

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF HAMMOND
LAKE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
12/12/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay	01-01-15 to 12-31-16
Mayor	Thomas M. McDermott, Jr.	01-01-12 to 12-31-19
City Clerk	Robert J. Golec	01-01-12 to 12-31-19
City Judge	Jeffrey Harkin	01-01-15 to 04-22-16
Judge Pro Tempore	Gerald P. Kray	04-23-16 to 12-31-16
President of the Board of Public Works and Safety	Edward Krusa Stanley J. Dostatni	01-01-15 to 10-28-15 10-29-15 to 12-31-16
President of the Common Council	Michael Opinker Janet Venecz	01-01-15 to 07-28-16 07-29-16 to 12-31-16
President of the Redevelopment Commission	Anthony Hauprich	01-01-15 to 12-31-16
Sanitary District Manager	Marty J. Wielgos	01-01-15 to 12-31-16
Sanitary District Business Manager	Rachel Montes	01-01-15 to 12-31-16
President of the Sanitary District Board of Commissioners	Stanley J. Dostatni Dean Button	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Chief Executive Operator of the Water Utility	Edward Krusa	01-01-15 to 12-31-16
Water Utility Office Manager	Deborah L. Van Meter	01-01-15 to 12-31-16
President of the Utility Service Board	Sharon M. Daniels	01-01-15 to 12-31-16
Director of the Port Authority	Milan A. Kruszynski	01-01-15 to 12-31-16
Chairman of the Port Authority Board of Directors	Scott Rakos Thomas E. Kuhn	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Port Authority Financial Director	Richard A. Szany	01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Hammond (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 3, 2016



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Hammond (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated November 3, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a material weakness.

Compliance and Other Matters

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

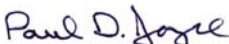
determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

City of Hammond's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

November 3, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF HAMMOND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ (30,109,956)	\$ 95,388,121	\$ 58,747,033	\$ 6,531,132
MVH	(1,031,461)	10,126,078	5,901,459	3,193,158
LRS	(529,051)	795,363	223,341	42,971
Garbage Bins	7,948	9,487	-	17,435
Transit	(375,309)	375,309	-	-
Clks Perpetual	135,194	42,996	775	177,415
Deferral Program	228,945	146,853	128,055	247,743
Gaming Revenue	21,993,097	35,479,885	41,266,966	16,206,016
Park	(477,003)	3,850,808	3,923,071	(549,266)
Pretrial Div Pg	6,655	37,420	42,605	1,470
Cedit	190,679	2,729,017	2,046,612	873,084
Haz-Mat	45,084	17,897	15,901	47,080
Major Moves	17,351	-	-	17,351
C.C.D.F.	419,657	204,209	4,775	619,091
C.C.I.F.	36,573	203,023	224,211	15,385
Self Insurance	1,606,540	17,423,718	18,133,070	897,188
Police Pension	2,836,026	4,901,634	4,988,197	2,749,463
Fire Pension	3,873,615	4,593,992	4,573,451	3,894,156
LOIT	10,308	2,882,804	3,318,265	(425,153)
Facade	11,450	100,000	54,988	56,462
Centrex	(79,474)	79,474	-	-
Diesel Fuel Tax	(4,256)	14,570	10,314	-
College Bound	2,615	-	2,615	-
Demolition	125,937	800,634	465,188	461,383
Cut And Clean	65,338	391,618	220,823	236,133
Graffiti Removal	30	-	-	30
Homebound	117,241	104,644	200,259	21,626
Redv Party Fund	237,811	945	70,558	168,198
NSP/Neigh Stab	(103,972)	6,452	41,399	(138,919)
Engineering	2,645,553	-	2,810	2,642,743
ASAP Grant	65,275	-	-	65,275
Columbia Plaza TIF	1,834,576	824,518	-	2,659,094
Lear TIF	2,806,062	383,443	-	3,189,505
Downtown TIF	3,497,661	942,385	234,222	4,205,824
Home Depot TIF	2,731,665	503,495	130,197	3,104,963
Woodmar TIF	4,683,264	1,189,833	1,949,414	3,923,683
Woodmar Gateways TIF	722,005	1,141,229	1,874,250	(11,016)
Gateways TIF	1,975,267	765,273	1,871,678	868,862
City Clerk Trust Funds	1,924,394	4,902,048	4,905,356	1,921,086
HIDTA	36,190	105,005	107,397	33,798
HIDTA Equipment Grant	386	-	-	386
Human Relations Grant	11,413	47,500	41,988	16,925
River Park Refunding General	148,224	2,307,051	2,307,085	148,190
Jobs Bill Bond General Fund	13,853	3,282,644	3,233,075	63,422
Jobs Bill Bond DSR	1,715,329	30,641	64,874	1,681,096
Potash Bond Construction	7,519,158	652	2,500,000	5,019,810
Potash Bond DSR	1,121,225	113	113	1,121,225
Potash Bond General	154,022	744,447	744,425	154,044
Recycling	96,346	430,266	526,612	-
Seatbelt Enforcement	(4,773)	8,977	9,367	(5,163)
Potash	1	1,491,726	1,491,725	2
Jobs Rebt	36,168	10	7	36,171
Red P & I	(152,434)	152,434	-	-
Sema Grant	(40,788)	224,526	389,435	(205,697)
Park Bond	(100)	446,596	442,262	4,234
Park Bond Proceeds	4,227,167	31,600	3,640,062	618,705
Munster Steel Construction	-	3	3	-
Local Infraction Deferral	43,583	127,568	-	171,151
Special Events Fire	-	1,166	426	740
Jail Processing	-	23,945	54,848	(30,903)
Unilever TIF	-	77	-	77
Gastevich Bond	-	1,870,000	746,897	1,123,103
Blight Elimination Program	-	43,585	-	43,585
Public Defender	1,575	-	-	1,575
Fed Forfeit Pro	30,370	96,925	14,553	112,742
Evidence Money	20,629	3,325	3,324	20,630

The notes to the financial statement are an integral part of this statement.

CITY OF HAMMOND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Police Donation	43,078	16,341	18,243	41,176
Park Activities	56,381	275,262	117,644	213,999
Background Cks	294	1,050	-	1,344
State Forfeited	10,181	280	-	10,461
Fed Prisoners	468,055	204,754	103,304	569,505
Impaired Driver	(4,467)	61,999	63,977	(6,445)
Redevelopment	(84,313)	409,184	324,871	-
Park/Tourism	13,727	16,519	28,777	1,469
Eco Dev/Tourism	18,138	10,801	28,888	51
CDBG Escrow	1,043,275	1,342,546	1,440,839	944,982
Human Relations	5,127	250	-	5,377
Public Safety	64,524	835,206	634,313	265,417
Water Hydrant R	464,781	-	-	464,781
Penalties	2,118,840	12,487	646,223	1,485,104
Human Rel (Fed)	76,027	50	15,211	60,866
Local Seizure	(8,188)	8,188	-	-
C.D.B.G.	(287,492)	2,519,164	2,358,460	(126,788)
Ambulance Fees	(374,735)	456,234	81,499	-
CDBG Donation	11,974	11,200	3,100	20,074
A C Donation	4,239	2,090	400	5,929
Vehicle Release	28,675	164,397	68,137	124,935
Unemployment	(487,511)	520,378	32,867	-
Adult Probation	88,367	165,322	162,524	91,165
Tobacco Ed/Judg	15,884	4,050	1,400	18,534
Henry Unit	(1,437,644)	2,088,056	650,412	-
Park/Gaming	(207,596)	1,077,026	869,430	-
Afford Housing	(213,916)	627,709	686,552	(272,759)
Emergency/ CDBG	38,368	207,902	193,513	52,757
Section 108	81,486	-	-	81,486
Technical Grant	1,502,403	-	-	1,502,403
Insp/Rental	(569,617)	1,780,341	1,210,724	-
Hd Bond 756775	-	126,200	126,200	-
Civil City Bond	514,710	918,839	979,341	454,208
RP Gam 756773	2,390,032	2,451,731	2,307,023	2,534,740
Cabela's/ 105415	-	937,125	937,125	-
Golf Course	(244,270)	244,270	-	-
Cost Due County	294	234,038	234,038	294
Continuing Ed	92,125	108,431	63,573	136,983
Pay Withholding	130,208	13,407,201	13,409,689	127,720
Operations	5,651,099	16,877,391	20,954,606	1,573,884
Pre Treatment	481,488	433,686	372,181	542,993
Unemployment	50,001	-	-	50,001
Sewer	(589,868)	6,073,907	5,554,018	(69,979)
GIS	2,039	-	2,039	-
Storm Water	1,623,975	3,380,337	2,739,196	2,265,116
Great Lakes Legacy	46,101	-	46,101	-
2010 Bond	3,785,177	1,425	433,544	3,353,058
Replacement	2,035,255	401,656	244,223	2,192,688
Debt Service Non Exempt	1,569,519	4,539,521	4,291,479	1,817,561
Debt Service Exempt	1,805,347	4,246,951	4,093,073	1,959,225
Capital Projects BAN	1,668,463	270	-	1,668,733
SRF Loan 7	8,509,601	2,342	876,887	7,635,056
Water Utility	2,558,770	11,887,079	12,353,938	2,091,911
Water Utility Clearing Fund	1,384,404	6,505,626	5,700,000	2,190,030
Marina Operations	556,265	3,463,520	3,470,224	549,561
Marina Construction	3,936,692	1,616,879	1,494,638	4,058,933
Gaming Fund	250,183	7,043,699	7,097,278	196,604
Lakefront Management	23,933	53,651	68,956	8,628
Lost Marsh Golf Course	543,755	1,683,330	1,663,984	563,101
Wolf Lake Operations	405,948	865,077	780,148	490,877
RDA Project	32,617	88,767	116,725	4,659
2008 Revenue Bond Dsr	1,250,000	115	94	1,250,021
2008 Revenue Bond Debt Service	1,219,526	2,230,740	2,436,055	1,014,211
Payroll And Withholding	(98)	448,715	448,617	-
Totals	\$ 81,282,514	\$ 305,921,262	\$ 274,926,637	\$ 112,277,139

The notes to the financial statement are an integral part of this statement.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes, which can include one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits, which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services, which can include, but are not limited to, the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits, which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees, which are comprised mostly of charges for current services.

Other receipts, which include amounts received from various sources including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses, which include all outflows for operating the utilities.

Other disbursements, which include, but are not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

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 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 February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. 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 which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be 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 to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' 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. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established 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.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established 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.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Some are the result of reimbursements for expenditures of federal and state grants not received by December 31, 2015. The remaining funds with cash balance deficits are the result of expenditures exceeding receipts and available cash balances.

Note 8. Holding Corporation

The City entered into a capital lease with the Hammond Sanitary District Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments will begin during 2016.

CITY OF HAMMOND
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 9. Subsequent Events

A. New Major Debt

The City issued the following new major debt in 2016:

- I.* On May 2, 2016, the Hammond Redevelopment Commission entered into an installment purchase contract with the developer, Hammond Fire Station 8 LLC, to construct a new fire station. The total cost of the project is \$3,750,000. Payments will be made from TIF revenues of the Gateways Allocation Area. Payments commence in July of 2016.
- II.* The Hammond Water Works is currently pursuing financing for electrical upgrades to the plant. This debt will be between \$6 and \$8 million dollars. Financing is expected to be secured by the end of 2017.
- III.* On August 2, 2016, the City of Hammond was awarded loan assistance under Section 108 of the Housing and Community Development Act in the amount of \$8,651,000. These funds will finance the development of a new Community and Wellness Center in Hammond. The project is currently in the development phase.

B. Capital Acquisitions

- IV.* The Sanitary District Board of Commissioners awarded the Secondary Expansion Project to Morrison Construction. The project will consist of constructing two new secondary clarifiers, appurtenant equipment, and new piping. The estimated completion date is December 31, 2017. The estimated cost is \$5,300,000
- V.* The Sanitary District is in the process of acquiring 25 to 30 properties in the area of 175th Street and Columbia Avenue. The properties acquired will be demolished for the purpose of constructing a 1.36 MG storm water storage basin with appurtenant structures. The estimated completion date is April 30, 2018.

The estimated cost is \$4.5M and will be allocated as follows:

I. Property Acquisition	\$2,114,000
II. Storm Basin and Appurtenances	\$2,164,824
III. Engineering, Legal, and Administration	\$216,482

C. Rate Increase

- IV.* On October 25, 2016, the Sanitary District Board of Commissioners approved a rate increase as follows:

Residential and Industrial customers	
increase of monthly flow charge per 1,000 gallons	Phase I - \$1.08 Phase II - \$1.40
Increase of bi-monthly admin charge	Phase I - \$7.78 Phase II - \$10.07

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Commercial Customers	
increase of monthly flow charge per 1,000 gallons	Phase I- \$2.28 Phase II-\$2.94
Increase of bi-monthly admin charge	Phase I- \$7.78 Phase II-\$10.06
Industrial Customers per lb.	
increase Carbonaceous Oxygen Demand (COD)	Phase I - \$0.05 Phase II - \$0.01
Increase Suspended Solids (SS)	Phase I - \$0.13 Phase II - \$0.02
Increase Total Kjeldahl Nitrogen (TKN)	Phase I - \$0.26 Phase II - \$0.06

The Common Council, as well as the Munster Town Council, will still have to approve the rates before they become effective.

Note 10. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: Medicare supplemental health insurance, vision and dental coverage and life insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 11. Noncompliance - Legal/Contractual Provisions

In April of 1999, Hammond Sanitary District (HSD) 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.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Negotiations on an amended consent decree are continuing. The current tolling agreement expired on September 30, 2016.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General	MVH	LRS	Garbage Bins	Transit	Clks Perpetual	Deferral Program
Cash and investments - beginning	\$ (30,109,956)	\$ (1,031,461)	\$ (529,051)	\$ 7,948	\$ (375,309)	\$ 135,194	\$ 228,945
Receipts:							
Taxes	21,361,862	6,438,547	-	-	-	-	-
Licenses and permits	2,463,834	-	-	-	-	-	-
Intergovernmental receipts	4,695,324	3,361,490	795,363	-	-	-	-
Charges for services	13,210,474	-	-	9,487	-	-	-
Fines and forfeits	674,635	-	-	-	-	42,996	146,853
Utility fees	-	-	-	-	-	-	-
Other receipts	52,981,992	326,041	-	-	375,309	-	-
Total receipts	<u>95,388,121</u>	<u>10,126,078</u>	<u>795,363</u>	<u>9,487</u>	<u>375,309</u>	<u>42,996</u>	<u>146,853</u>
Disbursements:							
Personal services	43,674,548	4,067,018	-	-	-	775	-
Supplies	1,280,954	1,480,665	223,341	-	-	-	-
Other services and charges	11,139,413	353,776	-	-	-	-	128,055
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	37,083	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,615,035	-	-	-	-	-	-
Total disbursements	<u>58,747,033</u>	<u>5,901,459</u>	<u>223,341</u>	<u>-</u>	<u>-</u>	<u>775</u>	<u>128,055</u>
Excess (deficiency) of receipts over disbursements	<u>36,641,088</u>	<u>4,224,619</u>	<u>572,022</u>	<u>9,487</u>	<u>375,309</u>	<u>42,221</u>	<u>18,798</u>
Cash and investments - ending	<u>\$ 6,531,132</u>	<u>\$ 3,193,158</u>	<u>\$ 42,971</u>	<u>\$ 17,435</u>	<u>\$ -</u>	<u>\$ 177,415</u>	<u>\$ 247,743</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Gaming Revenue	Park	Pretrial Div Pg	Cedit	Haz-Mat	Major Moves	C.C.D.F.
Cash and investments - beginning	\$ 21,993,097	\$ (477,003)	\$ 6,655	\$ 190,679	\$ 45,084	\$ 17,351	\$ 419,657
Receipts:							
Taxes	-	3,329,803	-	-	-	-	191,468
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	35,319,420	221,811	-	2,729,017	-	-	12,741
Charges for services	-	256,861	-	-	-	-	-
Fines and forfeits	-	-	37,420	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	160,465	42,333	-	-	17,897	-	-
Total receipts	35,479,885	3,850,808	37,420	2,729,017	17,897	-	204,209
Disbursements:							
Personal services	-	3,121,914	-	-	-	-	-
Supplies	-	262,443	-	-	-	-	-
Other services and charges	9,653,406	503,160	42,605	1,659,377	15,901	-	-
Debt service - principal and interest	10,612,451	-	-	-	-	-	-
Capital outlay	416,914	35,554	-	387,235	-	-	4,775
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	20,584,195	-	-	-	-	-	-
Total disbursements	41,266,966	3,923,071	42,605	2,046,612	15,901	-	4,775
Excess (deficiency) of receipts over disbursements	(5,787,081)	(72,263)	(5,185)	682,405	1,996	-	199,434
Cash and investments - ending	\$ 16,206,016	\$ (549,266)	\$ 1,470	\$ 873,084	\$ 47,080	\$ 17,351	\$ 619,091

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	C.C.I.F.	Self Insurance	Police Pension	Fire Pension	LOIT	Facade	Centrex
Cash and investments - beginning	\$ 36,573	\$ 1,606,540	\$ 2,836,026	\$ 3,873,615	\$ 10,308	\$ 11,450	\$ (79,474)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	203,023	-	-	-	2,882,804	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	17,423,718	4,901,634	4,593,992	-	100,000	79,474
Total receipts	<u>203,023</u>	<u>17,423,718</u>	<u>4,901,634</u>	<u>4,593,992</u>	<u>2,882,804</u>	<u>100,000</u>	<u>79,474</u>
Disbursements:							
Personal services	-	18,133,070	11,674	13,183	3,318,265	-	-
Supplies	-	-	586	692	-	-	-
Other services and charges	224,211	-	-	-	-	54,988	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	4,975,937	4,559,576	-	-	-
Total disbursements	<u>224,211</u>	<u>18,133,070</u>	<u>4,988,197</u>	<u>4,573,451</u>	<u>3,318,265</u>	<u>54,988</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(21,188)</u>	<u>(709,352)</u>	<u>(86,563)</u>	<u>20,541</u>	<u>(435,461)</u>	<u>45,012</u>	<u>79,474</u>
Cash and investments - ending	<u>\$ 15,385</u>	<u>\$ 897,188</u>	<u>\$ 2,749,463</u>	<u>\$ 3,894,156</u>	<u>\$ (425,153)</u>	<u>\$ 56,462</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Diesel Fuel Tax	College Bound	Demolition	Cut And Clean	Graffiti Removal	Homebound	Redv Party Fund
Cash and investments - beginning	\$ (4,256)	\$ 2,615	\$ 125,937	\$ 65,338	\$ 30	\$ 117,241	\$ 237,811
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	14,570	-	800,634	391,618	-	104,644	945
Total receipts	14,570	-	800,634	391,618	-	104,644	945
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	10,314	2,615	465,188	220,823	-	200,259	70,558
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	10,314	2,615	465,188	220,823	-	200,259	70,558
Excess (deficiency) of receipts over disbursements	4,256	(2,615)	335,446	170,795	-	(95,615)	(69,613)
Cash and investments - ending	\$ -	\$ -	\$ 461,383	\$ 236,133	\$ 30	\$ 21,626	\$ 168,198

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	NSP/Neigh Stab	Engineering	ASAP Grant	Columbia Plaza TIF	Lear TIF	Downtown TIF	Home Depot TIF
Cash and investments - beginning	\$ (103,972)	\$ 2,645,553	\$ 65,275	\$ 1,834,576	\$ 2,806,062	\$ 3,497,661	\$ 2,731,665
Receipts:							
Taxes	-	-	-	824,518	383,443	942,385	503,495
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	6,452	-	-	-	-	-	-
Total receipts	<u>6,452</u>	<u>-</u>	<u>-</u>	<u>824,518</u>	<u>383,443</u>	<u>942,385</u>	<u>503,495</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	41,399	2,810	-	-	-	234,222	130,197
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>41,399</u>	<u>2,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,222</u>	<u>130,197</u>
Excess (deficiency) of receipts over disbursements	<u>(34,947)</u>	<u>(2,810)</u>	<u>-</u>	<u>824,518</u>	<u>383,443</u>	<u>708,163</u>	<u>373,298</u>
Cash and investments - ending	<u>\$ (138,919)</u>	<u>\$ 2,642,743</u>	<u>\$ 65,275</u>	<u>\$ 2,659,094</u>	<u>\$ 3,189,505</u>	<u>\$ 4,205,824</u>	<u>\$ 3,104,963</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Woodmar TIF	Woodmar Gateways TIF	Gateways TIF	City Clerk Trust Funds	HIDTA	HIDTA Equipment Grant	Human Relations Grant
Cash and investments - beginning	\$ 4,683,264	\$ 722,005	\$ 1,975,267	\$ 1,924,394	\$ 36,190	\$ 386	\$ 11,413
Receipts:							
Taxes	1,189,833	1,141,229	765,273	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	105,005	-	47,500
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	4,902,048	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,189,833</u>	<u>1,141,229</u>	<u>765,273</u>	<u>4,902,048</u>	<u>105,005</u>	<u>-</u>	<u>47,500</u>
Disbursements:							
Personal services	-	-	-	-	107,397	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,949,414	1,874,250	1,871,678	-	-	-	41,988
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	4,905,356	-	-	-
Total disbursements	<u>1,949,414</u>	<u>1,874,250</u>	<u>1,871,678</u>	<u>4,905,356</u>	<u>107,397</u>	<u>-</u>	<u>41,988</u>
Excess (deficiency) of receipts over disbursements	<u>(759,581)</u>	<u>(733,021)</u>	<u>(1,106,405)</u>	<u>(3,308)</u>	<u>(2,392)</u>	<u>-</u>	<u>5,512</u>
Cash and investments - ending	<u>\$ 3,923,683</u>	<u>\$ (11,016)</u>	<u>\$ 868,862</u>	<u>\$ 1,921,086</u>	<u>\$ 33,798</u>	<u>\$ 386</u>	<u>\$ 16,925</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	River Park Refunding General	Jobs Bill Bond General Fund	Jobs Bill Bond DSR	Potash Bond Construction	Potash Bond DSR	Potash Bond General	Recycling
Cash and investments - beginning	\$ 148,224	\$ 13,853	\$ 1,715,329	\$ 7,519,158	\$ 1,121,225	\$ 154,022	\$ 96,346
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	430,266
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,307,051	3,282,644	30,641	652	113	744,447	-
Total receipts	<u>2,307,051</u>	<u>3,282,644</u>	<u>30,641</u>	<u>652</u>	<u>113</u>	<u>744,447</u>	<u>430,266</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	33	10	-	652	113	63	526,612
Debt service - principal and interest	2,307,052	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,233,065	64,874	2,499,348	-	744,362	-
Total disbursements	<u>2,307,085</u>	<u>3,233,075</u>	<u>64,874</u>	<u>2,500,000</u>	<u>113</u>	<u>744,425</u>	<u>526,612</u>
Excess (deficiency) of receipts over disbursements	<u>(34)</u>	<u>49,569</u>	<u>(34,233)</u>	<u>(2,499,348)</u>	<u>-</u>	<u>22</u>	<u>(96,346)</u>
Cash and investments - ending	<u>\$ 148,190</u>	<u>\$ 63,422</u>	<u>\$ 1,681,096</u>	<u>\$ 5,019,810</u>	<u>\$ 1,121,225</u>	<u>\$ 154,044</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Seatbelt Enforcement	Potash	Jobs Rebt	Red P & I	Sema Grant	Park Bond	Park Bond Proceeds
Cash and investments - beginning	\$ (4,773)	\$ 1	\$ 36,168	\$ (152,434)	\$ (40,788)	\$ (100)	\$ 4,227,167
Receipts:							
Taxes	-	-	-	-	-	421,230	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	8,977	-	-	-	224,526	25,366	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	1,491,726	10	152,434	-	-	31,600
Total receipts	<u>8,977</u>	<u>1,491,726</u>	<u>10</u>	<u>152,434</u>	<u>224,526</u>	<u>446,596</u>	<u>31,600</u>
Disbursements:							
Personal services	9,367	-	-	-	389,435	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	91,782
Debt service - principal and interest	-	1,491,725	-	-	-	442,262	-
Capital outlay	-	-	-	-	-	-	3,548,280
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	7	-	-	-	-
Total disbursements	<u>9,367</u>	<u>1,491,725</u>	<u>7</u>	<u>-</u>	<u>389,435</u>	<u>442,262</u>	<u>3,640,062</u>
Excess (deficiency) of receipts over disbursements	<u>(390)</u>	<u>1</u>	<u>3</u>	<u>152,434</u>	<u>(164,909)</u>	<u>4,334</u>	<u>(3,608,462)</u>
Cash and investments - ending	<u>\$ (5,163)</u>	<u>\$ 2</u>	<u>\$ 36,171</u>	<u>\$ -</u>	<u>\$ (205,697)</u>	<u>\$ 4,234</u>	<u>\$ 618,705</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Munster Steel Construction	Local Infraction Deferral	Special Events Fire	Jail Processing	Unilever TIF	Gastevich Bond	Blight Elimination Program
Cash and investments - beginning	\$ -	\$ 43,583	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	77	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	127,568	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3	-	1,166	23,945	-	1,870,000	43,585
Total receipts	<u>3</u>	<u>127,568</u>	<u>1,166</u>	<u>23,945</u>	<u>77</u>	<u>1,870,000</u>	<u>43,585</u>
Disbursements:							
Personal services	-	-	426	54,848	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	3	-	-	-	-	746,897	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3</u>	<u>-</u>	<u>426</u>	<u>54,848</u>	<u>-</u>	<u>746,897</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>127,568</u>	<u>740</u>	<u>(30,903)</u>	<u>77</u>	<u>1,123,103</u>	<u>43,585</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 171,151</u>	<u>\$ 740</u>	<u>\$ (30,903)</u>	<u>\$ 77</u>	<u>\$ 1,123,103</u>	<u>\$ 43,585</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Public Defender	Fed Forfeit Pro	Evidence Money	Police Donation	Park Activities	Background Cks	State Forfeited
Cash and investments - beginning	\$ 1,575	\$ 30,370	\$ 20,629	\$ 43,078	\$ 56,381	\$ 294	\$ 10,181
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	264,165	1,050	-
Fines and forfeits	-	96,925	3,325	-	-	-	280
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	16,341	11,097	-	-
Total receipts	-	96,925	3,325	16,341	275,262	1,050	280
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	14,553	3,324	18,243	117,644	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	14,553	3,324	18,243	117,644	-	-
Excess (deficiency) of receipts over disbursements	-	82,372	1	(1,902)	157,618	1,050	280
Cash and investments - ending	<u>\$ 1,575</u>	<u>\$ 112,742</u>	<u>\$ 20,630</u>	<u>\$ 41,176</u>	<u>\$ 213,999</u>	<u>\$ 1,344</u>	<u>\$ 10,461</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Fed Prisoners	Impaired Driver	Redevelopment	Park/Tourism	Eco Dev/Tourism	CDBG Escrow	Human Relations
Cash and investments - beginning	\$ 468,055	\$ (4,467)	\$ (84,313)	\$ 13,727	\$ 18,138	\$ 1,043,275	\$ 5,127
Receipts:							
Taxes	-	-	377,715	16,519	10,801	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	204,754	61,999	23,374	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	8,095	-	-	1,342,546	250
Total receipts	<u>204,754</u>	<u>61,999</u>	<u>409,184</u>	<u>16,519</u>	<u>10,801</u>	<u>1,342,546</u>	<u>250</u>
Disbursements:							
Personal services	-	63,977	294,508	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	103,304	-	30,363	28,777	28,888	1,440,839	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>103,304</u>	<u>63,977</u>	<u>324,871</u>	<u>28,777</u>	<u>28,888</u>	<u>1,440,839</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>101,450</u>	<u>(1,978)</u>	<u>84,313</u>	<u>(12,258)</u>	<u>(18,087)</u>	<u>(98,293)</u>	<u>250</u>
Cash and investments - ending	<u>\$ 569,505</u>	<u>\$ (6,445)</u>	<u>\$ -</u>	<u>\$ 1,469</u>	<u>\$ 51</u>	<u>\$ 944,982</u>	<u>\$ 5,377</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Public Safety	Water Hydrant R	Penalties	Human Rel (Fed)	Local Seizure	C.D.B.G.	Ambulance Fees
Cash and investments - beginning	\$ 64,524	\$ 464,781	\$ 2,118,840	\$ 76,027	\$ (8,188)	\$ (287,492)	\$ (374,735)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	835,206	-	-	-	-	2,473,113	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	12,487	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	50	8,188	46,051	456,234
Total receipts	<u>835,206</u>	<u>-</u>	<u>12,487</u>	<u>50</u>	<u>8,188</u>	<u>2,519,164</u>	<u>456,234</u>
Disbursements:							
Personal services	78,512	-	633,837	-	-	529,625	-
Supplies	-	-	2,958	-	-	-	-
Other services and charges	-	-	8,377	15,211	-	1,828,835	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	555,801	-	1,051	-	-	-	81,499
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>634,313</u>	<u>-</u>	<u>646,223</u>	<u>15,211</u>	<u>-</u>	<u>2,358,460</u>	<u>81,499</u>
Excess (deficiency) of receipts over disbursements	<u>200,893</u>	<u>-</u>	<u>(633,736)</u>	<u>(15,161)</u>	<u>8,188</u>	<u>160,704</u>	<u>374,735</u>
Cash and investments - ending	<u>\$ 265,417</u>	<u>\$ 464,781</u>	<u>\$ 1,485,104</u>	<u>\$ 60,866</u>	<u>\$ -</u>	<u>\$ (126,788)</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	CDBG Donation	A C Donation	Vehicle Release	Unemployment	Adult Probation	Tobacco Ed/Judg	Henry Unit
Cash and investments - beginning	\$ 11,974	\$ 4,239	\$ 28,675	\$ (487,511)	\$ 88,367	\$ 15,884	\$ (1,437,644)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	164,397	-	-	-	-
Fines and forfeits	-	-	-	-	165,322	4,050	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,200	2,090	-	520,378	-	-	2,088,056
Total receipts	11,200	2,090	164,397	520,378	165,322	4,050	2,088,056
Disbursements:							
Personal services	-	-	-	32,867	151,201	-	650,412
Supplies	-	400	-	-	2,414	-	-
Other services and charges	3,100	-	68,137	-	8,586	1,400	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	323	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,100	400	68,137	32,867	162,524	1,400	650,412
Excess (deficiency) of receipts over disbursements	8,100	1,690	96,260	487,511	2,798	2,650	1,437,644
Cash and investments - ending	<u>\$ 20,074</u>	<u>\$ 5,929</u>	<u>\$ 124,935</u>	<u>\$ -</u>	<u>\$ 91,165</u>	<u>\$ 18,534</u>	<u>\$ -</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Park/Gaming	Afford Housing	Emergency/ CDBG	Section 108	Technical Grant	Inspt/Rental	Hd Bond 756775
Cash and investments - beginning	\$ (207,596)	\$ (213,916)	\$ 38,368	\$ 81,486	\$ 1,502,403	\$ (569,617)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	401,441	207,902	-	-	-	-
Charges for services	535,196	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	896,247	-
Utility fees	-	-	-	-	-	-	-
Other receipts	541,830	226,268	-	-	-	884,094	126,200
Total receipts	1,077,026	627,709	207,902	-	-	1,780,341	126,200
Disbursements:							
Personal services	156,553	32,875	-	-	-	1,031,599	-
Supplies	-	-	-	-	-	39,391	-
Other services and charges	712,877	653,677	193,513	-	-	139,467	-
Debt service - principal and interest	-	-	-	-	-	-	126,200
Capital outlay	-	-	-	-	-	267	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	869,430	686,552	193,513	-	-	1,210,724	126,200
Excess (deficiency) of receipts over disbursements	207,596	(58,843)	14,389	-	-	569,617	-
Cash and investments - ending	\$ -	\$ (272,759)	\$ 52,757	\$ 81,486	\$ 1,502,403	\$ -	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Civil City Bond	RP Gam 756773	Cabela's/ 105415	Golf Course	Cost Due County	Continuing Ed	Pay Withholding
Cash and investments - beginning	\$ 514,710	\$ 2,390,032	\$ -	\$ (244,270)	\$ 294	\$ 92,125	\$ 130,208
Receipts:							
Taxes	791,981	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	27,225	-
Intergovernmental receipts	47,606	-	-	-	-	-	-
Charges for services	-	-	-	-	-	81,206	-
Fines and forfeits	-	-	-	-	234,038	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	79,252	2,451,731	937,125	244,270	-	-	13,407,201
Total receipts	918,839	2,451,731	937,125	244,270	234,038	108,431	13,407,201
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	4	-	-	234,038	63,573	-
Debt service - principal and interest	979,341	-	937,125	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,307,019	-	-	-	-	13,409,689
Total disbursements	979,341	2,307,023	937,125	-	234,038	63,573	13,409,689
Excess (deficiency) of receipts over disbursements	(60,502)	144,708	-	244,270	-	44,858	(2,488)
Cash and investments - ending	\$ 454,208	\$ 2,534,740	\$ -	\$ -	\$ 294	\$ 136,983	\$ 127,720

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Operations	Pre Treatment	Unemployment	Sewer	GIS	Storm Water	Great Lakes Legacy
Cash and investments - beginning	\$ 5,651,099	\$ 481,488	\$ 50,001	\$ (589,868)	\$ 2,039	\$ 1,623,975	\$ 46,101
Receipts:							
Taxes	-	-	-	2,356,906	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	40,160	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	15,275,574	357,849	-	-	-	2,113,121	-
Other receipts	1,601,817	75,837	-	3,676,841	-	1,267,216	-
Total receipts	16,877,391	433,686	-	6,073,907	-	3,380,337	-
Disbursements:							
Personal services	2,532,383	87,979	-	756,163	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	642,398	-	-	1,251	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	278,256	-	-	76,234	-	95,405	-
Utility operating expenses	14,241,742	161,797	-	2,275,952	-	99,031	46,101
Other disbursements	3,259,827	122,405	-	2,444,418	2,039	2,544,760	-
Total disbursements	20,954,606	372,181	-	5,554,018	2,039	2,739,196	46,101
Excess (deficiency) of receipts over disbursements	(4,077,215)	61,505	-	519,889	(2,039)	641,141	(46,101)
Cash and investments - ending	\$ 1,573,884	\$ 542,993	\$ 50,001	\$ (69,979)	\$ -	\$ 2,265,116	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	2010 Bond	Replacement	Debt Service Non Exempt	Debt Service Exempt	Capital Projects BAN	SRF Loan 7	Water Utility
Cash and investments - beginning	\$ 3,785,177	\$ 2,035,255	\$ 1,569,519	\$ 1,805,347	\$ 1,668,463	\$ 8,509,601	\$ 2,558,770
Receipts:							
Taxes	-	-	3,909,390	3,382,334	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	55,131	47,717	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	11,883,002
Other receipts	1,425	401,656	575,000	816,900	270	2,342	4,077
Total receipts	<u>1,425</u>	<u>401,656</u>	<u>4,539,521</u>	<u>4,246,951</u>	<u>270</u>	<u>2,342</u>	<u>11,887,079</u>
Disbursements:							
Personal services	-	-	-	-	-	-	3,963,746
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	1,655,537
Debt service - principal and interest	-	-	4,291,479	3,596,415	-	-	-
Capital outlay	397,930	243,855	-	-	-	791,931	-
Utility operating expenses	35,589	353	-	-	-	82,055	6,119,655
Other disbursements	25	15	-	496,658	-	2,901	615,000
Total disbursements	<u>433,544</u>	<u>244,223</u>	<u>4,291,479</u>	<u>4,093,073</u>	<u>-</u>	<u>876,887</u>	<u>12,353,938</u>
Excess (deficiency) of receipts over disbursements	<u>(432,119)</u>	<u>157,433</u>	<u>248,042</u>	<u>153,878</u>	<u>270</u>	<u>(874,545)</u>	<u>(466,859)</u>
Cash and investments - ending	<u>\$ 3,353,058</u>	<u>\$ 2,192,688</u>	<u>\$ 1,817,561</u>	<u>\$ 1,959,225</u>	<u>\$ 1,668,733</u>	<u>\$ 7,635,056</u>	<u>\$ 2,091,911</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Water Utility Clearing Fund	Marina Operations	Marina Construction	Gaming Fund	Lakefront Management	Lost Marsh Golf Course
Cash and investments - beginning	\$ 1,384,404	\$ 556,265	\$ 3,936,692	\$ 250,183	\$ 23,933	\$ 543,755
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	250,000	7,000,000	11,584	-
Charges for services	-	-	-	-	22,067	1,085,508
Fines and forfeits	-	-	-	-	-	-
Utility fees	6,505,626	-	-	-	-	-
Other receipts	-	3,463,520	1,366,879	43,699	20,000	597,822
Total receipts	<u>6,505,626</u>	<u>3,463,520</u>	<u>1,616,879</u>	<u>7,043,699</u>	<u>53,651</u>	<u>1,683,330</u>
Disbursements:						
Personal services	-	1,014,530	-	456,495	54,904	764,538
Supplies	-	889,656	-	-	283	447,473
Other services and charges	-	1,497,278	785,107	116,457	13,769	363,737
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	51,947	409,531	-	-	88,236
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,700,000	16,813	300,000	6,524,326	-	-
Total disbursements	<u>5,700,000</u>	<u>3,470,224</u>	<u>1,494,638</u>	<u>7,097,278</u>	<u>68,956</u>	<u>1,663,984</u>
Excess (deficiency) of receipts over disbursements	<u>805,626</u>	<u>(6,704)</u>	<u>122,241</u>	<u>(53,579)</u>	<u>(15,305)</u>	<u>19,346</u>
Cash and investments - ending	<u>\$ 2,190,030</u>	<u>\$ 549,561</u>	<u>\$ 4,058,933</u>	<u>\$ 196,604</u>	<u>\$ 8,628</u>	<u>\$ 563,101</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Wolf Lake Operations	RDA Project	2008 Revenue Bond Dsr	2008 Revenue Bond Debt Service	Payroll And Withholding	Totals
Cash and investments - beginning	\$ 405,948	\$ 32,617	\$ 1,250,000	\$ 1,219,526	\$ (98)	\$ 81,282,514
Receipts:						
Taxes	-	-	-	-	-	48,338,809
Licenses and permits	-	-	-	-	-	2,491,059
Intergovernmental receipts	-	88,767	-	-	-	62,811,387
Charges for services	89,520	-	-	-	-	15,719,931
Fines and forfeits	-	-	-	-	-	7,344,194
Utility fees	-	-	-	-	-	36,135,172
Other receipts	775,557	-	115	2,230,740	448,715	133,080,710
Total receipts	865,077	88,767	115	2,230,740	448,715	305,921,262
Disbursements:						
Personal services	315,002	-	-	-	-	86,503,626
Supplies	59,766	-	-	-	-	4,691,022
Other services and charges	379,490	90,080	21	5	-	43,518,632
Debt service - principal and interest	-	-	-	2,436,050	-	27,220,100
Capital outlay	25,890	26,645	-	-	-	7,554,642
Utility operating expenses	-	-	-	-	-	23,062,275
Other disbursements	-	-	73	-	448,617	82,376,340
Total disbursements	780,148	116,725	94	2,436,055	448,617	274,926,637
Excess (deficiency) of receipts over disbursements	84,929	(27,958)	21	(205,315)	98	30,994,625
Cash and investments - ending	\$ 490,877	\$ 4,659	\$ 1,250,021	\$ 1,014,211	\$ -	\$ 112,277,139

CITY OF HAMMOND
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Sanitary District	\$ 2,145,529	\$ 1,467,927
Water Utility	1,139,758	2,646,284
Port Authority	-	-
Governmental activities	<u>2,611,916</u>	<u>5,478,200</u>
Totals	<u>\$ 5,897,203</u>	<u>\$ 9,592,411</u>

CITY OF HAMMOND
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Peoples Bank	Fire Equipment	\$ 192,606	07/30/2014	01/30/2019
Sanitary District: First Midwest Bank	TV Truck	91,755	08/10/2014	08/01/2017
Hammond Sanitary District Building Corporation	Administration Building	950,126	04/22/2014	07/15/2033
Total Sanitary District		<u>1,041,881</u>		
Total of annual lease payments		<u>\$ 1,234,487</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Judgment Funding Bonds Series 2006	\$ 735,000	\$ 383,498
General obligation bonds	General Obligation Judgment Funding Bonds Series 2008A	2,175,000	599,562
General obligation bonds	City of Hammond IN General Obligation Park Bonds Series 2014	7,010,000	886,450
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2014 (Marina District Project)	3,500,000	140,000
Revenue bonds	City of Hammond Economic Development Revenue Bonds Series 2012	9,115,000	1,472,650
Revenue bonds	City of Hammond Revenue Loan Series 2012	8,985,000	3,231,576
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2013 (Munster Steel Project)	2,265,000	343,222
Revenue bonds	City of Hammond IN Taxable Economic Development Revenue Bonds Series 2015A (Gateway Area Project)	1,700,000	244,854
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2015 (ThruPort Project)	2,975,000	233,948
Revenue bonds	City of Hammond IN Revenue Bonds Series 2015A (Taxable)	35,800,000	2,941,840
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2006 (Home Depot)	730,000	126,250
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2007 (Cabela's)	24,990,000	1,874,250
Revenue bonds	Public Improvements 2012 Refunding Bonds	2,270,000	2,308,363
Notes and loans payable	HUD 108 Series 2006-A	1,174,000	387,164
Total governmental activities		<u>103,424,000</u>	<u>15,173,627</u>
Sanitary District:			
General obligation bonds	2010 Special Taxing District Bond Series A	7,845,000	733,505
General obligation bonds	Series 2013A	49,565,000	3,558,666
General obligation bonds	Special Taxing District Bond Series 2014	10,590,000	1,879,313
General obligation bonds	Series 2015C	5,410,000	324,544
Notes and loans payable	Series 2007B	15,900,000	1,618,324
Notes and loans payable	Series 2006 A	1,405,000	153,420
Total Sanitary District		<u>90,715,000</u>	<u>8,267,772</u>
Port Authority:			
Revenue bonds	Redevelopment District Revenue Bonds Series 2008 (Golf Course)	3,410,000	2,431,000
Totals		<u>\$ 197,549,000</u>	<u>\$ 25,872,399</u>

CITY OF HAMMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 78,625,302
Infrastructure	254,436,628
Buildings	45,375,573
Improvements other than buildings	2,812,722
Machinery, equipment, and vehicles	23,411,006
Construction in progress	25,825,628
Books and other	16,095
Total governmental activities	430,502,954
Sanitary District:	
Land	507,419
Infrastructure	122,515,535
Buildings	25,673,932
Improvements other than buildings	2,840,478
Machinery, equipment, and vehicles	21,342,275
Construction in progress	577,592
Total Sanitary District	173,457,231
Water Utility:	
Land	134,466
Infrastructure	59,465,623
Buildings	21,915,484
Machinery, equipment, and vehicles	1,630,675
Construction in progress	1,974,236
Books and other	13,195
Total Water Utility	85,133,679
Port Authority:	
Land	5,601,482
Infrastructure	10,461,172
Buildings	23,365,020
Improvements other than buildings	18,067,044
Machinery, equipment, and vehicles	3,951,514
Total Port Authority	61,446,232
Total capital assets	\$ 750,540,096

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Hammond's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)


Report on Internal Control over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

November 3, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/Entitlement Grants	Direct grant	14.218	B13MC180006 B14MC180006 B15MC180006	\$ - 56,914 192,795	\$ 796,532 1,533,487 189,145
Total - Community Development Block Grants/Entitlement Grants				<u>249,709</u>	<u>2,519,164</u>
Emergency Solutions Grant Program	Direct grant	14.231	E11MC180006 E12MC180006 E13MC180006 E14MC180006 E15MC180006	8,225 23,110 30,081 103,745 42,740	8,225 23,110 30,081 103,745 42,740
Total - Emergency Solutions Grant Program				<u>207,901</u>	<u>207,901</u>
HOME Investment Partnerships Program	Direct grant	14.239	M10MC180204 M11MC180204 M12MC180204 M13MC180204 M14MC180204 M15MC180204	- - - - - -	229,600 3,450 39,928 53,850 55,183 245,698
Total - HOME Investment Partnerships Program				<u>-</u>	<u>627,709</u>
Total - Department of Housing and Urban Development				<u>457,610</u>	<u>3,354,774</u>
<u>Department of Justice</u>					
Equitable Sharing Program	Direct Grant	16.922	FY 2015	-	14,553
Total - Department of Justice				<u>-</u>	<u>14,553</u>
<u>Department of Transportation</u>					
Highway Safety Cluster State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	D3158932	-	62,000
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601	D3159942	-	23,945
Occupant Protection Incentive Grants	Indiana Criminal Justice Institute	20.602	D3159162	-	8,978
Total - Highway Safety Cluster				<u>-</u>	<u>94,923</u>
Total - Department of Transportation				<u>-</u>	<u>94,923</u>
<u>Environmental Protection Agency</u>					
Great Lakes Program	Indiana Department of Environmental Management	66.469	GL - 00E01313 - 1	-	250,000
Beach Monitoring and Notification Program Implementation Grants	Indiana Department of Environmental Management	66.472	CU-04E73102	-	11,584
Total - Environmental Protection Agency				<u>-</u>	<u>261,584</u>
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct grant	97.083	EMW-2013-FH-00107	-	222,512
Total - Department of Homeland Security				<u>-</u>	<u>222,512</u>
Total federal awards expended				<u>\$ 457,610</u>	<u>\$ 3,948,346</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HAMMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA 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 SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.218	Community Development Block Grants/Entitlement Grants	Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were the following deficiencies in the internal control system of the City related to financial transactions and reporting that constitute material weaknesses:

1. *Lack of Segregation of Duties*: The City had not separated incompatible activities related to receipts and disbursements.

City:

- a. One person in the Controller's office recorded receipts and took the collections to the depository. Another individual prepared deposits and compared the deposit ticket total to a report of the total receipts prepared by the receipt clerk. Audit evidence of this control was not documented.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- b. Employees who entered the payroll information into the financial system also had the ability to adjust the pay rate of employees.
- c. The City contracted with a third-party administrator to process medical claims. The Controller's office recorded the individual vendor payments in the City's ledger and also mailed the checks to the vendors as funds were available in the Self Insurance fund. Supporting documentation was not submitted with the checks prepared by the third-party administrator; therefore, the City did not review the claims for completeness and accuracy. The City had not implemented any other procedures to verify the claims for completeness and accuracy. Additionally, the employee responsible for creating the claim for payment also authorized them using a stamp with the official's name.
- d. The Payroll Clerk generated the withholdings disbursements, reviewed the quarterly withholding reports, and made any necessary changes in the RDS system.

Port Authority:

- e. The employee who created the purchase orders and accounts payable vouchers also authorized them as instructed, using a stamp with the official's name.
- f. Audit evidence was not available to verify that the monthly or year-to-date financial statements, which were prepared by an outside firm, were reviewed for completeness and accuracy.

Sanitary District:

- g. The Accounts Receivable Clerk could adjust bills in the system after they had been recorded.
- h. The Accounts Payable Clerk prepared the checks and recorded the invoices to the accounting system.
- i. The software system allowed for duplicate check printing and for changes to be made to a check after it had been issued. Checks with duplicate check numbers occurred on a monthly basis.
- j. The Payroll Manager was responsible for the entire payroll process and was able to make payroll rate changes in the computer system. The Sanitary District Manager implemented a procedure to select up to 15 employees each pay period. The payroll records for these selected employees were then audited by an accountant. That audit did not include a verification of the pay distribution to the proper funds and accounts.
- k. The Business Manager prepared the cash amounts for inclusion in the City's financial statement. The amounts provided to the City were not reviewed for completeness and accuracy.

Water Utility:

- l. The Office Manager prepared the cash amounts for inclusion in the City's financial statement. The amounts provided to the City were not reviewed for completeness and accuracy.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. *Monitoring of Controls:* An evaluation of the City's system of internal control had not been conducted. Additionally, the City had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the City to monitor and assess the quality of the system of internal control.

Cash and investments and bank reconcilements - the City implemented a control over cash and investments and bank reconcilements which did not operate effectively. The control did not detect that the bank reconcilements initially provided for audit did not agree with the City's record balances. The control also did not detect that trust account activity was not reconciled to, or recorded in, the City's records. Management did not obtain the trust statements in order to verify the existence, completeness, or accuracy of the bank reconciliation and many of the trust statements were unaccounted for when initially requested for audit.

3. *Preparing Financial Statement:* Effective internal control over financial reporting involved the identification and analysis of the risks of material misstatement to the City's audited financial statement and then determining how those identified risks should have been managed. The City has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement. In addition, management of the City has not established a process for final review of the financial statement after compilation.

The City Controller prepared the Annual Financial Report (AFR) and electronically submitted it to the State Board of Accounts. The AFR was the basis for the City's financial statement. The financial statement presented for audit included the following errors:

1. The financial statement beginning cash and investment balances did not agree to the prior audit ending cash and investment balances. The beginning balance for the City Clerk Trust Funds of \$1,924,394 was not included.
2. The financial statement receipts were understated by \$8,279,357 when compared to the records. This was caused by the omission of the receipt activity of trust accounts, errors when computing the regulatory basis receipts from the accrual basis revenues for the Water Utility funds, and other errors.
3. The financial statement disbursements were understated by \$16,843,851 when compared to the records. This was caused by the omission of the disbursement activity of trust accounts, errors when computing the regulatory basis disbursements from the accrual basis expenses for the Water Utility and Sanitary District funds, and other errors.
4. The financial statement ending cash and investment balance did not agree to the records by \$6,640,100. This was caused by the errors and omissions addressed in the above items.

Audit adjustments were proposed, accepted by the City, and made to the financial statement. These adjustments resulted in a presentation of the financial statement that is materially correct.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Cause

Management of the City had not established a proper system of internal control. Additionally, Management had not monitored the internal control system related to the City's financial reporting and transactions.

Effect

The failure to establish these controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls could have prevented, or detected and corrected, material misstatements in a timely manner.

The financial statement contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



Heather Garay, J.D.
Controller

CITY OF HAMMOND

November 2, 2016

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Heather Garay, Controller

Contact Phone Number: 219-853-6324

Status of Audit Finding: Corrections in progress.

Due to the timing of the 2013 audit (completed in May of 2015) and the 2014 audit (completed in November of 2016) most corrective actions relating to 2014 findings have not yet been implemented. Some corrective measures were put in place after July of 2016. The following details the corrective actions planned for the remaining issues:

Corrective Action Plan:

1. Lack of Segregation of Duties:

- a. These duties were segregated in July of 2015 to address the finding in the 2013 audit. After July, 2015, receipt clerk recorded the receipts and prepared the deposit. Another employee reviewed the deposit and took the collections to the bank. Going forward, the receipt clerk will record the receipts on the RDS system. Another employee will balance cash and credit card receipts to the system generated report, preparing the deposit. The receipt clerk will verify the deposit amount and take collections to the depository. Each employee will sign the deposit and receipt report verifying accuracy.

Anticipated Completion Date: January 1, 2017

- b. The City's' current payroll software does not allow us to enter set amounts for additional pay beyond overtime. Any other additional pay, such as wellness bonuses, acting pay, etc. must be entered on a weekly basis. Payroll Clerks in the Police, Fire and Public Works departments will continue to have the ability to enter these additional according to the department time sheets. All time sheets or employment records for additional pay must be signed by a department supervisor and copies must be submitted to the Controller's office Payroll Administrator for verification against the payroll forecast. The Payroll Administrator will sign the forecast and documentation indicating the amounts agree. The department payroll clerks will not have the ability to change regular salary amounts within the system.

Anticipated Completion Date: January 1, 2017

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

219.853.6324

Fax: 219.853.6345

www.gohammond.com

E-mail: garayh@gohammond.com



Heather Garay, J.D.
Controller

CITY OF HAMMOND

- c. The City took steps to address a similar finding from the 2013 audit in July of 2015. The third party administrator provides the City with a check register of checks in the batch, claim details for each check and actual checks. The insurance administrator tests 10% of each batch for accuracy. Each tested check is audited against the check register and claim detail for accurate amounts, payee and check number. Copies of the tested checks are maintained with the batch documentation. All checks are totaled and this amount verified against the total noted on the check register. The insurance administrator will now sign a sheet for each test batch that indicates the checks tested and verified. Going forward, the insurance administrator will create a claim for each batch and will attach a copy of the check register to the claim for Council verification. All employee and other personal information will be redacted from this copy of the register. Once approved by Council, the claim will be reviewed and stamped by the accounts payable clerk like all other claims and returned to the insurance administrator to mail out checks.

Anticipated Completion Date: January 1, 2017

- d. The City took steps to address a similar finding from the 2013 audit in July of 2015. The Payroll Administrator generates the withholding disbursements. The Deputy Controller prepares the quarterly withholding reports from the financial system. Going forward, any changes needed due to discrepancies between the disbursements and the reports will require review and signature by the Controller.

Anticipated Completion Date: January 1, 2017

2. *Monitoring of Controls:*

- a. Management is in the process of developing and documenting an internal control plan for the City. The control plan will include guidelines for regular monitoring, testing and evaluation of controls to ensure continued effectiveness of controls and address new needs.

Management is working to improve the controls related to Cash and Investments and bank reconcilements. Management will obtain all trust statements and book activity in the system on a monthly basis. Trust information will be provided to the Banking Clerk for reconciliation. All banks will be reconciled to system generated record balances. Copies of record balances will be attached to bank reconcilements for monthly review by management.

Anticipated Completion Date: January 1, 2017

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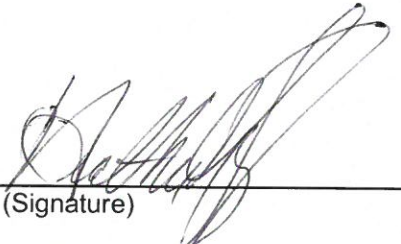
Heather Garay, J.D.
Controller

CITY OF HAMMOND

3. Preparing Financial Statements:

- a. The City, Water Utility, Sanitary District and Port Authority operate on separate and distinct financial software. Each business manager is responsible for entering financial information on Gateway for their unit. Business managers will be required to provide supporting documentation and explanations of all entries to the Controller for review prior submission. Documentation will include recorded balances for each fund. The Controller will verify that beginning balances for all funds match audited ending balances of prior year. Water Utility will provide the cash summary reported prepared for the Board to the Controller for verification of the clearing account. The completed financial report will be reviewed by another member of management for completeness and accuracy. The City is also exploring new financial software options that allow all units to be on the same system.

Anticipated Completion Date: February 1, 2017



(Signature)

Controller

(Title)

11/2/2014

(Date)

City of Hammond
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Hammond, Indiana 46320

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SANITARY DISTRICT of HAMMOND

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FAX (219) 853-6321

Board of Sanitary Commissioners

DEAN BUTTON, PE
MICHAEL DYE
MATTHEW J. MUTA
SAM DIMOPOLOS
MICHAEL R. HAWKINS SR.



THOMAS MCDERMOTT, JR.
Mayor

MARTY WIELGOS
District Manager

RACHEL MONTES
Business Manager

JOSEPH P. ALLEGRETTI
Legal Counsel

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: **Rachel Montes**
Contact Phone Number: **219-853-6413 ext. 503**

Status of Audit Finding:

The Sanitary District received finding 2014-001 in October 2016. The staff is in the process of reviewing the deficiencies. Other than the changes noted on the correction action plan, no other changes have been made. The District will explore testing or review procedures until additional staff can be budgeted.

Rachel Montes
(Signature)

Business Manager
(Title)

11/3/14
(Date)



Hammond Port Authority

Hammond Port Authority
701 Casino Center Drive
Hammond, IN 46320
219-659-7678 • 219-659-7679 (Fax)

Hammond Marina • Lost Marsh Golf Course • Wolf Lake Memorial Park • Forsythe Park • Lakefront

Summary Schedule of Prior Audit Findings

FINDING 2014 – 001 (f)

Fiscal Year 2014

Richard Szany, Finance Director

1-219-659-7678

Status of Audit Finding: Corrective Action was taken June 2016

FINDING 2014 – 001 (e)

Fiscal Year 2014

Milan Kruszynski, Hammond Port Authority Director

Richard Szany, Finance Director

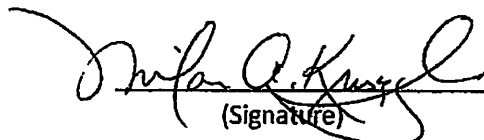
1-219-659-7678

Status of Audit Finding: Corrective Action started November 1, 2016

Description of Corrective Action Plan:

After reviewing the purchase orders and account payable vouchers, the Port Authority Director will initial said documents by his signature stamp authorizing payment. In his absence, the Finance Director will review and initial said documents authorizing payment.

Anticipated Completion Date: November 30, 2016


(Signature)

DIRECTOR
(Title)

11-2-2016
(Date)



Hammond Port Authority

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Richard Szary
(Signature)

FINANCE DIRECTOR
(Title)

11-2-2016
(Date)



Hammond Water Works Department

BUSINESS OFFICE
6505 COLUMBIA AVENUE
HAMMOND, INDIANA 46320-2554
TELEPHONE: (219) 853-6421
FAX: (219) 853-6554

BOARD OF DIRECTORS

Sharon Daniels
Bernard Grisolia
Robert Lendi
Paul Walker
Courtney Saczawa

MAYOR
Thomas M. McDermott, Jr.

CHIEF EXECUTIVE OPERATOR
Edward Krusa

ATTORNEY
Tim Ormes

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

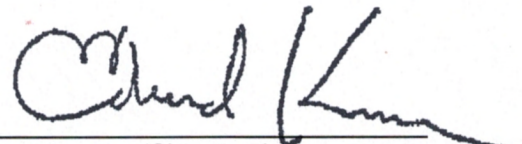
Fiscal year in which the finding initially occurred :2015

Contact Person Responsible for Corrective Action: Deborah L. Van Meter
Contact Phone Number: 219-853-6424

Status of Audit Finding: Due to the timing of the 2014 audit, corrective actions have not yet, been put into place.

The Water Utility is in the process of making some internal changes to aid in reporting of the City Share income, for their wholesale customers.

The Water Utility has entered into an agreement with Cender & Company LLC on a need be basis. The Water Utility will submit the City's cash amounts for review and accuracy prior to submitting them to the City for reporting purposes.



(Signature)

CEO
(Title)

November 7, 2016
(Date)





Thomas M. McDermott, Jr.
Mayor

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF HAMMOND

PHIL TAILLON
Executive Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 REPORTING

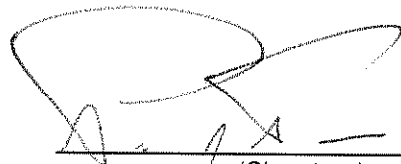
Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: US Department of Housing and Development (HUD)

Contact Person Responsible for Corrective Action: Philip Taillon, Executive Director

Contact Phone Number: (219) 853-7310

Status of Audit Finding: **The City's Department of Planning and Development will perform a reconciliation of its 2014, 2015 and 2016 NSP DRGR quarterly reports with the City's General Ledger and the Department's FileMaker Pro financial system in the 3rd Quarter of 2016. For all future reports, we will follow a revised procedure and this will correct the issue. This will be in place for the 1st Quarter of 2017.**



(Signature)

Executive Director

(Title)

11 / 4 / 2016

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



Heather Garay, J.D.
Controller

CITY OF HAMMOND

November 2, 2016

CORRECTIVE ACTION PLAN

FINDING 2015-001 – FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Heather Garay, City Controller
Contact Phone Number: 219-853-6324

Corrective Action Plan:

1. Lack of Segregation of Duties:

City:

- a. We concur with the finding.

The receipt clerk will record the receipts on the RDS system. Another employee will balance cash and credit card receipts to the system generated report, preparing the deposit. The receipt clerk will verify the deposit amount and take collections to the depository. Each employee will sign the deposit and receipt report verifying accuracy.

Anticipated Completion Date: January 1, 2017

- b. We concur with the finding.

The City's' current payroll software does not allow us to enter set amounts for additional pay beyond overtime. Any other additional pay, such as wellness bonuses, acting pay, etc. must be entered on a weekly basis. Payroll Clerks in the Police, Fire and Public Works departments will continue to have the ability to enter these additional according to the department time sheets. All time sheets or employment records for additional pay must be signed by a department supervisor and copies must be submitted to the Controller's office Payroll Administrator for verification against the payroll forecast. The Payroll Administrator will sign the forecast and documentation indicating the amounts agree. The department payroll clerks will not have the ability to change regular salary amounts within the system.

Anticipated Completion Date: January 1, 2017

City of Hammond
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5925 Calumet Avenue
Hammond, Indiana 46320

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www.gohammond.com

E-mail: garayh@gohammond.com





Heather Garay, J.D.
Controller

CITY OF HAMMOND

- c. We concur with the finding and have taken steps since the last audit to make corrections. Due to the timing of the 2013 and 2014 audits, many corrections were not put in place until after the current audit year.

The City took steps to address a similar finding from the 2013 audit in July of 2015. The third party administrator provides the City with a check register of checks in the batch, claim details for each check and actual checks. The insurance administrator tests 10% of each batch for accuracy. Each tested check is audited against the check register and claim detail for accurate amounts, payee and check number. Copies of the tested checks are maintained with the batch documentation. All checks are totaled and this amount verified against the total noted on the check register. The insurance administrator will now sign a sheet for each test batch that indicates the checks tested and verified. Going forward, the insurance administrator will create a claim for each batch and will attach a copy of the check register to the claim for Council verification. All employee and other personal information will be redacted from this copy of the register. Once approved by Council, the claim will be reviewed and stamped by the accounts payable clerk like all other claims and returned to the insurance administrator to mail out checks.

Anticipated Completion Date: January 1, 2017

- d. We concur with the finding and have taken steps since the last audit to make corrections. Due to the timing of the 2013 and 2014 audits, some corrections were not put in place until after the current audit year.

The City took steps to address a similar finding from the 2013 audit in July of 2015. The Payroll Administrator generates the withholding disbursements. The Deputy Controller prepares the quarterly withholding reports from the financial system. Going forward, any changes needed due to discrepancies between the disbursements and the reports will require review and signature by the Controller.

Anticipated Completion Date: January 1, 2017

2. *Monitoring of Controls:*

- a. We concur with the finding.

Management is in the process of developing and documenting an internal control plan for the City. The control plan will include guidelines for regular monitoring, testing and evaluation of controls to ensure continued effectiveness of controls and address new needs.

Management is working to improve the controls related to Cash and Investments and bank reconcilements. Management will obtain all trust statements and book activity in the system on a monthly basis. Trust information will be provided to the Banking Clerk for reconciliation. All banks will be reconciled to system generated record balances. Copies of record balances will be attached to bank reconcilements for monthly review by management.

Anticipated Completion Date: January 1, 2017

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Heather Garay, J.D.
Controller

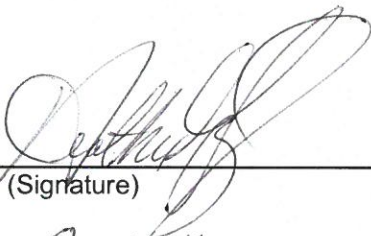
CITY OF HAMMOND

3. Preparing Financial Statements:

- a. We concur in the finding. However, it should be noted that due to the timing of the 2014 audit, audited financials were not available at the original time of reporting.

The City, Water Utility, Sanitary District and Port Authority operate on separate and distinct financial software. Each business manager is responsible for entering financial information on Gateway for their unit. Business managers will be required to provide supporting documentation and explanations of all entries to the Controller for review prior submission. Documentation will include recorded balances for each fund. The Controller will verify that beginning balances for all funds match audited ending balances of prior year. Water Utility will provide the cash summary report prepared for the Board to the Controller for verification of the clearing account. The completed financial report will be reviewed by another member of management for completeness and accuracy. The City is also exploring new financial software options that allow all units to be on the same system.

Anticipated Completion Date: February 1, 2017



(Signature)

Controller

(Title)

11/2/2014

(Date)

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Hammond Port Authority

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CORRECTIVE ACTION PLAN

FINDING 2015 – 001f

Richard Szany, Port Authority Finance Director

1-219-659-7678

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan:

After month end close, The Finance Director forwards the data to an outside firm to prepare monthly and year-to-date financial statements. The Finance Director will review the financial statements prepared by the outside firm for completeness and accuracy on a monthly basis, initial said statements and file for future audits.

Anticipated Completion Date: June 2016

Richard Szany
(Signature)

FINANCE DIRECTOR
(Title)

11-3-2016
(Date)



Hammond Port Authority

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CORRECTIVE ACTION PLAN

FINDING 2015 – 001e

Milan Kruszynski, Hammond Port Authority Director

Richard Szany, Finance Director

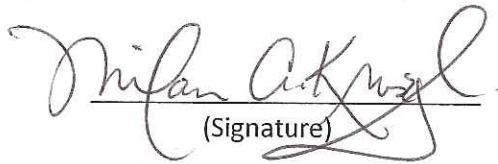
1-219-659-7678

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan:

After reviewing the purchase orders and account payable vouchers, the Port Authority Director will initial said documents by his signature stamp authorizing payment. In his absence, the Finance Director will review and initial said documents authorizing payment.

Anticipated Completion Date: November 2016



(Signature)

DIRECTOR
(Title)

11-3-2016
(Date)



(Signature)

FINANCE DIRECTOR
(Title)

11-3-2016
(Date)

SANITARY DISTRICT of HAMMOND

5143 COLUMBIA AVENUE
HAMMOND, INDIANA 46327-1794
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Board of Sanitary Commissioners

DEAN BUTTON, PE
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MICHAEL R. HAWKINS SR.



THOMAS McDERMOTT, JR.
Mayor

MARTY WIELGOS
District Manager

RACHEL MONTES
Business Manager

JOSEPH P. ALLEGRETTI
Legal Counsel

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: **Rachel Montes**

Contact Phone Number: **219-853-6413 ext. 503**

Views of Responsible Official:

Sanitary District

Item G – Once a bill is entered into the system, no system user can adjust the bill. After approval from the Business Manager, the Accounts Receivable Clerk can enter a credit memo to adjust a bill. Beginning in January 2017, the Business Manager will initial all credit memos to confirm oversight.

Item J – The payroll system generates the general ledger accounts automatically. The payroll system is divided by fund/department and no employee can be paid from a fund/department that does not contain their payroll information.

Description of Corrective Action Plan:

Item G – Beginning in January 2017, the Business Manager will initial all credit memos to confirm oversight.

Item H – Due to the staffing size and budget constraints, the Sanitary District cannot separate the accounts payable duties of recording the invoices and preparing the checks.

Item I – The current accounting software cannot restrict the ability to change the check number when printing checks. The Sanitary District is looking to switch software providers.

Item K – Due to the staffing size and budget constraints, the Sanitary District does not have an employee that reviews the cash amounts that are included in the City's financial statement.

For all the issues defined above, the District will explore testing or review procedures until additional staff can be budgeted.

Anticipated Completion Date: January 2017

Rachel Morth
(Signature)

Business Manager
(Title)

11/3/14
(Date)



Hammond Water Works Department

BUSINESS OFFICE
6505 COLUMBIA AVENUE
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BOARD OF DIRECTORS

Sharon Daniels
Bernard Grisolia
Robert Lendi
Paul Walker
Courtney Saczawa

MAYOR
Thomas M. McDermott, Jr.

CHIEF EXECUTIVE OPERATOR
Edward Krusa

ATTORNEY
Tim Ormes

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Deborah L. Van Meter
Contact Phone Number: 219-853-6424

We concur with the findings.

The Water Utility has made some internal changes to aid in reporting of the City Share income, for their wholesale customers.

The Water Utility has entered into an agreement with Cender & Company LLC on need be basis. The Water Utility will submit the City's cash amounts for review and accuracy prior to submitting them to the City for reporting purposes.

Anticipated Completion Date: December 31, 2016

(Signature)

CEO

(Title)

November 7, 2016

(Date)



OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.