortization method	20-year level dollar closed method (30 years for layers established prior to June 30, 2016)
Inflation	2.00%
Future salary increases	2.65% - 8.65%, based on service
Cost-of-living increases	Members in pay were granted a 1.00% COLA effective January 1, 2022 for the next biennium. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	General Employee table with a 3 year set forward for males and a 1 year set forward for females.
Retirees	General Retiree table with a 3 year set forward for males and a 1 year set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females.
Disabled	General Disabled table with a 140% load.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

Assumption changes

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

Discount Rate

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	20%	3.6%
Private markets	15%	7.3%
Fixed income - ex inflation-linked	20%	1.5%
Fixed income - inflation-linked	15%	-0.3%
Commodities	10%	0.8%
Real estate	10%	4.2%
Absolute return	5%	2.5%
Risk parity	20%	4.4%
Leverage offset	-15%	-1.4%
Total	100%	

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

Public Employees' Retirement Fund (Continued)

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

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
City of Hammond	\$ 8,121,640	\$ 3,105,269	\$ (1,079,048)
Water Utility	2,330,252	890,960	(309,599)
Sanitary District	3,090,484	1,181,631	(410,604)
Port Authority	771,933	295,145	(102,560)
Net pension liability (asset)	\$ 14,314,309	\$ 5,473,005	\$ (1,901,811)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

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

Benefits Provided

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

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

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

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

Contributions

Per Indiana State statute (IC 36 8 8 and IC 36 8 8.5), the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 6 percent of the salary of a first-class officer or firefighter. The City's contractually required contribution rate for the year ended December 31, 2021 was 17.5 percent of the salary of a first-class officer or firefighter. Contributions to the plan from the City were \$5,069,423 for the year ended December 31, 2021.

Net Pension Asset

On December 31, 2021, the City reported a pension asset of \$16,222,187 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension asset 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, 2021 relative to all other contributing employers. On June 30, 2021, the City's proportion was 2.74480 percent, which was an increase of 0.20187 percent from its proportion measured as of June 30, 2020.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. 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, 2021, the City recognized pension income of \$1,343,731. On December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows/Inflows of Resources to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 4,210,875	\$ 464,596
Changes of assumptions	8,845,149	2,388,454
Net difference between projected and actual earnings on pension plan investments	-	23,662,285
Change in proportion (recognized in current year expense)	316,662	257,991
Total deferred amounts to be recognized in expense in future periods	13,372,686	26,773,326
Subsequent contributions	2,517,295	-
	<u>\$ 15,889,981</u>	<u>\$ 26,773,326</u>

The City reported \$2,517,295 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,	
2022	\$ (5,317,973)
2023	(4,510,886)
2024	(3,534,535)
2025	(4,775,158)
2026	1,796,985
Thereafter	2,940,927
Total	<u>\$ (13,400,640)</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 6. 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, 2021
Valuation date	
Assets	June 30, 2021
Liabilities	June 30, 2020, rolled forward to June 30, 2021
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.25%, net of investment expenses
Amortization method	20-year level dollar closed method
Inflation	2.00%
Future salary increases	2.65%
Cost-of-living increases	1.95% compounded annually, beginning July 1, 2022. Actual COLA increases at July 1, 2020 (2.10%) and July 1, 2021 (1.90%) are reflected in the valuation.
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy employees	Safety Employee table with a 3 year set forward for males and no set forward for females.
Retirees	Safety Retiree table with a 3 year set forward for males and no set forward for females.
Beneficiaries	Contingent Survivor table with no set forward for males and a 2 year set forward for females.
Disabled	General Disabled table.
Experience study	The actuarial assumptions used are based on the results of an actuarial experience study prepared for INPERS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

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

Discount Rate

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return (Geometric Basis)
Public equity	20%	3.6%
Private markets	15%	7.3%
Fixed income - ex inflation-linked	20%	1.5%
Fixed income - inflation-linked	15%	-0.3%
Commodities	10%	0.8%
Real estate	10%	4.2%
Absolute return	5%	2.5%
Risk parity	20%	4.4%
Leverage offset	-15%	-1.4%
Total	100%	

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net pension liability (asset)	\$ 16,719,209	\$ (16,222,187)	\$ (42,814,905)

Assumption Changes

The investment return assumption was lowered from 6.75 percent to 6.25 percent. Price inflation was lowered from 2.25 percent to 2.00 percent. The future salary increase assumption changed from 2.75 percent per year to 2.65 percent per year. Future salary increase rates are now in a service-based table ranging from 2.65 percent to 8.65 percent per year.

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

1925 Police Officers' Pension Plan

Plan Description

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

Benefits Provided

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

Note 6. 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 percent of the monthly salary (with longevity pay) of a First-Class Patrolman. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member had retired. If a converted member does not have twenty years of service or is not at least age fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability. In cases of catastrophic physical personal injuries that result in a degree of impairment of at least 67 percent and permanently prevents the member from performing any gainful work, the member will receive an enhanced disability benefit equal to 100 percent of base salary. Additionally, the benefit is increased by any increase in the base salary after commencement.

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

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

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

Employees Covered by Benefit Terms

On December 31, 2021, there were 131 members in the plan who were retirees and beneficiaries currently receiving benefits.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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, 2021.

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 \$4,354,196 during 2021 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.

Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 62,553,109	\$ 2,903,836	\$ 59,649,273
Changes for the year:			
Interest on the total pension liability	905,314	-	905,314
Actuarial experience	375,586	-	375,586
Changes of assumptions	(89,928)	-	(89,928)
Employer contributions	-	3,986	(3,986)
Contributions - non-employer contributing entity ¹	-	4,354,196	(4,354,196)
Projected benefit payments ²	(4,338,675)	-	(4,338,675)
Benefit payments	-	(5,220,472)	5,220,472
Administrative and project expenses	-	(15,987)	15,987
Net changes	(3,147,703)	(878,277)	(2,269,426)
Balances at December 31, 2021	\$ 59,405,406	\$ 2,025,559	\$ 57,379,847

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

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

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

For the year ended December 31, 2021, the City recognized pension expense of \$1,190,697. On December 31, 2021, 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	\$ -	\$ 549

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

	Total
Net deferred inflows of resources as of December 31, 2022	\$ (275)
2023	(274)
Total	\$ (549)

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:

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

1925 Police Officers' Pension Plan (Continued)

Measurement date	December 31, 2021
Valuation date	January 1, 2021
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	1.39%
Price inflation	2.00%
Cost-of-living adjustment:	
Non-converted	2.65% per year in retirement beginning July 1, 2021
Converted	1.95% per year in retirement beginning July 1, 2022. The actual cost-of-living increase of 1.90% effective July 1, 2021 is reflected in the liability valuation at January 1, 2021.
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 INPRS, which covered the period beginning July 1, 2015 and ending June 30, 2019.

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- *Discount rate:* The discount rate used for the December 31, 2021 valuation was 1.39 percent, as directed by INPRS, based on the Barclay's 20-year Municipal Bond Index as of December 31, 2021. This is a decrease from the 1.49 percent used for the December 31, 2020 valuation.
- *Cost-of-living-adjustment (COLA):* For converted members, the July 1, 2021 COLA was updated from the ongoing valuation assumption to reflect the known increase of 1.90 percent. Beginning July 1, 2022, the assumption reverts to the assumed annual rate of 1.95 percent, a decrease from 2.10 percent used for the December 31, 2020 valuation. For non-converted members, the COLA assumption was updated from 2.75 percent to 2.65 percent in alignment with the salary increase assumption.
- *Inflation:* The inflation rate used for the December 31, 2021 valuation was 2.00 percent, a decrease from the 2.25 percent used for the December 31, 2020 valuation.
- *Salary increases:* The salary increase assumption used for the December 31, 2021 valuation was 2.65 percent, a decrease from the 2.75 percent used in the December 31, 2020 valuation.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. 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 1.39 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond.

Investment Rate of Return

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

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

The NPL is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the Plan calculated using the discount rate of 1.39 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 0.39%	Current Discount Rate 1.39%	1% Increase 2.39%
Net pension liability	\$ 63,372,076	\$ 57,379,847	\$ 52,258,441

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.

Note 6. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (continued)

Benefits Provided

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

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

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

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

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.

Note 6. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

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

Employees Covered by Benefit Terms

At December 31, 2021, there were 110 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, 2021.

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 \$3,763,668 during 2021 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 6. 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, 2020	\$ 46,514,347	\$ 3,656,723	\$ 42,857,624
Changes for the year:			
Interest on the total pension liability	663,000	-	663,000
Plan amendments	-	-	-
Actuarial experience	(153,197)	-	(153,197)
Changes of assumptions	(49,515)	-	(49,515)
Contributions - non-employer contributing entity ¹	-	3,763,668	(3,763,668)
Projected benefit payments ²	(3,729,037)	-	(3,729,037)
Benefit payments	-	(4,481,380)	4,481,380
Administrative and project expenses	-	(25,289)	25,289
Net changes	(3,268,749)	(743,001)	(2,525,748)
Balances at December 31, 2021	\$ 43,245,598	\$ 2,913,722	\$ 40,331,876

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, 2021, the City recognized pension expense of \$460,288. On December 31, 2021, the City reported no remaining unamortized deferred outflow of resources or deferred inflows of resources.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. 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, 2021
Valuation date	January 1, 2021
Actuarial cost method	Entry age normal - level percentage of payroll (for computing the actuarial accrued liabilities)
Expected return on assets	0.00%
Discount rate	1.39%
Price inflation	2.00%
Cost-of-living adjustment:	
Non-converted	2.65% per year in retirement beginning July 1, 2021.
Converted	1.95% per year in retirement beginning July 1, 2022. The actual cost-of-living increase of 1.90% effective July 1, 2021 is reflected in the liability valuations at January 1, 2021.
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 1.39 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond rate as of December 31, 2021.

City of Hammond, Indiana

Notes to Financial Statements

Note 6. Employee Retirement Funds (Continued)

1937 Firefighters' Pension Plan (Continued)

Assumption Changes

The following actuarial assumptions were changed from the prior year:

- *Discount rate:* The discount rate used for the December 31, 2021 valuation was 1.39 percent, as directed by INPRS, based on the Barclay's 20-year Municipal Bond Index as of December 31, 2021. This is a decrease from the 1.49 percent used for the December 31, 2020 valuation.
- *Cost-of-living-adjustment (COLA):* For converted members, the July 1, 2021 COLA was updated from the ongoing valuation assumption to reflect the known increase of 1.90 percent. Beginning July 1, 2022, the assumption reverts to the assumed annual rate of 1.95 percent, a decrease from 2.10 percent used for the December 31, 2020 valuation. For non-converted members, the COLA assumption was updated from 2.75 percent to 2.65 percent in alignment with the salary increase assumption.
- *Inflation:* The inflation rate used for the December 31, 2021 valuation was 2.00 percent, a decrease from the 2.25 percent used for the December 31, 2020 valuation.
- *Salary increases:* The salary increase assumption used for the December 31, 2021 valuation was 2.65 percent, a decrease from the 2.75 percent used in the December 31, 2020 valuation.

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 1.39 percent, as well as what the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 0.39%	Current Discount Rate 1.39%	1% Increase 2.39%
Net pension liability	\$ 44,337,374	\$ 40,331,876	\$ 36,887,697

City of Hammond, Indiana

Notes to Financial Statements

Note 7. 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	\$ 2,025,559	\$ 2,913,722	\$ 4,939,281
Liabilities			
Accounts payable	-	-	-
Net Position			
Restricted for pensions	\$ 2,025,559	\$ 2,913,722	\$ 4,939,281

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

	1925 Fund	1937 Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 4,354,196	\$ 3,763,668	\$ 8,117,864
Miscellaneous	3,986	-	3,986
Total contributions	<u>4,358,182</u>	<u>3,763,668</u>	<u>8,121,850</u>
Investment income:			
Interest	-	-	-
Total additions	<u>4,358,182</u>	<u>3,763,668</u>	<u>8,121,850</u>
Deductions			
Benefits	5,220,472	4,481,380	9,701,852
Administrative expenses	15,987	25,289	41,276
Total deductions	<u>5,236,459</u>	<u>4,506,669</u>	<u>9,743,128</u>
Changes in net position	(878,277)	(743,001)	(1,621,278)
Net position restricted for pensions:			
January 1, 2021	<u>2,903,836</u>	<u>3,656,723</u>	<u>6,560,559</u>
December 31, 2021	<u>\$ 2,025,559</u>	<u>\$ 2,913,722</u>	<u>\$ 4,939,281</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 8. Postemployment Healthcare Plan

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

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

Employees Covered by Benefit Terms. On December 31, 2021, membership in the plan consisted of the following:

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

Actuarial Assumptions

The following are the methods and assumptions used to determine the total OPEB liability at December 31, 2021:

Measurement date	December 31, 2021
Valuation date	January 1, 2021 with results actuarially projected on a "no gain / no loss" basis to get to the December 31, 2021 measurement date. Liabilities as of January 1, 2021 are based on an actuarial valuation date of January 1, 2021 with no adjustments.
Actuarial cost method	Entry age normal - level percentage of salary
Discount rate	2.25 percent as of December 31, 2021 and 2.12 percent as of January 1, 2021
Payroll growth	2.75 percent
Inflation rate	2.25 percent
Mortality assumptions:	
General employees and retirees	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
Public Safety employees and retirees	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
Surviving spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020
Health care trend rates:	
Medical	7.5 percent in 2022, decreasing to an ultimate trend rate of 4.5 percent in 2028
Dental/vision	4.5 percent in 2022, decreasing to an ultimate trend rate of 3.0 percent in 2025

City of Hammond, Indiana

Notes to Financial Statements

Note 8. Postemployment Healthcare Plan (Continued)

The following actuarial assumptions were changed from the prior year:

- The discount rate was changed from 2.12 percent to 2.25 percent to reflect the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/As or higher as of December 31, 2021.
- Health care trend rates for medical have been reset to an initial rate of 7.5 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 4.5 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, 2021	<u>\$ 292,669,013</u>
Changes for the year:	
Service cost	10,391,654
Interest on total post-employment liability	6,362,224
Differences between expected and actual experience	(8,319,175)
Changes of assumptions	(6,653,942)
Benefit payments	<u>(5,942,710)</u>
Net changes	<u>(4,161,949)</u>
Balances at December 31, 2021	<u><u>\$ 288,507,064</u></u>

The liability is reported as follows as of December 31, 2021 as follows:

Governmental Activities	\$ 251,522,691
Business-type Activities:	
Sanitary District	22,951,986
Water Utility	8,687,357
Discretely Presented Component Unit:	
Port Authority	3,672,538
Related organization:	
Hammond Housing Authority	<u>1,672,492</u>
	<u><u>\$ 288,507,064</u></u>

City of Hammond, Indiana

Notes to Financial Statements

Note 8. 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 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Governmental Activities	\$ 301,585,015	\$ 251,522,691	\$ 212,665,353
Business-type Activities:			
Sanitary District	27,520,281	22,951,986	19,406,170
Water Utility	10,416,463	8,687,357	7,345,261
Discretely Presented Component Unit			
Port Authority	4,403,510	3,672,538	3,105,175
Related organization:			
Hammond Housing Authority	2,005,380	1,672,492	1,414,111
Total other post-employment benefit liability	<u>\$ 345,930,649</u>	<u>\$ 288,507,064</u>	<u>\$ 243,936,070</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	\$ 207,125,694	\$ 251,522,691	\$ 310,320,323
Business-type Activities:			
Sanitary District	18,900,665	22,951,986	28,317,396
Water Utility	7,153,927	8,687,357	10,718,172
Discretely Presented Component Unit			
Port Authority	3,024,288	3,672,538	4,531,057
Related organization:			
Hammond Housing Authority	1,377,276	1,672,492	2,063,465
Total other post-employment benefit liability	<u>\$ 237,581,850</u>	<u>\$ 288,507,064</u>	<u>\$ 355,950,413</u>

¹ For medical premiums, 6.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 3.50 percent in 2028. For dental/vision premiums, 3.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 2.00 percent in 2025.

² For medical premiums, 8.50 percent decreasing by 0.50 percent per year to an ultimate trend rate of 5.50 percent in 2028. For dental/vision premiums, 5.50 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 8. 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, 2021, the City recognized OPEB expense in the financial statements as follows:

Governmental Activities - General Government	\$ 25,516,907
Business-type Activities:	
Sanitary District	2,313,092
Water Utility	875,508
Discretely Presented Component Unit:	
Port Authority	<u>370,117</u>
 Total	 <u><u>\$ 29,075,624</u></u>

At December 31, 2021 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	\$ 22,366,571	\$ 2,040,998	\$ 772,520	\$ 25,180,089	\$ 326,579
Changes of assumptions	53,601,950	4,891,293	1,851,361	60,344,604	782,654
Change in proportion (recognized in current year expense)	6,321,662	-	-	6,321,662	25,536
	<u>\$ 82,290,183</u>	<u>\$ 6,932,291</u>	<u>\$ 2,623,881</u>	<u>\$ 91,846,355</u>	<u>\$ 1,134,769</u>
 Deferred inflows of resources to be recognized in other post-employment benefit in Future periods					
Differences between expected and actual experience	\$ 6,821,051	\$ 622,436	\$ 235,593	\$ 7,679,080	\$ 99,596
Changes of assumptions	11,129,015	1,015,547	384,386	12,528,948	162,497
Change in proportion (recognized in current year expense)	25,536	4,198,313	1,976,143	6,199,992	183,573
	<u>\$ 17,975,602</u>	<u>\$ 5,836,296</u>	<u>\$ 2,596,122</u>	<u>\$ 26,408,020</u>	<u>\$ 445,666</u>

City of Hammond, Indiana

Notes to Financial Statements

Note 8. 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:

Year ending December 31:	Governmental Activities	Business-type Activities		Total Primary Government	Discretely Presented Component Unit Port Authority
		Sanitary District	Water Utility		
2022	\$ 11,975,458	\$ 152,067	\$ (17,554)	\$ 12,109,971	\$ 134,284
2023	11,976,218	152,067	(17,554)	12,110,731	133,527
2024	11,988,609	152,068	(17,554)	12,123,123	121,136
2025	14,268,228	360,088	61,182	14,689,498	154,421
2026	14,016,464	337,116	52,487	14,406,067	150,748
2027	89,604	(57,411)	(33,248)	(1,055)	(5,013)
Total	\$ 64,314,581	\$ 1,095,995	\$ 27,759	\$ 65,438,335	\$ 689,103

Note 9. Fund Balances

At December 31, 2021, the City's fund balance restrictions and commitments were for the following purposes:

	Major Funds		Special Revenue Restricted	Capital Projects Restricted	Debt Service Restricted	Total Nonmajor Restricted
	General Fund Committed	ARPA Restricted				
General government	\$ 270,064	\$ -	\$ 883,462	\$ 13,852,516	\$ -	\$ 14,735,978
Public safety	-	-	2,338,775	-	-	2,338,775
Highways and streets	949,191	-	1,564,776	-	-	1,564,776
Culture and recreation	524,237	-	1,651,782	1,816,461	-	3,468,243
Urban redevelopment and housing	-	-	21,408,837	-	-	21,408,837
Debt service	-	-	-	-	5,700,549	5,700,549
Total	\$ 1,743,492	\$ -	\$ 27,847,632	\$ 15,668,977	\$ 5,700,549	\$ 49,217,158

Note 10. Risk Management

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 10. Risk Management (Continued)

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

The change in claims for 2021 and 2020, including an estimate of incurred by not reported claims is as follows:

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	2,707,397
Incurred claims, including claims incurred but not reported	11,809,790
Claim Payments	<u>(11,745,500)</u>
Unpaid Claims at December 31, 2021	<u>\$ 2,771,687</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 2021 and 2020 by \$326,984 and \$370,813 respectively.

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Interfund Activity

Other information related to individual funds includes the following:

Interfund receivables and payables

Individual fund interfund receivable and payable balances as of December 31, 2021, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>
Major Governmental:	
General Fund:	
Nonmajor Governmental Funds	\$ 51,554
Water Utility Fund	483,912
Total	<u>\$ 535,466</u>

<u>Fund</u>	<u>Due To Other Funds</u>
Nonmajor Governmental:	
General Fund	\$ 51,554
Water Utility Fund:	
General Fund	483,912
	<u>\$ 535,466</u>

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

City of Hammond, Indiana

Notes to Financial Statements

Note 11. Interfund Activity (Continued)

Transfers

Interfund transfers for the year ended December 31, 2021, are as follows:

<u>Fund</u>	<u>Transfer From Other Funds</u>
Major Governmental Fund:	
General Fund	
Nonmajor Governmental Funds	\$ 1,568,999
Nonmajor Governmental Funds:	
General Fund	7,239,520
Nonmajor Governmental Funds	<u>5,384,346</u>
 Total	 <u>\$ 14,192,865</u>

<u>Fund</u>	<u>Transfer To Other Funds</u>
Major Governmental Fund:	
General Fund	
Nonmajor governmental funds	\$ 7,239,520
Nonmajor Governmental Funds:	
General Fund	1,568,999
Nonmajor governmental funds	<u>5,384,346</u>
 Total	 <u>\$ 14,192,865</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 2021, the Sanitary District, the Water Utility and the Port Authority transferred \$1,396,330, \$1,500,000 and \$1,000,000, respectively, to the City for payments in lieu of taxes as allowed under Indiana Code 36-3-2-10. In addition, the Sanitary District paid \$283,536 to the Town of Munster.

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Contingencies, Commitments and Other

Contingencies

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

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

Noncompliance – Legal/contractual provisions

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.

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Contingencies, Commitments and Other (Continued)

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

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

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

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

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

Commitments

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

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

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

City of Hammond, Indiana

Notes to Financial Statements

Note 12. Contingencies, Commitments and Other (Continued)

Construction Commitments

Construction work in progress is composed of the following:

	Total Project Costs	Total Expended	Remaining Commitment
Engineering projects	<u>\$ 20,080,021</u>	<u>\$ 6,848,604</u>	<u>\$ 13,231,417</u>

Expenditures over Budget

For the year ended December 31, 2021, expenditures/expenses exceeded budget in the following funds:

Nonmajor funds:

Special revenue funds		
Parks and Recreation	\$	25,929
M.V.H. Restricted		225,204

Deficit Fund Balances/Net Position

As of December 31, 2021, the following funds had a deficit fund balance.

Nonmajor funds:

Special revenue funds		
Grants		
Emergency / C.D.B.G	\$	13,824
Judicial Assistance Grant		23,089
Motor Vehicle Highway		74,900
VSET User		2,053
CITLI		6,846
LCDDF		1,602
Debt service funds		
Series 2019 (Data Center)		60,800

Note 13. 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 with its year ended December 31, 2022. 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 foundational principal that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the City with the year ended December 31, 2022. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations.

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

GASB 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.

Note 13. New Governmental Accounting Standards (Continued)

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

GASB Statement No. 100, *Accounting Changes and Error Corrections* 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. The statement will be effective for the City with its year ending December 31, 2025.

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

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

Note 14. Subsequent Events

In October 2022, the City entered into a lease agreement for a fire truck in the amount of approximately \$750,000. The lease is secured by a fire truck.

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

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

In December 2022, the City issued \$6,425,000 of Taxable Economic Development Tax Increment Revenue Bonds, Series 2022. The proceeds will be used to fund the acquisition, construction, renovation and equipping of a mixed-use development in the City. The bonds will be secured and payable from certain TIF revenues of the City.

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

Notes to Schedule:

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

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

City of Hammond, Indiana

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability

For the years ending June 30,	2021	2020	2019	2018	2017	2016
Public Employees' Retirement Fund						
City's proportionate of the net pension liability	0.41593%	0.41555%	0.43301%	0.42829%	0.43644%	0.42932%
City's proportionate share of the net pension liability	\$ 5,473,005	\$ 12,551,248	\$ 14,139,393	\$ 14,549,205	\$ 19,471,960	\$ 19,484,450
City's covered payroll	22,931,837	22,433,944	22,289,242	21,854,051	21,652,479	20,575,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	23.87%	55.95%	63.44%	66.57%	89.93%	94.70%
Plan fiduciary net position as a percentage of the total pension liability	83.00%	83.29%	79.38%	79.69%	76.65%	75.35%
1977 Police and Firefighters' Plan						
City's proportionate of the net pension liability (asset)	2.74480%	2.54293%	2.65930%	2.72346%	2.84192%	2.90943%
City's proportionate share of the net pension liability (asset)	\$ (16,222,187)	\$ 6,174,432	\$ 245,080	\$ (2,394,946)	\$ (438,374)	\$ 2,584,648
City's covered payroll	26,059,707	23,580,307	23,506,504	22,943,463	23,039,730	22,486,631
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%
Plan fiduciary net position as a percentage of the total pension liability (asset) *	107.78%	96.42%	99.86%	101.51%	100.29%	98.24%

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

Notes to Schedule:

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

Benefit changes: None

Changes in assumptions: **1977 Police and Firefighters' Plan** - The investment return assumption was lowered from 6.75% to 6.25%. Price inflation was lowered from 2.25% to 2.00%. General wage inflation was lowered from 2.75% to 2.65%. Interest on member balances was lowered from 3.50% to 3.30%. Cost-of-living adjustment were lowered from 2.10% to 1.95%. For benefits paid under the 2017 House Enrolled Act No. 1617, the annual cost-of-living assumption was lowered from 2.75% to 2.65%.

PERF - The investment return assumption was lowered from 6.75% to 6.25%. Price inflation was lowered from 2.25% to 2.00%. General wage inflation was lowered from 2.75% to 2.65%.

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

City of Hammond, Indiana

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

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

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

City of Hammond, Indiana

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

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

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

City of Hammond, Indiana

**Required Supplementary Information
Schedules of Contributions**

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

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

City of Hammond, Indiana

**Required Supplementary Information
Schedules of Contributions**

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

	Original Budget	Amended Budget	Actual Budgetary Basis Amounts	Variance
Revenues				
Property taxes	\$ 40,981,404	\$ 40,981,404	\$ 29,344,190	(11,637,214)
Intergovernmental	25,906,996	25,906,996	23,026,443	(2,880,553)
Development agreement	18,000,000	18,000,000	17,249,869	(750,131)
Licenses, permits and fees	1,720,369	1,720,369	2,925,250	1,204,881
Charges for services	15,968,000	15,968,000	14,947,624	(1,020,376)
Fines and forfeits	493,000	493,000	398,650	(94,350)
Other	1,122,968	1,122,968	1,832,337	709,369
Interest	400,000	400,000	27,506	(372,494)
Total revenues	104,592,737	104,592,737	89,751,869	(14,840,868)
Expenditures				
Current:				
General government	29,006,566	28,386,168	15,809,822	12,576,346
Public safety	51,158,046	52,175,776	54,396,703	(2,220,927)
Culture and recreation	301,735	743,746	223,394	520,352
Urban redevelopment and housing	12,383,552	13,996,240	5,024,987	8,971,253
Debt service:				
Principal	6,992,839	6,992,839	8,339,209	(1,346,370)
Interest and fees	544,333	544,333	541,889	2,444
Capital outlay	2,139,318	2,247,942	1,771,528	476,414
Total expenditures	102,526,389	105,087,044	86,107,532	18,979,512
Excess (deficiency) of revenues over (under) expenditures	2,066,348	(494,307)	3,644,337	4,138,644
Other financing sources (uses)				
Sale of capital assets	10,000	10,000	88,896	78,896
Transfers in	13,700,000	13,700,000	18,422,423	4,722,423
Transfers out	-	-	(19,977,364)	(19,977,364)
Total other financing sources (uses)	13,710,000	13,710,000	(1,466,045)	(15,176,045)
Change in fund balance (budgetary basis)	\$ 15,776,348	\$ 13,215,693	2,178,292	\$ (11,037,401)
Fund balances (Budgetary Basis):				
January 1, 2021			<u>11,915,835</u>	
December 31, 2021			<u>\$ 14,094,127</u>	
GAAP Adjustments:				
Adjust revenues for accruals			2,856,180	
Adjust expenditures for accruals			<u>(3,066,947)</u>	
Change in fund balance (GAAP basis)			1,967,525	
Fund balances (GAAP Basis):				
January 1, 2021			<u>10,936,153</u>	
December 31, 2021			<u>\$ 12,903,678</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

(unaudited)

Governmental Funds

City of Hammond, Indiana

Combining Balance Sheet
General Fund Accounts
December 31, 2021

	General	Façade	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Blight Elimination
Assets										
Cash and cash equivalents	\$ 839,315	\$ 127,856	\$ -	\$ -	\$ 757,322	\$ 39,353	\$ -	\$ 144,041	\$ 44,357	\$ 166,373
Receivables:										
Property taxes, net	29,438,258	-	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Other	166,119	-	-	1,865	417	-	-	-	-	21
Prepaid items	35,676	-	-	-	-	-	-	-	-	-
Due from other funds	729,382	-	-	-	-	-	-	-	-	-
Total assets	\$ 31,208,750	\$ 127,856	\$ -	\$ 1,865	\$ 757,739	\$ 39,353	\$ -	\$ 144,041	\$ 44,357	\$ 166,394
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ 2,191,793	\$ -	\$ -	\$ 6,260	\$ 178,387	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	106,582	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,298,375	-	-	6,260	178,387	-	-	-	-	-
Deferred inflows of resources										
Property taxes levied for subsequent years	29,438,258	-	-	-	-	-	-	-	-	-
Fund balances										
Nonspendable - prepaid items	35,676	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	(563,559)	127,856	-	(4,395)	579,352	39,353	-	144,041	44,357	166,394
Total fund balances	(527,883)	127,856	-	(4,395)	579,352	39,353	-	144,041	44,357	166,394
Total liabilities, deferred inflows of resources and fund balances	\$ 31,208,750	\$ 127,856	\$ -	\$ 1,865	\$ 757,739	\$ 39,353	\$ -	\$ 144,041	\$ 44,357	\$ 166,394

City of Hammond, Indiana

Combining Balance Sheet
 General Fund Accounts - Continued
 December 31, 2021

	HHS Stimulus	Public Defender	Special Events Fire	HIDA Overtime Reimbursement	Background Checks	Clerks Perpetual	Federal Prisoners	Garbage Bins	CDBG Escrow	Human Relations
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ 1,879	\$ -	\$ 391	\$ 73,170	\$ 384,708	\$ 24,919	\$ 943,036	\$ 1,014
Receivables:										
Property taxes, net	-	-	-	-	-	-	-	-	-	-
Gaming	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	3,000	-
Intergovernmental	-	-	-	8,205	-	-	-	-	-	-
Other	-	-	-	-	-	-	42,178	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	50
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 1,879	\$ 8,205	\$ 391	\$ 73,170	\$ 426,886	\$ 24,919	\$ 946,036	\$ 1,064
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,734	\$ -
Accrued payroll	-	-	-	913	-	-	-	-	-	-
Due to other funds	-	-	-	40,046	-	-	-	-	-	-
Total liabilities	-	-	-	40,959	-	-	-	-	23,734	-
Deferred inflows of resources										
Property taxes levied for subsequent years	-	-	-	-	-	-	-	-	-	-
Fund balances										
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-	50
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	1,879	(32,754)	391	73,170	426,886	24,919	922,302	1,014
Total fund balances	-	-	1,879	(32,754)	391	73,170	426,886	24,919	922,302	1,064
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -	\$ 1,879	\$ 8,205	\$ 391	\$ 73,170	\$ 426,886	\$ 24,919	\$ 946,036	\$ 1,064

City of Hammond, Indiana

Combining Balance Sheet
 General Fund Accounts - Continued
 December 31, 2021

	Public Safety	Gaming Revenue	Rainy Day Fund	Penalties	Penalties	Ambulance Fees	COVID	Animal Control Donation	Vehicle Release	Unemployment
Assets										
Cash and cash equivalents	\$ 244,370	\$ 7,351,869	\$ 709,472	\$ -	\$ -	\$ 168,502	\$ -	\$ 4,571	\$ 255,362	\$ -
Receivables:										
Property taxes, net	-	-	-	-	-	-	-	-	-	-
Gaming	-	2,474,527	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Other	-	-	26	-	-	-	-	-	75	-
Prepaid items	7,597	10,855	-	-	-	-	-	-	67,340	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 251,967	\$ 9,837,251	\$ 709,498	\$ -	\$ -	\$ 168,502	\$ -	\$ 4,571	\$ 322,777	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 448,052	\$ 10,929	\$ -	\$ -	\$ 44,850	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	153,870	-	-	-	-	-
Total liabilities	-	448,052	10,929	-	153,870	44,850	-	-	-	-
Deferred inflows of resources										
Property taxes levied for subsequent years	-	-	-	-	-	-	-	-	-	-
Fund balances										
Nonspendable - prepaid items	7,597	10,855	-	-	-	-	-	-	67,340	-
Committed	-	1,743,492	-	-	-	-	-	-	-	-
Unassigned	244,370	7,634,852	698,569	-	(153,870)	123,652	-	4,571	255,437	-
Total fund balances	251,967	9,389,199	698,569	-	(153,870)	123,652	-	4,571	322,777	-
Total liabilities, deferred inflows of resources and fund balances	\$ 251,967	\$ 9,837,251	\$ 709,498	\$ -	\$ -	\$ 168,502	\$ -	\$ 4,571	\$ 322,777	\$ -

City of Hammond, Indiana

Combining Balance Sheet
 General Fund Accounts - Continued
 December 31, 2021

	Adult Probation	Bond Monies	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	\$ 12,889	\$ -	\$ -	\$ 4,598	\$ 438	\$ -	\$ 105,179	\$ -	\$ -	\$ -	\$ 173,995	\$ -	\$ 12,578,979
Receivables:													
Property taxes, net	-	-	-	-	-	-	-	-	-	-	-	-	29,438,258
Gaming	-	-	-	-	-	-	-	-	-	-	-	-	2,474,527
Accounts	-	-	-	-	-	-	966	-	-	-	-	-	3,966
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	8,205
Other	-	-	-	-	-	-	-	-	-	-	-	-	210,701
Prepaid items	-	-	-	-	-	-	-	-	-	-	37,263	-	158,781
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	(193,916)	535,466
Total assets	\$ 12,889	\$ -	\$ -	\$ 4,598	\$ 438	\$ -	\$ 106,145	\$ -	\$ -	\$ -	\$ 211,258	\$ (193,916)	\$ 45,408,883
Liabilities, Deferred Inflows of Resources and Fund Balances													
Liabilities													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,904,005
Accrued payroll	-	-	-	14,498	-	-	-	-	-	-	40,949	-	162,942
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	(193,916)	-
Total liabilities	-	-	-	14,498	-	-	-	-	-	-	40,949	(193,916)	3,066,947
Deferred inflows of resources													
Property taxes levied for subsequent years	-	-	-	-	-	-	-	-	-	-	-	-	29,438,258
Fund balances													
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-	-	37,263	-	158,781
Committed	-	-	-	-	-	-	-	-	-	-	-	-	1,743,492
Unassigned	12,889	-	-	(9,900)	438	-	106,145	-	-	-	133,046	-	11,001,405
Total fund balances	12,889	-	-	(9,900)	438	-	106,145	-	-	-	170,309	-	12,903,678
Total liabilities, deferred inflows of resources and fund balances	\$ 12,889	\$ -	\$ -	\$ 4,598	\$ 438	\$ -	\$ 106,145	\$ -	\$ -	\$ -	\$ 211,258	\$ (193,916)	\$ 45,408,883

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

General Fund Accounts

Year Ended December 31, 2021

	General	Façade Rebate Program	Centrex	Diesel Fuel Tax	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	Blight Elimination
Revenues										
Property taxes	\$ 29,344,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,047,641	-	-	-	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	2,025,141	-	-	-	-	-	-	-	-	-
Charges for services	16,336,874	-	-	-	-	-	-	-	-	-
Fines and forfeits	328,692	-	-	-	-	63,308	-	-	-	-
Other	555,339	-	-	-	-	-	-	25,971	60,000	63
Interest	33,850	-	-	-	-	-	-	-	-	-
Total revenues	55,671,727	-	-	-	-	63,308	-	25,971	60,000	63
Expenditures										
Current:										
General government	15,371,063	-	3,515	18,989	-	119,199	-	-	-	-
Public safety	52,207,353	-	-	-	118,815	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	36,330	-
Urban redevelopment and housing	820,807	212,412	-	-	-	-	-	15,480	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital outlay	178,847	-	-	-	-	-	-	-	-	-
Total expenditures	68,578,070	212,412	3,515	18,989	118,815	119,199	-	15,480	36,330	-
Excess (deficiency) of revenues over (under) expenditures	(12,906,343)	(212,412)	(3,515)	(18,989)	(118,815)	(55,891)	-	10,491	23,670	63
Other financing sources (uses)										
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	3,330	-	-	-	-	-	-	-	-	-
Transfers in	16,554,694	200,000	132	16,662	300,000	-	-	50,000	-	-
Transfers out	(5,143,421)	-	-	-	-	-	(30)	-	-	-
Total other financing sources (uses)	11,414,603	200,000	132	16,662	300,000	-	(30)	50,000	-	-
Change in fund balance	(1,491,740)	(12,412)	(3,383)	(2,327)	181,185	(55,891)	(30)	60,491	23,670	63
Fund balances:										
January 1, 2021	963,857	140,268	3,383	(2,068)	398,167	95,244	30	83,550	20,687	166,331
December 31, 2021	\$ (527,883)	\$ 127,856	\$ -	\$ (4,395)	\$ 579,352	\$ 39,353	\$ -	\$ 144,041	\$ 44,357	\$ 166,394

City of Hammond, Indiana

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

General Fund Accounts

Year Ended December 31, 2021

	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	-	-	-	230,650	-	-	-	-	-	-
Development agreement	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	392,584	24,919	-	-
Charges for services	-	-	3,875	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	269,261	-
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	3,875	230,650	-	-	392,584	24,919	269,261	-
Expenditures										
Current:										
General government	-	-	-	-	461	1,938	-	27,940	-	75
Public safety	-	-	3,874	235,006	-	-	536,712	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-	402,435	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	3,874	235,006	461	1,938	536,712	27,940	402,435	75
Excess (deficiency) of revenues over (under) expenditures	-	-	1	(4,356)	(461)	(1,938)	(144,128)	(3,021)	(133,174)	(75)
Other financing sources (uses)										
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	49,997	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(37,981)	(1,575)	-	(17,059)	-	-	-	-	-	-
Total other financing sources (uses)	(37,981)	(1,575)	-	(17,059)	-	-	-	-	49,997	-
Change in fund balance	(37,981)	(1,575)	1	(21,415)	(461)	(1,938)	(144,128)	(3,021)	(83,177)	(75)
Fund balances:										
January 1, 2021	37,981	1,575	1,878	(11,339)	852	75,108	571,014	27,940	1,005,479	1,139
December 31, 2021	\$ -	\$ -	\$ 1,879	\$ (32,754)	\$ 391	\$ 73,170	\$ 426,886	\$ 24,919	\$ 922,302	\$ 1,064

City of Hammond, Indiana

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

General Fund Accounts
Year Ended December 31, 2021

	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	849,589	19,485,399	-	-	-	-	245,908	-	-	-
Development agreement	-	17,249,869	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-	-	151,350	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other	-	1,315,197	99,902	-	-	-	-	1,686	517	-
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	849,589	38,050,465	99,902	-	-	-	245,908	1,686	151,867	-
Expenditures										
Current:										
General government	-	7,807,353	426,567	41	-	-	-	-	-	15,643
Public safety	241,891	-	-	-	-	-	190,941	-	85,678	-
Culture and recreation	-	179,620	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	3,848,814	-	-	-	-	-	-	-	-
Debt service:										
Principal	289,513	190,000	2,584,313	-	-	-	-	-	-	-
Interest and fees	9,409	419,625	1,251,489	-	-	-	-	-	-	-
Capital outlay	2,203,332	-	1,894,557	-	-	264,225	-	-	-	-
Total expenditures	2,744,145	12,445,412	6,156,926	41	-	264,225	190,941	-	85,678	15,643
Excess (deficiency) of revenues over (under) expenditures	(1,894,556)	25,605,053	(6,057,024)	(41)	-	(264,225)	54,967	1,686	66,189	(15,643)
Other financing sources (uses)										
Proceeds from capital lease	2,135,000	-	1,894,557	-	-	204,011	-	-	-	-
Sale of capital assets	-	-	35,569	-	-	-	-	-	-	-
Transfers in	-	-	4,825,106	-	-	75,242	-	-	-	15,643
Transfers out	(200,000)	(22,227,435)	-	-	-	-	(54,967)	-	(200,000)	-
Total other financing sources (uses)	1,935,000	(22,227,435)	6,755,232	-	-	279,253	(54,967)	-	(200,000)	15,643
Change in fund balance	40,444	3,377,618	698,208	(41)	-	15,028	-	1,686	(133,811)	-
Fund balances:										
January 1, 2021	211,523	6,011,581	361	41	(153,870)	108,624	-	2,885	456,588	-
December 31, 2021	\$ 251,967	\$ 9,389,199	\$ 698,569	\$ -	\$ (153,870)	\$ 123,652	\$ -	\$ 4,571	\$ 322,777	\$ -

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
General Fund Accounts
Year Ended December 31, 2021

	Adult Probation	Bond Monies	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,344,190
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	27,859,187
Development agreement	-	-	-	-	-	-	-	-	-	-	-	-	17,249,869
Licenses, permits and fees	-	232,750	-	-	-	-	98,758	-	-	-	-	-	2,925,502
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	16,340,749
Fines and forfeits	6,336	-	-	-	-	-	-	-	-	-	-	-	398,336
Other	-	-	-	-	-	-	82	-	-	-	(22,473)	-	2,305,545
Interest	-	-	-	-	-	-	-	-	-	-	-	-	33,850
Total revenues	6,336	232,750	-	-	-	-	98,840	-	-	-	(22,473)	-	96,457,228
Expenditures													
Current:													
General government	-	-	-	-	(273)	-	-	-	-	-	-	-	23,792,511
Public safety	-	232,750	-	576,225	-	-	118,682	-	-	-	-	-	54,547,927
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	215,950
Urban redevelopment and housing	-	-	-	-	-	-	-	-	-	-	-	-	5,299,948
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	3,063,826
Interest and fees	-	-	-	-	-	-	-	-	-	-	-	-	1,680,523
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	4,540,961
Total expenditures	-	232,750	-	576,225	(273)	-	118,682	-	-	-	-	-	93,141,646
Excess (deficiency) of revenues over (under) expenditures	6,336	-	-	(576,225)	273	-	(19,842)	-	-	-	(22,473)	-	3,315,582
Other financing sources (uses)													
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-	-	-	4,233,568
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	88,896
Transfers in	-	-	-	565,000	-	-	-	-	578	-	-	(21,034,058)	1,568,999
Transfers out	-	-	(19,109)	-	-	(1,052)	-	(245,867)	-	(125,082)	-	21,034,058	(7,239,520)
Total other financing sources (uses)	-	-	(19,109)	565,000	-	(1,052)	-	(245,867)	578	(125,082)	-	-	(1,348,057)
Change in fund balance	6,336	-	(19,109)	(11,225)	273	(1,052)	(19,842)	(245,867)	578	(125,082)	(22,473)	-	1,967,525
Fund balances:													
January 1, 2021	6,553	-	19,109	1,325	165	1,052	125,987	245,867	(578)	125,082	192,782	-	10,936,153
December 31, 2021	\$ 12,889	\$ -	\$ -	\$ (9,900)	\$ 438	\$ -	\$ 106,145	\$ -	\$ -	\$ -	\$ 170,309	\$ -	\$ 12,903,678

City of Hammond, Indiana

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 25,117,955	\$ -	\$ 13,851,363	\$ 38,969,318
Receivables:				
Property taxes, net	7,199,027	1,858,547	-	9,057,574
Accounts	24	-	-	24
Intergovernmental	428,181	-	-	428,181
Other	26,510	-	-	26,510
Loans receivable, net	3,820,891	-	-	3,820,891
Prepaid items	49,021	-	-	49,021
Restricted cash and cash equivalents	306,129	5,712,300	1,817,639	7,836,068
Note receivable	171,000	-	-	171,000
Total assets	\$ 37,118,738	\$ 7,570,847	\$ 15,669,002	\$ 60,358,587
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,827,677	\$ 60,800	\$ 25	\$ 1,888,502
Accrued payroll	170,726	-	-	170,726
Due to other funds	39,803	11,751	-	51,554
Unearned revenue	70,253	-	-	70,253
Total liabilities	2,108,459	72,551	25	2,181,035
Deferred inflows of resources				
Property taxes levied for subsequent years	7,199,027	1,858,547	-	9,057,574
Total deferred inflows of resources	7,199,027	1,858,547	-	9,057,574
Fund balances (deficits)				
Nonspendable - prepaid items	49,021	-	-	49,021
Restricted:				
General government	883,462	-	13,852,516	14,735,978
Public safety	2,338,775	-	-	2,338,775
Highways and streets	1,564,776	-	-	1,564,776
Culture and recreation	1,651,782	-	1,816,461	3,468,243
Urban redevelopment and housing	21,408,837	-	-	21,408,837
Debt service	-	5,700,549	-	5,700,549
Unassigned (deficit)	(85,401)	(60,800)	-	(146,201)
Total fund balances (deficits)	27,811,252	5,639,749	15,668,977	49,119,978
Total liabilities, deferred inflows of resources and fund balances	\$ 37,118,738	\$ 7,570,847	\$ 15,669,002	\$ 60,358,587

City of Hammond, Indiana

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 15,156,813	\$ 1,744,363	\$ -	\$ 16,901,176
Intergovernmental taxes	16,867,921	98,619	-	16,966,540
Licenses and permits	7,407	-	-	7,407
Charges for services	3,977,274	-	-	3,977,274
Other	1,141,346	1,076,221	1,330	2,218,897
Interest	-	13	72	85
Total revenues	37,150,761	2,919,216	1,402	40,071,379
Expenditures				
Current:				
General government	1,248,786	-	4,181	1,252,967
Public safety	3,917,195	-	-	3,917,195
Streets and equipment maintenance	6,401,096	-	-	6,401,096
Culture and recreation	7,144,376	-	-	7,144,376
Urban redevelopment and housing	6,929,864	-	-	6,929,864
Debt service:				
Principal retirement	1,088,011	7,600,000	-	8,688,011
Interest and fees	532,362	4,730,683	-	5,263,045
Debt issuance costs	-	-	204,234	204,234
Capital outlay	3,179,915	-	2,886,091	6,066,006
Total expenditures	30,441,605	12,330,683	3,094,506	45,866,794
Excess (deficiency) of revenues over (under) expenditures	6,709,156	(9,411,467)	(3,093,104)	(5,795,415)
Other financing sources (uses):				
Sale of capital assets	75,254	-	-	75,254
Proceeds of bond issuance	-	19,585,000	16,807,853	36,392,853
Discount on bonds issued	-	-	(319,774)	(319,774)
Payment to escrow agent	-	(21,799,467)	-	(21,799,467)
Transfers in	3,091,495	9,396,052	136,319	12,623,866
Transfers out	(6,040,856)	(912,489)	-	(6,953,345)
Total other financing sources (uses)	(2,874,107)	6,269,096	16,624,398	20,019,387
Change in fund balance	3,835,049	(3,142,371)	13,531,294	14,223,972
Fund balances:				
January 1, 2021	23,976,203	8,782,120	2,137,683	34,896,006
December 31, 2021	\$ 27,811,252	\$ 5,639,749	\$ 15,668,977	\$ 49,119,978

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2021

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF
Assets							
Cash and cash equivalents	\$ 2,007,320	\$ 9,550,803	\$ 300,729	\$ 583,641	\$ 8	\$ 1,477,194	\$ 1,344,289
Receivables:							
Property taxes, net	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	33,168	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	306,129	-	-	-	-	-	-
Note receivable	-	-	171,000	-	-	-	-
Total assets	\$ 2,313,449	\$ 9,583,971	\$ 471,729	\$ 583,641	\$ 8	\$ 1,477,194	\$ 1,344,289
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 5	\$ 708,429	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	5	708,429	-	-	-	-	-
Deferred inflows of resources							
Property taxes levied for subsequent years	-	-	-	-	-	-	-
Fund balances							
Nonspendable - prepaid items	-	33,168	-	-	-	-	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	2,313,444	8,842,374	471,729	583,641	8	1,477,194	1,344,289
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,313,444	8,875,542	471,729	583,641	8	1,477,194	1,344,289
Total liabilities, deferred inflows of resources and fund balances	\$ 2,313,449	\$ 9,583,971	\$ 471,729	\$ 583,641	\$ 8	\$ 1,477,194	\$ 1,344,289

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2021

	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	\$ 671,876	\$ 1,853,398	\$ 2,540,734	\$ 31,148	\$ 36,023	\$ 1,199,492	\$ 901,131
Receivables:							
Property taxes, net	-	4,100,408	-	1,736,360	-	-	-
Accounts	-	24	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	296,770	131,411	-
Other	-	26,510	-	-	-	-	-
Loans receivable, net	-	-	3,820,891	-	-	-	-
Prepaid items	-	493	150	-	-	13,602	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 671,876	\$ 5,980,833	\$ 6,361,775	\$ 1,767,508	\$ 332,793	\$ 1,344,505	\$ 901,131
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 95,734	\$ 849,486	\$ -	\$ -	\$ 98,920	\$ 75,103
Accrued payroll	-	62,163	824	106,048	-	-	-
Due to other funds	-	-	30,993	-	-	-	-
Unearned revenue	-	70,253	-	-	-	-	-
Total liabilities	-	228,150	881,303	106,048	-	98,920	75,103
Deferred inflows of resources							
Property taxes levied for subsequent years	-	4,100,408	-	1,736,360	-	-	-
Fund balances							
Nonspendable - prepaid items	-	493	150	-	-	13,602	-
Restricted							
General government	-	-	-	-	-	-	826,028
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	332,793	1,231,983	-
Culture and recreation	-	1,651,782	-	-	-	-	-
Urban redevelopment and housing	671,876	-	5,480,322	-	-	-	-
Unassigned	-	-	-	(74,900)	-	-	-
Total fund balances	671,876	1,652,275	5,480,472	(74,900)	332,793	1,245,585	826,028
Total liabilities, deferred inflows of resources and fund balances	\$ 671,876	\$ 5,980,833	\$ 6,361,775	\$ 1,767,508	\$ 332,793	\$ 1,344,505	\$ 901,131

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2021

	Evidence Money	Local Option Income Tax	Haz-Mat	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Assets							
Cash and cash equivalents	\$ 20,629	\$ 2,081,044	\$ 35,461	\$ 3,049	\$ 234,053	\$ 13,590	\$ 81,486
Receivables:							
Property taxes, net	-	-	-	-	433,724	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	926	682	-
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-
Total assets	\$ 20,629	\$ 2,081,044	\$ 35,461	\$ 3,049	\$ 668,703	\$ 14,272	\$ 81,486
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Deferred inflows of resources							
Property taxes levied for subsequent years	-	-	-	-	433,724	-	-
Fund balances							
Nonspendable - prepaid items	-	-	-	-	926	682	-
Restricted							
General government	-	-	-	-	-	-	-
Public safety	20,629	2,081,044	-	3,049	234,053	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	35,461	-	-	13,590	81,486
Unassigned	-	-	-	-	-	-	-
Total fund balances	20,629	2,081,044	35,461	3,049	234,979	14,272	81,486
Total liabilities, deferred inflows of resources and fund balances	\$ 20,629	\$ 2,081,044	\$ 35,461	\$ 3,049	\$ 668,703	\$ 14,272	\$ 81,486

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Special Revenue Funds
 December 31, 2021

	C.C.I.F.	Major Moves	C.C.D.F.	VSET User	CITLI	LCDDF	Total
Assets							
Cash and cash equivalents	\$ 93,423	\$ -	\$ 57,434	\$ -	\$ -	\$ -	\$ 25,117,955
Receivables:							
Property taxes, net	-	-	928,535	-	-	-	7,199,027
Accounts	-	-	-	-	-	-	24
Intergovernmental receivables	-	-	-	-	-	-	428,181
Other	-	-	-	-	-	-	26,510
Loans receivable, net	-	-	-	-	-	-	3,820,891
Prepaid items	-	-	-	-	-	-	49,021
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	306,129
Note receivable	-	-	-	-	-	-	171,000
Total assets	\$ 93,423	\$ -	\$ 985,969	\$ -	\$ -	\$ -	\$ 37,118,738
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,827,677
Accrued payroll	-	-	-	-	1,125	566	170,726
Due to other funds	-	-	-	2,053	5,721	1,036	39,803
Unearned revenue	-	-	-	-	-	-	70,253
Total liabilities	-	-	-	2,053	6,846	1,602	2,108,459
Deferred inflows of resources							
Property taxes levied for subsequent years	-	-	928,535	-	-	-	7,199,027
Fund balances							
Nonspendable - prepaid items	-	-	-	-	-	-	49,021
Restricted							
General government	-	-	57,434	-	-	-	883,462
Public safety	-	-	-	-	-	-	2,338,775
Highways and streets	-	-	-	-	-	-	1,564,776
Culture and recreation	-	-	-	-	-	-	1,651,782
Urban redevelopment and housing	93,423	-	-	-	-	-	21,408,837
Unassigned	-	-	-	(2,053)	(6,846)	(1,602)	(85,401)
Total fund balances	93,423	-	57,434	(2,053)	(6,846)	(1,602)	27,811,252
Total liabilities, deferred inflows of resources and fund balances	\$ 93,423	\$ -	\$ 985,969	\$ -	\$ -	\$ -	\$ 37,118,738

City of Hammond, Indiana

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2021**

	Gateways TIF	Hammond Central TIF	Hammond Downtown TIF	Roby TIF	State Line TIF	Technology Park	West Point TIF
Revenues							
Property taxes	\$ 1,855,607	\$ 3,859,764	\$ 634,846	\$ 449,125	\$ -	\$ -	\$ 536,886
Intergovernmental	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	1,855,607	3,859,764	634,846	449,125	-	-	536,886
Expenditures							
Current:							
General government	60	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	254,911	1,929,138	749,869	25,254	-	-	-
Debt service:							
Principal	142,516	223,474	-	-	-	-	-
Interest and fees	109,056	191,144	-	-	-	-	-
Capital outlay	-	822,632	-	-	-	-	27,657
Total expenditures	506,543	3,166,388	749,869	25,254	-	-	27,657
Excess (deficiency) of revenues over (under) expenditures	1,349,064	693,376	(115,023)	423,871	-	-	509,229
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(296,725)	(1,131,481)	(600,000)	(178,900)	-	-	(182,063)
Total other financing sources (uses)	(296,725)	(1,131,481)	(600,000)	(178,900)	-	-	(182,063)
Change in fund balance	1,052,339	(438,105)	(715,023)	244,971	-	-	327,166
Fund balances:							
January 1, 2021	1,261,105	9,313,647	1,186,752	338,670	8	1,477,194	1,017,123
December 31, 2021	\$ 2,313,444	\$ 8,875,542	\$ 471,729	\$ 583,641	\$ 8	\$ 1,477,194	\$ 1,344,289

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	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	\$ 1,369,558	\$ 4,088,524	\$ -	\$ 1,731,524	\$ -	\$ -	\$ -
Intergovernmental	-	318,863	3,933,391	1,967,804	1,721,770	1,470,745	3,249,744
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	3,977,274	-	-	-	-	-
Other	-	37,091	825,921	151,346	-	973	124,777
Total revenues	1,369,558	8,421,752	4,759,312	3,850,674	1,721,770	1,471,718	3,374,521
Expenditures							
Current:							
General government	-	-	51,053	-	-	-	1,030,862
Public safety	-	209,638	142,439	-	-	-	422,835
Highways and streets	-	-	-	5,268,949	-	1,132,147	-
Culture and recreation	-	7,144,376	-	-	-	-	-
Urban redevelopment and housing	-	-	3,540,907	-	-	-	-
Debt service:							
Principal	-	432,000	-	-	-	-	290,021
Interest and fees	-	226,390	-	-	-	-	5,772
Capital outlay	-	5,000	709,585	-	1,558,841	-	-
Total expenditures	-	8,017,404	4,443,984	5,268,949	1,558,841	1,132,147	1,749,490
Excess (deficiency) of revenues over (under) expenditures	1,369,558	404,348	315,328	(1,418,275)	162,929	339,571	1,625,031
Other financing sources (uses)							
Sale of capital assets	-	31,557	-	43,697	-	-	-
Transfers in	-	1,301,857	427,636	1,362,002	-	-	-
Transfers out	(1,083,417)	(154,500)	(658,776)	-	(388,643)	(100,000)	(1,144,000)
Total other financing sources (uses)	(1,083,417)	1,178,914	(231,140)	1,405,699	(388,643)	(100,000)	(1,144,000)
Change in fund balance	286,141	1,583,262	84,188	(12,576)	(225,714)	239,571	481,031
Fund balances:							
January 1, 2021	385,735	69,013	5,396,284	(62,324)	558,507	1,006,014	344,997
December 31, 2021	\$ 671,876	\$ 1,652,275	\$ 5,480,472	\$ (74,900)	\$ 332,793	\$ 1,245,585	\$ 826,028

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	Evidence Money	Local Option Income Tax	Hazardous Materials	State Forfeited	Redevelopment	Eco Dev/ Tourism	Section 108
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 431,047	\$ -	\$ -
Intergovernmental	-	3,982,497	-	1,945	29,509	10,800	-
Licenses, permits and fees	-	-	7,407	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	1,238	-	-	-	-	-	-
Total revenues	1,238	3,982,497	7,407	1,945	460,556	10,800	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	1,238	3,081,356	37,372	11,816	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	418,573	11,212	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,216	-	-
Total expenditures	1,238	3,081,356	37,372	11,816	419,789	11,212	-
Excess (deficiency) of revenues over (under) expenditures	-	901,141	(29,965)	(9,871)	40,767	(412)	-
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Change in fund balance	-	901,141	(29,965)	(9,871)	40,767	(412)	-
Fund balances:							
January 1, 2021	20,629	1,179,903	65,426	12,920	194,212	14,684	81,486
December 31, 2021	\$ 20,629	\$ 2,081,044	\$ 35,461	\$ 3,049	\$ 234,979	\$ 14,272	\$ 81,486

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	C.C.I.F.	Major Moves	C.C.D.F.	VSET User	CITLI	LCDDF	Total
Revenues							
Property taxes	\$ -	\$ -	\$ 199,932	\$ -	\$ -	\$ -	\$ 15,156,813
Intergovernmental	166,073	-	14,780	-	-	-	16,867,921
Licenses, permits and fees	-	-	-	-	-	-	7,407
Charges for services	-	-	-	-	-	-	3,977,274
Other	-	-	-	-	-	-	1,141,346
Total revenues	166,073	-	214,712	-	-	-	37,150,761
Expenditures							
Current:							
General government	166,811	-	-	-	-	-	1,248,786
Public safety	-	-	-	2,053	6,846	1,602	3,917,195
Highways and streets	-	-	-	-	-	-	6,401,096
Culture and recreation	-	-	-	-	-	-	7,144,376
Urban redevelopment and housing	-	-	-	-	-	-	6,929,864
Debt service:							
Principal	-	-	-	-	-	-	1,088,011
Interest and fees	-	-	-	-	-	-	532,362
Capital outlay	-	-	54,984	-	-	-	3,179,915
Total expenditures	166,811	-	54,984	2,053	6,846	1,602	30,441,605
Excess (deficiency) of revenues over (under) expenditures	(738)	-	159,728	(2,053)	(6,846)	(1,602)	6,709,156
Other financing sources (uses)							
Sale of capital assets	-	-	-	-	-	-	75,254
Transfers in	-	-	-	-	-	-	3,091,495
Transfers out	-	(17,351)	(105,000)	-	-	-	(6,040,856)
Total other financing sources (uses)	-	(17,351)	(105,000)	-	-	-	(2,874,107)
Change in fund balance	(738)	(17,351)	54,728	(2,053)	(6,846)	(1,602)	3,835,049
Fund balances:							
January 1, 2021	94,161	17,351	2,706	-	-	-	23,976,203
December 31, 2021	\$ 93,423	\$ -	\$ 57,434	\$ (2,053)	\$ (6,846)	\$ (1,602)	\$ 27,811,252

City of Hammond, Indiana

Combining Balance Sheet
Gateways TIF Funds
December 31, 2021

	Gateways TIF	Collateral ST#8	GTW18A Const AC	Total
Assets				
Cash and cash equivalents	\$ 1,942,532	\$ 64,788	\$ -	\$ 2,007,320
Restricted cash and cash equivalents	-	-	306,129	306,129
Total assets	\$ 1,942,532	\$ 64,788	\$ 306,129	\$ 2,313,449
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 5	\$ -	\$ 5
Total liabilities	-	5	-	5
Fund balances				
Restricted	1,942,532	64,783	306,129	2,313,444
Total fund balances	1,942,532	64,783	306,129	2,313,444
Total liabilities, deferred inflows of resources and fund balances	\$ 1,942,532	\$ 64,788	\$ 306,129	\$ 2,313,449

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Gateways TIF Funds
 Year Ended December 31, 2021

	Gateways TIF	Collateral ST#8	GTW18A Const AC	Total
Revenues				
Property taxes	\$ 1,855,607	\$ -	\$ -	\$ 1,855,607
Total revenues	1,855,607	-	-	1,855,607
Expenditures				
Current:				
General government	-	60	-	60
Urban redevelopment and housing	254,911	-	-	254,911
Debt service:				
Principal	142,516	-	-	142,516
Interest and fees	109,056	-	-	109,056
Total expenditures	506,483	60	-	506,543
Excess (deficiency) of revenues over (under) expenditures	1,349,124	(60)	-	1,349,064
Other financing sources (uses)				
Transfers out	(296,725)	-	-	(296,725)
Total other financing sources (uses)	(296,725)	-	-	(296,725)
Change in fund balance	1,052,399	(60)	-	1,052,339
Fund balances:				
January 1, 2021	890,133	64,843	306,129	1,261,105
December 31, 2021	\$ 1,942,532	\$ 64,783	\$ 306,129	\$ 2,313,444

City of Hammond, Indiana

Combining Balance Sheet
Hammond Central TIF Funds
December 31, 2021

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Total
Assets						
Cash and cash equivalents	\$ 968,379	\$ 1,584,554	\$ 3,724,466	\$ 3,261,337	\$ 12,067	\$ 9,550,803
Prepaid items	-	-	-	33,168	-	33,168
Total assets	\$ 968,379	\$ 1,584,554	\$ 3,724,466	\$ 3,294,505	\$ 12,067	\$ 9,583,971
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 708,429	\$ -	\$ -	\$ 708,429
Total liabilities	-	-	708,429	-	-	708,429
Fund balances						
Nonspendable - prepaid items	-	-	-	33,168	-	33,168
Restricted	968,379	1,584,554	3,016,037	3,261,337	12,067	8,842,374
Total fund balances	968,379	1,584,554	3,016,037	3,294,505	12,067	8,875,542
Total liabilities, deferred inflows of resources and fund balances	\$ 968,379	\$ 1,584,554	\$ 3,724,466	\$ 3,294,505	\$ 12,067	\$ 9,583,971

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Hammond Central TIF Funds
Year Ended December 31, 2021

	Columbia Plaza TIF	Lear Seating TIF	Home Depot TIF	Hammond Central TIF	Sportsplex Project Fund	Eliminations	Total
Revenues							
Property taxes	\$ 314,863	\$ 9,833	\$ 346,636	\$ 3,188,432	\$ -	\$ -	\$ 3,859,764
Total revenues	314,863	9,833	346,636	3,188,432	-	-	3,859,764
Expenditures							
Current:							
Urban redevelopment and housing	-	3,199	-	1,925,939	-	-	1,929,138
Debt service:							
Principal	-	-	-	223,474	-	-	223,474
Interest and fees	-	-	-	191,144	-	-	191,144
Capital outlay	-	-	822,632	-	-	-	822,632
Total expenditures	-	3,199	822,632	2,340,557	-	-	3,166,388
Excess of revenues over expenditures	314,863	6,634	(475,996)	847,875	-	-	693,376
Other financing sources (uses)							
Transfers in	-	-	-	414,618	-	(414,618)	-
Transfers out	-	(587,349)	-	(958,750)	-	414,618	(1,131,481)
Total other financing sources (uses)	-	(587,349)	-	(544,132)	-	-	(1,131,481)
Change in fund balance	314,863	(580,715)	(475,996)	303,743	-	-	(438,105)
Fund balances:							
January 1, 2021	653,516	2,165,269	3,492,033	2,990,762	12,067	-	9,313,647
December 31, 2021	\$ 968,379	\$ 1,584,554	\$ 3,016,037	\$ 3,294,505	\$ 12,067	\$ -	\$ 8,875,542

City of Hammond, Indiana

Combining Balance Sheet
Roby TIF Funds
December 31, 2021

	Roby TIF	Marina	Total
Assets			
Cash and cash equivalents	\$ 583,538	\$ 103	\$ 583,641
Total assets	<u>\$ 583,538</u>	<u>\$ 103</u>	<u>\$ 583,641</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Fund balances			
Restricted	583,538	103	583,641
Total fund balances	<u>583,538</u>	<u>103</u>	<u>583,641</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 583,538</u>	<u>\$ 103</u>	<u>\$ 583,641</u>

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Roby TIF Funds
 Year Ended December 31, 2021

	Roby TIF	Marina	Total
Revenues			
Property taxes	\$ 449,125	\$ -	\$ 449,125
Total revenues	<u>449,125</u>	<u>-</u>	<u>449,125</u>
Expenditures			
Current:			
Urban redevelopment and housing	25,254	-	25,254
Total expenditures	<u>25,254</u>	<u>-</u>	<u>25,254</u>
Excess of revenues over expenditures	<u>423,871</u>	<u>-</u>	<u>423,871</u>
Other financing sources (uses)			
Transfers out	(178,900)	-	(178,900)
Total other financing sources (uses)	<u>(178,900)</u>	<u>-</u>	<u>(178,900)</u>
Change in fund balance	244,971	-	244,971
Fund balances:			
January 1, 2021	<u>338,567</u>	103	<u>338,670</u>
December 31, 2021	<u>\$ 583,538</u>	<u>\$ 103</u>	<u>\$ 583,641</u>

City of Hammond, Indiana

Combining Balance Sheet
Parks and Recreation Funds
December 31, 2021

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Assets						
Cash and cash equivalents	\$ 375,863	\$ 6,020	\$ 1,443,274	\$ 8,113	\$ 20,128	\$ 1,853,398
Accounts receivable:						
Property taxes, net	4,100,408	-	-	-	-	4,100,408
Accounts	-	-	24	-	-	24
Other	26,510	-	-	-	-	26,510
Prepaid items	493	-	-	-	-	493
Total assets	\$ 4,503,274	\$ 6,020	\$ 1,443,298	\$ 8,113	\$ 20,128	\$ 5,980,833
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 95,734	\$ -	\$ -	\$ -	\$ -	\$ 95,734
Accrued payroll	62,163	-	-	-	-	62,163
Unearned revenue	70,253	-	-	-	-	70,253
Total liabilities	228,150	-	-	-	-	228,150
Deferred inflows of resources						
Property taxes levied for subsequent years	4,100,408	-	-	-	-	4,100,408
Fund balances						
Nonspendable - prepaid items	493	-	-	-	-	493
Restricted	174,223	6,020	1,443,298	8,113	20,128	1,651,782
Total fund balances	174,716	6,020	1,443,298	8,113	20,128	1,652,275
Total liabilities, deferred inflows of resources and fund balances	\$ 4,503,274	\$ 6,020	\$ 1,443,298	\$ 8,113	\$ 20,128	\$ 5,980,833

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Parks and Recreation Funds
Year Ended December 31, 2021

	Park	Park Donations	Park Activities	Park Tourism	Park Gaming	Total
Revenues						
Property taxes	\$ 4,088,524	\$ -	\$ -	\$ -	\$ -	\$ 4,088,524
Intergovernmental	302,843	-	-	16,020	-	318,863
Charges for services	1,346,118	-	607,980	-	2,023,176	3,977,274
Other	36,891	200	-	-	-	37,091
Total revenues	5,774,376	200	607,980	16,020	2,023,176	8,421,752
Expenditures						
Current:						
Public safety	-	-	-	-	209,638	209,638
Culture and recreation	5,346,891	-	193,284	20,977	1,583,224	7,144,376
Debt service:						
Principal	432,000	-	-	-	-	432,000
Interest and fees	226,390	-	-	-	-	226,390
Capital outlay	5,000	-	-	-	-	5,000
Total expenditures	6,010,281	-	193,284	20,977	1,792,862	8,017,404
Excess (deficiency) of revenues over (under) expenditures	(235,905)	200	414,696	(4,957)	230,314	404,348
Other financing sources (uses)						
Sale of capital assets	31,557	-	-	-	-	31,557
Transfers in	685,857	-	-	-	616,000	1,301,857
Transfers out	(154,500)	-	-	-	-	(154,500)
Total other financing sources (uses)	562,914	-	-	-	616,000	1,178,914
Change in fund balance	327,009	200	414,696	(4,957)	846,314	1,583,262
Fund balances:						
January 1, 2021	(152,293)	5,820	1,028,602	13,070	(826,186)	69,013
December 31, 2021	\$ 174,716	\$ 6,020	\$ 1,443,298	\$ 8,113	\$ 20,128	\$ 1,652,275

City of Hammond, Indiana

Combining Balance Sheet
Grants Funds
December 31, 2021

	Neighborhood Stabilization	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant	FY19 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs	Judicial Assistance Grants
Assets									
Cash and cash equivalents	\$ 125,081	\$ 11,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,223	\$ 7,904
Loans receivable, net	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 125,081	\$ 11,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,223	\$ 7,904
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	30,993
Accrued payroll	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	30,993
Fund balances									
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-
Restricted	125,081	11,589	-	-	-	-	-	13,223	-
Unassigned	-	-	-	-	-	-	-	-	(23,089)
Total fund balances	125,081	11,589	-	-	-	-	-	13,223	(23,089)
Total liabilities, deferred inflows of resources and fund balances	\$ 125,081	\$ 11,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,223	\$ 7,904

City of Hammond, Indiana

Combining Balance Sheet - continued
 Grants Funds
 December 31, 2021

	Human Relations	Human Relations (Federal)	FY19 OPO Grant	DUI Task Force	FY19 DUI Task Force	C.D.B.G. C.D.B.G.	C.D.B.G. Donation	Affordable Housing	Emergency/ C.D.B.G.
Assets									
Cash and cash equivalents	\$ 1,890	\$ 30,172	\$ -	\$ -	\$ -	\$ 144,352	\$ 117,163	\$ 956,421	\$ 65,591
Loans receivable, net	-	-	-	-	-	566,856	-	3,254,035	-
Prepaid items	150	-	-	-	-	-	-	-	-
Total assets	\$ 2,040	\$ 30,172	\$ -	\$ -	\$ -	\$ 711,208	\$ 117,163	\$ 4,210,456	\$ 65,591
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,108	\$ -	\$ -	\$ 79,415
Due to other funds	-	-	-	-	-	-	-	-	-
Accrued payroll	-	824	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	824	-	-	-	99,108	-	-	79,415
Fund balances									
Nonspendable - prepaid items	150	-	-	-	-	-	-	-	-
Restricted	1,890	29,348	-	-	-	612,100	117,163	4,210,456	-
Unassigned	-	-	-	-	-	-	-	-	(13,824)
Total fund balances	2,040	29,348	-	-	-	612,100	117,163	4,210,456	(13,824)
Total liabilities, deferred inflows of resources and fund balances	\$ 2,040	\$ 30,172	\$ -	\$ -	\$ -	\$ 711,208	\$ 117,163	\$ 4,210,456	\$ 65,591

City of Hammond, Indiana

Combining Balance Sheet - continued

Grants Funds

December 31, 2021

	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Assets						
Cash and cash equivalents	\$ -	\$ 998,277	\$ 33,021	\$ 36,050	\$ -	\$ 2,540,734
Loans receivable, net	-	-	-	-	-	3,820,891
Prepaid items	-	-	-	-	-	150
Total assets	\$ -	\$ 998,277	\$ 33,021	\$ 36,050	\$ -	\$ 6,361,775
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 670,963	\$ -	\$ -	\$ -	\$ 849,486
Due to other funds	-	-	-	-	-	30,993
Accrued payroll	-	-	-	-	-	824
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	670,963	-	-	-	881,303
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	150
Restricted	-	327,314	33,021	36,050	-	5,517,235
Unassigned	-	-	-	-	-	(36,913)
Total fund balances	-	327,314	33,021	36,050	-	5,480,472
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 998,277	\$ 33,021	\$ 36,050	\$ -	\$ 6,361,775

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Grants Funds

Year Ended December 31, 2021

	Neighborhood Stabilization	Federal Forfeiture	SIDE-P	Pedestrian Safety	FY18 OPO Grant	FY19 Pedestrian/ Bicyclist	Project SAVE	Comprehensive Highway Injury Reduction Programs	Judicial Assistance Grants
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,205	\$ 103,287	\$ 52,733
Other	27,338	-	-	-	-	-	-	-	-
Total revenues	27,338	-	-	-	-	-	25,205	103,287	52,733
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	5,847	-	-	-	-	25,724	90,042	-
Urban redevelopment and housing	197	-	-	-	-	-	-	-	-
Debt service:									
Capital outlay	-	-	-	-	-	-	-	-	66,220
Total expenditures	197	5,847	-	-	-	-	25,724	90,042	66,220
Excess (deficiency) of revenues over (under) expenditures	27,141	(5,847)	-	-	-	-	(519)	13,245	(13,487)
Other financing sources (uses)									
Transfers in	-	-	978	3,112	11,577	120	2,116	2,866	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	978	3,112	11,577	120	2,116	2,866	-
Change in fund balance	27,141	(5,847)	978	3,112	11,577	120	1,597	16,111	(13,487)
Fund balances:									
January 1, 2021	97,940	17,436	(978)	(3,112)	(11,577)	(120)	(1,597)	(2,888)	(9,602)
December 31, 2021	\$ 125,081	\$ 11,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,223	\$ (23,089)

City of Hammond, Indiana

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

Grants Funds

Year Ended December 31, 2021

	Human Relations	Human Relations (Federal)	FY19 OPO Grant	DUI Task Force	FY19 DUI Task Force	C.D.B.G. C.D.B.G.	C.D.B.G. Donation	Affordable Housing	Emergency/ C.D.B.G.
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,202,760	\$ -	\$ 615,823	\$ 115,294
Other	-	-	-	-	-	87,929	6,450	432,957	228,822
Total revenues	-	-	-	-	-	2,290,689	6,450	1,048,780	344,116
Expenditures									
Current:									
General government	7,195	40,460	-	-	-	-	3,398	-	-
Public safety	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	1,624,400	-	1,097,296	361,146
Debt service:									
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	7,195	40,460	-	-	-	1,624,400	3,398	1,097,296	361,146
Excess (deficiency) of revenues over (under) expenditures	(7,195)	(40,460)	-	-	-	666,289	3,052	(48,516)	(17,030)
Other financing sources (uses)									
Transfers in	-	-	1,195	-	17,029	-	-	-	-
Transfers out	-	-	-	-	-	(658,390)	-	-	-
Total other financing sources (uses)	-	-	1,195	-	17,029	(658,390)	-	-	-
Change in fund balance	(7,195)	(40,460)	1,195	-	17,029	7,899	3,052	(48,516)	(17,030)
Fund balances:									
January 1, 2021	9,235	69,808	(1,195)	-	(17,029)	604,201	114,111	4,258,972	3,206
December 31, 2021	\$ 2,040	\$ 29,348	\$ -	\$ -	\$ -	\$ 612,100	\$ 117,163	\$ 4,210,456	\$ (13,824)

City of Hammond, Indiana

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

Grants Funds

Year Ended December 31, 2021

	Drug Free Lake County	LR&B Matching	Fire Donations	Police Donations	Recycling	Total
Revenues						
Intergovernmental	\$ -	\$ 388,643	\$ -	\$ -	\$ 429,646	\$ 3,933,391
Other	-	-	13,450	28,975	-	825,921
Total revenues	-	388,643	13,450	28,975	429,646	4,759,312
Expenditures						
Current:						
General government	-	-	-	-	-	51,053
Public safety	-	-	334	20,492	-	142,439
Urban redevelopment and housing	-	-	-	-	457,868	3,540,907
Debt service:						
Capital outlay	-	643,365	-	-	-	709,585
Total expenditures	-	643,365	334	20,492	457,868	4,443,984
Excess (deficiency) of revenues over (under) expenditures	-	(254,722)	13,116	8,483	(28,222)	315,328
Other financing sources (uses)						
Transfers in	-	388,643	-	-	-	427,636
Transfers out	(386)	-	-	-	-	(658,776)
Total other financing sources (uses)	(386)	388,643	-	-	-	(231,140)
Change in fund balance	(386)	133,921	13,116	8,483	(28,222)	84,188
Fund balances:						
January 1, 2021	386	193,393	19,905	27,567	28,222	5,396,284
December 31, 2021	\$ -	\$ 327,314	\$ 33,021	\$ 36,050	\$ -	\$ 5,480,472

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2021

	General Obligation Bonds			Refunding Bonds		
	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)
Assets						
Restricted cash and cash equivalents	\$ 334,676	\$ 533,619	\$ 6	\$ -	\$ -	\$ 2,911,606
Receivables:						
Property taxes, net	857,791	1,000,756	-	-	-	-
Total assets	\$ 1,192,467	\$ 1,534,375	\$ 6	\$ -	\$ -	\$ 2,911,606
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	11,751
Total liabilities	-	-	-	-	-	11,751
Deferred inflows of resources						
Property taxes levied for subsequent years	857,791	1,000,756	-	-	-	-
Fund balances						
Restricted	334,676	533,619	6	-	-	2,899,855
Unrestricted	-	-	-	-	-	-
Total fund balances	334,676	533,619	6	-	-	2,899,855
Total liabilities, deferred inflows of resources and fund balances	\$ 1,192,467	\$ 1,534,375	\$ 6	\$ -	\$ -	\$ 2,911,606

City of Hammond, Indiana

Combining Balance Sheet - Continued
 Nonmajor Debt Service Funds
 December 31, 2021

	Refunding Bonds					Total
	Series 2017 (Potash)	Series 2018A (Gateway)	Series 2018B (Lear Seating)	Series 2019 (Data Center)	Series 2021A	
Assets						
Restricted cash and cash equivalents	\$ 663,000	\$ 729,181	\$ 172,731	\$ -	\$ 367,481	\$ 5,712,300
Receivables:						
Property taxes, net	-	-	-	-	-	1,858,547
Total assets	\$ 663,000	\$ 729,181	\$ 172,731	\$ -	\$ 367,481	\$ 7,570,847
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 60,800	\$ -	\$ 60,800
Due to other funds	-	-	-	-	-	11,751
Total liabilities	-	-	-	60,800	-	72,551
Deferred inflows of resources						
Property taxes levied for subsequent years	-	-	-	-	-	1,858,547
Fund balances						
Restricted	663,000	729,181	172,731	-	367,481	5,700,549
Unrestricted	-	-	-	(60,800)	-	(60,800)
Total fund balances	663,000	729,181	172,731	(60,800)	367,481	5,639,749
Total liabilities, deferred inflows of resources and fund balances	\$ 663,000	\$ 729,181	\$ 172,731	\$ -	\$ 367,481	\$ 7,570,847

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended December 31, 2021

	General Obligation Bonds			Refunding Bonds		
	Series 2014 (Park)	Series 2018A (Park)	Series 2007 (Cabela's)	Series 2013 (Munster Steel)	Series 2014 (Marina District)	Series 2015A (Water Sinking)
Revenues						
Property taxes	\$ 805,232	\$ 939,131	\$ -	\$ -	\$ -	\$ -
Intergovernmental	45,547	53,072	-	-	-	-
Other	-	-	790,833	-	-	-
Interest	-	-	4	-	-	-
Total revenues	850,779	992,203	790,837	-	-	-
Expenditures						
Debt service:						
Principal	745,000	780,000	-	105,000	110,000	4,920,000
Interest and fees	136,400	263,256	1,874,292	77,063	68,902	1,285,517
Total expenditures	881,400	1,043,256	1,874,292	182,063	178,902	6,205,517
Deficiency of revenues over expenditures	(30,621)	(51,053)	(1,083,455)	(182,063)	(178,902)	(6,205,517)
Other financing sources (uses)						
Proceeds of bond issuance	-	-	-	-	-	19,585,000
Payment to escrow agent	-	-	-	-	-	(21,799,467)
Transfers in	-	1,044,411	1,083,417	182,063	178,900	5,957,785
Transfers out	-	(1,044,411)	-	-	-	(912,489)
Total other financing sources (uses)	-	-	1,083,417	182,063	178,900	2,830,829
Change in fund balance	(30,621)	(51,053)	(38)	-	(2)	(3,374,688)
Fund balances:						
January 1, 2021	365,297	584,672	44	-	2	6,274,543
December 31, 2021	\$ 334,676	\$ 533,619	\$ 6	\$ -	\$ -	\$ 2,899,855

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
 Nonmajor Debt Service Funds
 Year Ended December 31, 2021

	Refunding Bonds						Total
	Series 2017 (Potash)	Series 2018A (Gateway)	Series 2018B (Lear Seating)	Series 2019 (Data Center)	Series 2021A	Eliminations	
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,744,363
Intergovernmental	-	-	-	-	-	-	98,619
Other	-	-	-	260,800	24,588	-	1,076,221
Interest	-	-	-	-	9	-	13
Total revenues	-	-	-	260,800	24,597	-	2,919,216
Expenditures							
Debt service:							
Principal	880,000	60,000	-	-	-	-	7,600,000
Interest and fees	78,750	229,375	172,731	321,600	222,797	-	4,730,683
Total expenditures	958,750	289,375	172,731	321,600	222,797	-	12,330,683
Deficiency of revenues over expenditures	(958,750)	(289,375)	(172,731)	(60,800)	(198,200)	-	(9,411,467)
Other financing sources (uses)							
Proceeds of bond issuance	-	-	-	-	-	-	19,585,000
Payment to escrow agent	-	-	-	-	-	-	(21,799,467)
Transfers in	958,750	296,725	172,731	-	565,681	(1,044,411)	9,396,052
Transfers out	-	-	-	-	-	1,044,411	(912,489)
Total other financing sources (uses)	958,750	296,725	172,731	-	565,681	-	6,269,096
Change in fund balance	-	7,350	-	(60,800)	367,481	-	(3,142,371)
Fund balances:							
January 1, 2021	663,000	721,831	172,731	-	-	-	8,782,120
December 31, 2021	\$ 663,000	\$ 729,181	\$ 172,731	\$ (60,800)	\$ 367,481	\$ -	\$ 5,639,749

City of Hammond, Indiana

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2021

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Police Equipment	Energy	2021A Construction Bond	Total
Assets								
Cash and cash equivalents	\$ 242,707	\$ 650	\$ -	\$ -	\$ 103,329	\$ 10,734,531	\$ 2,770,146	\$ 13,851,363
Restricted cash and cash equivalents	-	-	1,815,811	1,828	-	-	-	1,817,639
Total assets	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,828	\$ 103,329	\$ 10,734,531	\$ 2,770,146	\$ 15,669,002
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 25
Total liabilities	-	-	-	25	-	-	-	25
Fund balances								
Restricted	242,707	650	1,815,811	1,803	103,329	10,734,531	2,770,146	15,668,977
Total fund balances	242,707	650	1,815,811	1,803	103,329	10,734,531	2,770,146	15,668,977
Total liabilities, deferred inflows of resources and fund balances	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,828	\$ 103,329	\$ 10,734,531	\$ 2,770,146	\$ 15,669,002

City of Hammond, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year Ended December 31, 2021

	Engineering	Park Bond	Park Bond Project	Energy Savings Project	Police Equipment	Energy	2021A Construction Bond	Total
Revenues								
Other	\$ -	\$ -	\$ -	\$ 1	\$ 1,329	\$ -	\$ -	\$ 1,330
Interest	-	-	-	-	-	-	72	72
Total revenues	-	-	-	1	1,329	-	72	1,402
Expenditures								
Current:								
General government	-	-	-	4,181	-	-	-	4,181
Debt issuance costs	-	-	-	-	-	204,234	-	204,234
Capital outlay	12,532	-	-	60,000	-	2,683,633	129,926	2,886,091
Total expenditures	12,532	-	-	64,181	-	2,887,867	129,926	3,094,506
Excess (deficiency) of revenues over (under) expenditures	(12,532)	-	-	(64,180)	1,329	(2,887,867)	(129,854)	(3,093,104)
Other financing sources (uses)								
Proceeds of bond issuance	-	-	-	-	-	13,897,853	2,910,000	16,807,853
Discount on bonds issued	-	-	-	-	-	(275,455)	(44,319)	(319,774)
Transfers in	-	-	-	-	102,000	-	34,319	136,319
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	102,000	13,622,398	2,900,000	16,624,398
Change in fund balance	(12,532)	-	-	(64,180)	103,329	10,734,531	2,770,146	13,531,294
Fund balances:								
January 1, 2021	255,239	650	1,815,811	65,983	-	-	-	2,137,683
December 31, 2021	\$ 242,707	\$ 650	\$ 1,815,811	\$ 1,803	\$ 103,329	\$ 10,734,531	\$ 2,770,146	\$ 15,668,977

CITY OF HAMMOND
Lake County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**
Year ended December 31, 2021

CITY OF HAMMOND
Lake County, Indiana

SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE
Year ended December 31, 2021

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.....	7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10-14

CITY OF HAMMOND
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay	01-01-20 to 01-16-20
	Megan Flores	01-17-20 to 12-31-21
Mayor	Thomas M. McDermott, Jr.	01-01-20 to 12-31-21
President of the Board of Public Works and Safety	Heather Garay	01-01-20 to 01-16-20
	Kevin Margraf	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 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2021.

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, 2021, and for the year then ended.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 deficiencies described in the accompanying schedule of findings and questioned costs 2021-001 to be 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 deficiencies described in the accompanying schedule of findings and questioned costs 2021-002 to be significant deficiency.

Report on Compliance and Other Matters

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

City of Hammond's Response to Findings

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

Purpose of this Report

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



Crowe LLP

Indianapolis, Indiana
May 19, 2023

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

Those Charged with Governance
City of Hammond
Lake County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Hammond's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

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

We have audited the financial statements of the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
May 19, 2023

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2021

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	\$561,602	\$76,561
	Direct Award	14.218	2014D1-BEP-003	27,338	-
	Direct Award	14.218	B-21-MC-18-0006	63,224	22,649
	Direct Award	14.218	B-20-MC-18-0006	1,503,385	145,793
COVID-19	Direct Award	14.218	B-20-MW-18-0006	147,785	71,681
Total Community Development Block Grants/Entitlement Grants				<u>2,303,334</u>	<u>316,684</u>
Total Entitlement Grants Cluster				<u>2,303,334</u>	<u>316,684</u>
Emergency Solutions Grant Program	Direct Award	14.231	E-20-MC-18-0006	57,466	57,466
	Direct Award	14.231	E-20-MW-18-0006	228,822	228,822
	Direct Award	14.231	E-19-MC18-0006	50,281	50,281
COVID -19	Direct Award	14.231	E-21-MC-18-0006	7,547	7,547
Total Emergency Solutions Grant Program				<u>344,116</u>	<u>344,116</u>
Home Investment Partnership Program	Direct Award	14.239	M-20-MC-18-0204	80,914	-
	Direct Award	14.239	M-18-MC-18-0204	329,511	-
	Direct Award	14.239	M-19-MC-18-0204	137,771	-
	Direct Award	14.239	M-17-MC-18-0204	206,167	-
	Direct Award	14.239	M-16-MC-18-0204	21,127	-
	Direct Award	14.239	M-21-MC-0204	68,794	-
Total Home Investment Partnership Program				<u>844,284</u>	<u>-</u>
Fair Housing Assistance Program State and Local	Direct Award	14.401	FF205K195024	-	-
				<u>-</u>	<u>-</u>
Total Department of Housing and Urban Development				<u>3,491,734</u>	<u>660,800</u>
Department of Justice					
Equitable Sharing Program	Direct Award	16.922		3,624	-
Total Department of Justice				<u>3,624</u>	<u>-</u>

(Continued)

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipients
Department of Transportation					
<i>Highway Planning and Construction Cluster</i>					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES#1500416	14,727	-
	Indiana Department of Transportation	20.205	DES# 1500221	355,023	-
	Indiana Department of Transportation	20.205	DES#1601163	72,115	-
	Indiana Department of Transportation	20.205	DES#1500222	213,671	-
Total Highway and Construction				<u>655,536</u>	<u>-</u>
Total Highway and Construction Cluster				<u>655,536</u>	<u>-</u>
<i>Highway Safety Cluster</i>					
Comprehensive Highway Injury Reduction Program (CHIRP)	Indiana Criminal Justice Institute	20.600		103,287	-
Total State and Community Highway Safety Program				<u>103,287</u>	<u>-</u>
Total Highway Safety Cluster				<u>103,287</u>	<u>-</u>
Total Department of Transportation				<u>758,823</u>	<u>-</u>
Department of Treasury					
COVID-19 Coronavirus Relief Fund	Indiana Finance Authority	21.019		245,908	-
COVID-19 Coronavirus State and Local Fiscal Recovery	Direct Award	21.027		1,133,151	-
Total Department of Treasury				<u>1,379,059</u>	<u>-</u>
Total Schedule of Expenditures of Federal Awards				<u>\$ 5,633,240</u>	<u>\$ 660,800</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, 2021

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, 2021. 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, 2021

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

Federal Awards

Internal control over major programs

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

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

Unmodified

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

 Yes X No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.231	Emergency Solutions Grant Program (including COVID-19)
14.239	Home Investment Partnership Program
21.027	Coronavirus State and Local Fiscal Recovery (including COVID-19)

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

Auditee qualified as low-risk auditee? Yes X No

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2021

SECTION 2 - FINANCIAL STATEMENT FINDINGS

FINDING 2021-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness
Repeat Finding: 2020-001

Criteria:

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

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

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

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

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

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

Revenue Recognition: Based on GASB technical bulletin No. 2020-1 a recipient government should recognize resources received from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) as liabilities until the applicable eligibility requirements are met, including the incurrence of eligible expenditures.

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2021

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

Condition and Context:

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

Revenue Recognition: In addition, based on GASB technical bulletin No. 2020-1 a recipient government should recognize resources received from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) as liabilities until the applicable eligibility requirements are met, including the incurrence of eligible expenditures. An adjustment was made to increase unearned revenue and decrease intergovernmental revenue in the ARPA fund by \$24,133,388 for SLFRF that were recognized as revenue before the eligible expenditures were incurred.

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.

In addition, the reviewer of grant revenue for SLFRF did not recognize resources received from the SLFRF as unearned revenue until the incurrence of eligible expenditures.

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

An adjustment was made to increase unearned revenue and decrease intergovernmental revenue in the ARPA fund by \$24,133,388 for SLFRF that were recognized as revenue before the eligible expenditures were incurred.

Repeat Finding: Yes, this is a partial repeat finding as some matters were addressed from the prior finding (2020-001)

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

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

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2021

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

FINDING 2021-002

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. . . ."

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.

(Continued)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2021

SECTION 2 - FINANCIAL STATEMENT FINDINGS (Continued)

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). Two awards totaling \$1,651,169 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 2020-002.

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