

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, 2016 to December 31, 2016



FILED
03/27/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Heather Garay	01-01-16 to 12-31-18
Mayor	Thomas M. McDermott, Jr.	01-01-16 to 12-31-19
Clerk	Robert J. Golec	01-01-16 to 12-31-19
City Judge	Jeffrey Harkin Gerald P. Kray (Pro Tempore) Amy Jorgensen	01-01-15 to 04-22-16 04-23-16 to 11-20-16 11-21-16 to 12-31-19
President of the Board of Public Works and Safety	Stanley J. Dostatni	01-01-16 to 12-31-18
President of the Common Council	Michael Opinker Janet Venecz	01-01-16 to 07-28-16 07-29-16 to 12-31-18
Sanitary District Manager	Marty J. Wielgos	01-01-16 to 12-31-18
Sanitary District Business Manager	Rachel Montes	01-01-16 to 12-31-18
President of the Sanitary District Board of Commissioners	Dean Button	01-01-16 to 12-31-18
Chief Executive Operator of the Water Utility	Edward Krusa	01-01-16 to 12-31-18
Water Utility Office Manager	Deborah L. Van Meter	01-01-16 to 12-31-18
President of the Water Utility Board	Sharon M. Daniels	01-01-16 to 12-31-18
Director of the Port Authority	Milan A. Kruszynski	01-01-16 to 12-31-18
Chairman of the Port Authority Board of Directors	Thomas E. Kuhn	01-01-16 to 12-31-18
Port Authority Financial Director	Richard A. Szany	01-01-16 to 12-31-18



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, 2016, 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 (IC 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 from 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 to 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, 2016.

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, 2016, 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 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 February 7, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 7, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated February 7, 2018, 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 City'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 items 2016-001 and 2016-002, that we consider to be material weaknesses.

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)

Compliance and Other Matters

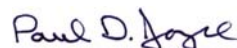
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 2016-002.

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

February 7, 2018

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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, 2016

Fund	Cash and Investments			Cash and Investments 12-31-16
	01-01-16	Receipts	Disbursements	
General	\$ 6,531,132	\$ 62,649,014	\$ 66,510,078	\$ 2,670,068
M.V.H.	3,193,158	3,952,530	4,921,638	2,224,050
LRS	42,971	3,691,315	650,000	3,084,286
Garbage Bins	17,435	9,542	11,162	15,815
Clks Perpetual	177,415	54,770	74,242	157,943
Deferral Program	247,743	89,234	89,614	247,363
Gaming Revenue	16,206,016	36,601,012	40,678,372	12,128,656
Park	(549,266)	3,986,375	3,756,392	(319,283)
Pretrial Div Pg	1,470	32,030	31,710	1,790
DECIT	873,084	2,711,224	1,950,274	1,634,034
HAZ-MAT	47,080	22,324	27,976	41,428
Major Moves	17,351	-	-	17,351
C.C.D.F.	619,091	199,780	100,442	718,429
C.C.I.F.	15,385	206,014	168,751	52,648
Self Insurance	897,188	20,869,851	19,325,917	2,441,122
Police Pension	2,749,463	4,951,838	4,460,034	3,241,267
Fire Pension	3,894,156	4,368,478	4,062,167	4,200,467
LOIT	(425,153)	2,697,780	2,477,381	(204,754)
Façade	56,462	200,000	139,371	117,091
Centrex	-	8,693	5,514	3,179
Diesel Fuel Tax	-	2,295	8,756	(6,461)
Demolition	461,383	653,832	629,298	485,917
Cut and Clean	236,133	377,057	191,613	421,577
Graffiti Removal	30	-	-	30
Homebound	21,626	104,044	97,831	27,839
Redevelopment Event Fund	168,198	2,300	76,050	94,448
NSP/Neigh Stab	(138,919)	170,091	11,969	19,203
Engineering	2,642,743	-	2,642,743	-
ASAP Grant	65,275	-	-	65,275
Columbia Plaza TIF	2,659,094	755,223	-	3,414,317
Lear TIF	3,189,505	364,170	-	3,553,675
Downtown TIF	4,205,824	786,465	569,019	4,423,270
Home Depot TIF	3,104,963	434,415	129,100	3,410,278
Woodmar TIF	3,923,683	944,013	4,235,678	632,018
Woodmar Gateways TIF	(11,016)	1,474,387	726,180	737,191
Gateways TIF	868,862	1,011,874	787,103	1,093,633
City Clerk Trust Funds	1,921,086	4,749,937	4,892,188	1,778,835
HIDTA	33,798	136,199	185,454	(15,457)
HIDTA Equipment Grant	386	-	-	386
Human Relations Grant	16,925	15,000	16,925	15,000
River Park Refunding General	148,190	2,160,588	2,308,778	-
Jobs Bill Bond General Fund	63,422	3,231,591	3,235,794	59,219
Jobs Bill Bond DSR	1,681,096	21,985	6	1,703,075
Potash Bond Construction	5,019,810	124,061	5,123,905	19,966
Potash bond DSR	1,121,225	113	-	1,121,338
Potash Bond General	154,044	1,472,671	1,472,650	154,065
Collateral ST #8	-	65,000	-	65,000
Recycling	-	430,266	280,266	150,000
Seatbelt Enforcement	(5,163)	7,979	7,475	(4,659)
Potash	2	1,472,651	1,472,650	3
Jobs Rebt	36,171	4	-	36,175
SEMA Grant	(205,697)	521,386	315,689	-
Park Bond	4,234	650,774	887,200	(232,192)
Park Bond Proceeds	618,705	200	417,953	200,952
Munster Steel Construction	2,438	7	2,445	-
Local Infraction Deferral	171,151	76,524	-	247,675
Special Events Fire	740	4,588	4,639	689
Jail Processing	(30,903)	32,185	39,344	(38,062)
Unilever TIF	77	-	-	77
Westpoint Allocation Area TIF	-	387,135	108,463	278,672
Gastevich Bond	1,123,103	-	1,007,930	115,173
Blight Elimination Program	43,585	211,458	258,354	(3,311)
Marina Construction	-	40	-	40
Munster Steel Bond & Interest	-	108,410	105,963	2,447
Thruport Bond & Interest	-	233,948	233,948	-
2008 Judgement Bond & Interest	-	599,563	599,563	-
Judgement Bond 2006 756777	-	383,498	383,498	-
Public Defender	1,575	-	-	1,575
Fed Forfeit Pro	112,742	134,102	52,353	194,491

CITY OF HAMMOND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Evidence Money	20,630	19,184	19,184	20,630
Police Donation	41,176	4,807	19,454	26,529
Park Activities	213,999	558,131	252,482	519,648
Background Cks	1,344	1,155	-	2,499
State Forfeited	10,461	16,513	8,366	18,608
Fed Prisoners	569,505	285,386	208,068	646,823
Impaired Driving	(6,445)	57,826	77,287	(25,906)
Redevelopment	-	408,888	400,259	8,629
Park/Tourism	1,469	16,020	17,489	-
Eco Dev/Tourism	51	10,800	3,356	7,495
CDBG Escrow	944,982	223,318	453,506	714,794
Human Relations	5,377	-	165	5,212
Public Safety	265,417	835,207	518,111	582,513
Water Hydrant	464,781	-	-	464,781
Penalties	1,485,104	2,792	654,208	833,688
Human Rel (Fed)	60,866	62,300	40,135	83,031
C. D. B. G.	(126,788)	2,661,442	2,656,456	(121,802)
Ambulance Fees	-	168,500	168,500	-
CDBG Donation	20,074	7,625	2,955	24,744
A.C. Donation	5,929	2,950	4,493	4,386
Vehicle Release	124,935	172,172	123,721	173,386
Unemployment	-	49,216	49,216	-
Adult Probation	91,165	131,342	147,440	75,067
Tovacco Ed/Judg	18,534	1,975	1,400	19,109
HENRY Unit	-	664,880	664,880	-
Park/Gaming	-	961,990	883,614	78,376
Afford Housing	(272,759)	856,634	705,584	(121,709)
Emergency/CDBG	52,757	211,463	211,463	52,757
Section 108	81,486	-	-	81,486
Technical Grant	1,502,403	-	-	1,502,403
Inspt/Rental	-	1,415,250	1,256,680	158,570
HD Bond 756775	-	126,252	126,250	2
Civil City Bond	454,208	978,882	984,533	448,557
RP Gam 756773	2,534,740	159,500	2,694,240	-
Cabela's/105415	-	726,181	726,180	1
Thruport	1,926,477	-	-	1,926,477
Cost Due County	294	201,882	201,882	294
Continuing Ed	136,983	141,550	84,335	194,198
Pay Withholding	127,720	13,632,459	13,571,897	188,282
Operations	1,573,884	18,151,734	16,522,436	3,203,182
Pre Treatment	542,993	505,504	389,920	658,577
Unemployment	50,001	780	780	50,001
Sewer	(69,979)	4,276,612	3,973,804	232,829
Storm Water	2,265,116	2,468,224	1,607,580	3,125,760
2010 Bond	3,353,058	3,233	882,684	2,473,607
Replacement	2,192,688	400,741	1,205,680	1,387,749
Debt Service Non Exempt	1,817,561	4,672,611	4,619,115	1,871,057
Debt Service Exempt	1,959,225	4,029,166	4,173,606	1,814,785
Capital Projects BAN	1,668,733	-	1,668,733	-
SRF Loan 7	7,635,056	746	2,750,069	4,885,733
Rainy Day Fund 1	-	277,003	277,003	-
Water Utility	2,091,911	13,863,302	13,130,454	2,824,759
Water Utility Clearing Fund	2,190,030	7,062,678	5,947,497	3,305,211
Marina Operations	549,561	2,968,310	3,049,471	468,400
Marina Construction	4,058,933	1,505,761	1,324,124	4,240,570
Gaming Fund	196,604	7,132,586	6,013,294	1,315,896
Lakefront Management	8,628	76,110	83,478	1,260
Lost Marsh Golf Course	563,101	1,689,785	1,831,213	421,673
Wolf Lake Operations	490,877	833,337	929,739	394,475
RDA Project	4,659	1,349,679	1,126,193	228,145
2008 Revenue Bond DSR	1,250,021	125	136	1,250,010
2008 Revenue Bond Debt Service	1,014,211	1,422,854	2,431,000	6,065
Payroll and Withholding	-	507,278	507,278	-
Totals	\$ 114,206,054	\$ 270,586,464	\$ 285,342,884	\$ 99,449,634

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. Amounts received from 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. Amounts received from businesses, occupations, or non-businesses 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 issued by the City include the following: general business licenses, automotive sales licenses, restaurants-bar licenses, retail food sales licenses, animal licenses, building and planning permits, demolition permits, electrical permits, and amusement device permits.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but 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. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

Participants

The City no longer has active employees covered under the plan. All current plan participants are retirees or their dependents.

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)

Participants

The City no longer has active employees covered under the plan. All current plan participants are retirees or their dependents.

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. Most are the result of reimbursements for expenditures of federal and state grants not received by December 31, 2016. One fund was the result of diesel fuel tax reimbursements by departments not received by December 31, 2016, due to the timing of the charge-backs for December 27, 2016, fuel taxes. One fund was the result of an audit adjustment accepted during the 2016 audit of the 2014-2015 financials. Due to the timing of the audit, the City was unable to reduce spending in this fund to cover the expense of the adjustment. This issue has been resolved in the 2017 budget. The remaining fund with a cash balance deficit is the result of expenditures exceeding receipts and available cash balances from previous years. The City has made an effort to reduce this amount and the issue will be resolved by December 31, 2017. The City has put in place monitoring controls to prevent future cash balance deficits.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatements

For the year ended December 31, 2016, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2015	New Fund	Balance as of January 1, 2016
Munster Steel Construction	\$ -	\$ 2,438	\$ 2,438
THRUPORT	-	1,926,477	1,926,477

Note 9. Holding Corporation

The City has 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 during the year 2016 totaled \$895,000.

Note 10. Subsequent Events

New Major Debt

The City issued the following new major debt in 2017:

- I. The Hammond Water Works is currently pursuing financing for electrical upgrades to the plant. This debt will be between \$6 and \$8 million dollars and will be repaid by water revenues. Financing is expected to be secured early in 2018.
- II. On August 2, 2016, the City 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 the City. Final loan documents will be executed by early 2018.
- III. On May 18, 2017, the Hammond Port Authority issued revenue bonds in the amount of \$17,025,000. This debt will finance improvements to the Hammond Marina, Wolf Lake Memorial Park, Lost Marsh, and other facilities.
- IV. In May of 2017, the City entered into a Guaranteed Energy Savings Contract with Leopardo Energy for \$13,513,760. This note is subject to annual appropriations under Indiana Code 36-1-12.5. This note will finance energy efficiency upgrades to City buildings and fleet.
- V. On December 12, 2017, the District adopted Resolution 64-2017 authorizing the refunding of Special Taxing District Bonds, Series 2006A, 2007B, and 2010 in the amount not to exceed \$23,500,000. The Common Council also approved the refunding by adopting Resolution 17R-36 on December 18, 2017. The District anticipates to complete the refunding of the bonds by January 31, 2018.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

The District is considering the issuance of \$11,500,000 of Special Taxing District Bonds that is anticipated to close by the end of the first quarter of 2018. The District had previously authorized the issuance of \$77 million in Special Taxing District Bonds which was adopted on December 11, 2011, and the proposed bonds are a part of the previously authorized bond amount.

Wastewater Service Rate Increase

On March 28, 2017, 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	\$2.31
Increase of bi-monthly base charge	\$16.79
Commercial Customers	
Increase of monthly flow charge per 1,000 gallons	\$4.90
Increase of bi-monthly base charge	\$16.79
Industrial Customers per lb.	
Increase Carbonaceous Oxygen Demand (COD)	\$0.19
Increase Suspended Solids (SS)	\$0.31
Increase Total Kjeldahl Nitrogen (TKN)	\$1.00

The Common Council approved the rate increase on June 12, 2017. The Munster Town Council approved the rate increase on June 19, 2017. The new rates were set to take effect on July 15, 2017.

Capital Acquisitions - Sanitary District

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:

- Property Acquisition \$2,114,000
- Storm Basin and Appurtenances \$2,164,824
- Engineering, Legal, and Administration \$216,482

Note 11. 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.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 12. Noncompliance - Legal/Contractual Provisions

In April of 1999, the Hammond Sanitary District (HSD) and the United States, through the Environmental Protection Agency (EPA) and the State of Indiana, through the Indiana Department of Environmental Management (IDEM) reached a settlement regarding alleged violations of the Clean Water Act, 33 U.S.C. Sec. 1251 et seq., which was documented in a consent decree entered by the United States District Court in cause number 2:93-CV-225-JM. Among other things, the Consent Decree prohibited HSD from violating the effluent limitations in its National Pollutant Discharge Elimination System ("NPDES") permit, discharging dry weather flows through any Combined Sewer Overflows ("CSO"), and required that HSD design and construct facilities as needed to eliminate the use of the Columbia Ave., Sohl Ave., and Johnson Ave. CSOs according to a schedule contained in Article V.c of the Consent Decree. After a timely submission of a schedule for the design and construction of "CSO improvements," construction was delayed due in large part to lack of consensus on the size of the CSO retention basin and the terms to be contained in an Amended Consent Decree that would provide for extended deadlines. In June 2011, EPA and IDEM submitted an amended draft Consent Decree that provided for full operation of the basin project by the end of 2013, but the parties failed to agree on the design criteria. Negotiations broke down and on August 15, 2011, the Agencies notified HSD that they were seeking \$2,437,000 in stipulated penalties for failing to complete design and construction of the CSO Control Project, violating the prohibition against dry weather overflows, and violating its NPDES permit effluent limitations.

Thereafter, the HSD invoked the formal dispute resolution process provided in the 1999 Consent Decree and on November 18, 2011, the Agencies lowered its 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, the 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. The HSD continues to dispute a large portion of the penalty assessed by the EPA that is the subject of the appeal and has noted to the EPA, IDEM, and the Court that the major CSO improvements required by the 1999 Consent Decree have now been constructed and are operational.

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

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	General	M.V.H.	LRS	Garbage Bins	Clks Perpetual	Deferral Program	Gaming Revenue
Cash and investments - beginning	\$ 6,531,132	\$ 3,193,158	\$ 42,971	\$ 17,435	\$ 177,415	\$ 247,743	\$ 16,206,016
Receipts:							
Taxes	27,318,001	773,601	2,903,752	-	-	-	-
Licenses and permits	2,450,361	-	-	-	-	-	-
Intergovernmental receipts	4,395,478	2,952,571	787,563	-	-	-	30,291,399
Charges for services	13,486,173	-	-	-	-	-	-
Fines and forfeits	486,941	-	-	-	-	89,234	-
Utility fees	-	-	-	-	-	-	-
Other receipts	14,512,060	226,358	-	9,542	54,770	-	6,309,613
Total receipts	62,649,014	3,952,530	3,691,315	9,542	54,770	89,234	36,601,012
Disbursements:							
Personal services	42,687,086	3,880,428	-	-	28,429	-	12,000
Supplies	1,214,454	587,476	650,000	-	-	-	-
Other services and charges	18,377,648	453,734	-	-	45,813	89,614	1,054,539
Debt service - principal and interest	3,281,626	-	-	-	-	-	8,418,994
Capital outlay	719,886	-	-	11,162	-	-	12,678,287
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	229,378	-	-	-	-	-	18,514,552
Total disbursements	66,510,078	4,921,638	650,000	11,162	74,242	89,614	40,678,372
Excess (deficiency) of receipts over disbursements	(3,861,064)	(969,108)	3,041,315	(1,620)	(19,472)	(380)	(4,077,360)
Cash and investments - ending	\$ 2,670,068	\$ 2,224,050	\$ 3,084,286	\$ 15,815	\$ 157,943	\$ 247,363	\$ 12,128,656

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Park	Pretrial Div Pg	DECIT	HAZ-MAT	Major Moves	C.C.D.F.	C.C.I.F.
Cash and investments - beginning	\$ (549,266)	\$ 1,470	\$ 873,084	\$ 47,080	\$ 17,351	\$ 619,091	\$ 15,385
Receipts:							
Taxes	3,449,750	-	-	-	-	187,024	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	235,867	-	2,711,224	-	-	12,756	206,014
Charges for services	266,909	-	-	22,324	-	-	-
Fines and forfeits	-	32,030	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	33,849	-	-	-	-	-	-
Total receipts	3,986,375	32,030	2,711,224	22,324	-	199,780	206,014
Disbursements:							
Personal services	3,081,938	-	-	-	-	-	-
Supplies	276,224	-	-	-	-	-	-
Other services and charges	394,160	31,710	1,622,383	27,976	-	-	168,751
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,070	-	327,891	-	-	100,442	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,756,392	31,710	1,950,274	27,976	-	100,442	168,751
Excess (deficiency) of receipts over disbursements	229,983	320	760,950	(5,652)	-	99,338	37,263
Cash and investments - ending	\$ (319,283)	\$ 1,790	\$ 1,634,034	\$ 41,428	\$ 17,351	\$ 718,429	\$ 52,648

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Self Insurance	Police Pension	Fire Pension	LOIT	Façade	Centrex	Diesel Fuel Tax
Cash and investments - beginning	\$ 897,188	\$ 2,749,463	\$ 3,894,156	\$ (425,153)	\$ 56,462	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	2,697,780	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	20,869,851	4,951,838	4,368,478	-	200,000	8,693	2,295
Total receipts	20,869,851	4,951,838	4,368,478	2,697,780	200,000	8,693	2,295
Disbursements:							
Personal services	567,187	12,518	13,443	2,477,381	-	-	-
Supplies	-	694	609	-	-	-	-
Other services and charges	18,758,730	4,446,822	4,048,115	-	139,371	5,514	8,756
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	19,325,917	4,460,034	4,062,167	2,477,381	139,371	5,514	8,756
Excess (deficiency) of receipts over disbursements	1,543,934	491,804	306,311	220,399	60,629	3,179	(6,461)
Cash and investments - ending	\$ 2,441,122	\$ 3,241,267	\$ 4,200,467	\$ (204,754)	\$ 117,091	\$ 3,179	\$ (6,461)

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Demolition	Cut and Clean	Graffiti Removal	Homebound	Redevelopment Event Fund	NSP/Neigh Stab	Engineering
Cash and investments - beginning	\$ 461,383	\$ 236,133	\$ 30	\$ 21,626	\$ 168,198	\$ (138,919)	\$ 2,642,743
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	653,832	377,057	-	104,044	2,300	170,091	-
Total receipts	653,832	377,057	-	104,044	2,300	170,091	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	554,298	191,613	-	97,831	76,050	11,969	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	75,000	-	-	-	-	-	2,642,743
Total disbursements	629,298	191,613	-	97,831	76,050	11,969	2,642,743
Excess (deficiency) of receipts over disbursements	24,534	185,444	-	6,213	(73,750)	158,122	(2,642,743)
Cash and investments - ending	\$ 485,917	\$ 421,577	\$ 30	\$ 27,839	\$ 94,448	\$ 19,203	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	ASAP Grant	Columbia Plaza TIF	Lear TIF	Downtown TIF	Home Depot TIF	Woodmar TIF	Woodmar Gateways TIF
Cash and investments - beginning	\$ 65,275	\$ 2,659,094	\$ 3,189,505	\$ 4,205,824	\$ 3,104,963	\$ 3,923,683	\$ (11,016)
Receipts:							
Taxes	-	755,223	364,170	786,465	434,415	944,013	1,474,387
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	755,223	364,170	786,465	434,415	944,013	1,474,387
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	569,019	129,100	4,235,678	726,180
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	569,019	129,100	4,235,678	726,180
Excess (deficiency) of receipts over disbursements	-	755,223	364,170	217,446	305,315	(3,291,665)	748,207
Cash and investments - ending	\$ 65,275	\$ 3,414,317	\$ 3,553,675	\$ 4,423,270	\$ 3,410,278	\$ 632,018	\$ 737,191

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Gateways TIF	City Clerk Trust Funds	HIDTA	HIDTA Equipment Grant	Human Relations Grant	River Park Refunding General	Jobs Bill Bond General Fund
Cash and investments - beginning	\$ 868,862	\$ 1,921,086	\$ 33,798	\$ 386	\$ 16,925	\$ 148,190	\$ 63,422
Receipts:							
Taxes	582,598	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	136,199	-	15,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	429,276	4,749,937	-	-	-	2,160,588	3,231,591
Total receipts	1,011,874	4,749,937	136,199	-	15,000	2,160,588	3,231,591
Disbursements:							
Personal services	-	-	185,454	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	787,103	-	-	-	16,925	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	4,892,188	-	-	-	2,308,778	3,235,794
Total disbursements	787,103	4,892,188	185,454	-	16,925	2,308,778	3,235,794
Excess (deficiency) of receipts over disbursements	224,771	(142,251)	(49,255)	-	(1,925)	(148,190)	(4,203)
Cash and investments - ending	\$ 1,093,633	\$ 1,778,835	\$ (15,457)	\$ 386	\$ 15,000	\$ -	\$ 59,219

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Jobs Bill Bond DSR	Potash Bond Construction	Potash bond DSR	Potash Bond General	Collateral ST #8	Recycling	Seatbelt Enforcement
Cash and investments - beginning	\$ 1,681,096	\$ 5,019,810	\$ 1,121,225	\$ 154,044	\$ -	\$ -	\$ (5,163)
Receipts:							
Taxes	-	-	-	-	-	430,266	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	7,979
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	21,985	124,061	113	1,472,671	65,000	-	-
Total receipts	21,985	124,061	113	1,472,671	65,000	430,266	7,979
Disbursements:							
Personal services	-	-	-	-	-	-	7,475
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	280,266	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	5,000,000	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	6	123,905	-	1,472,650	-	-	-
Total disbursements	6	5,123,905	-	1,472,650	-	280,266	7,475
Excess (deficiency) of receipts over disbursements	21,979	(4,999,844)	113	21	65,000	150,000	504
Cash and investments - ending	\$ 1,703,075	\$ 19,966	\$ 1,121,338	\$ 154,065	\$ 65,000	\$ 150,000	\$ (4,659)

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Potash	Jobs Rebt	SEMA Grant	Park Bond	Park Bond Proceeds	Munster Steel Construction	Local Infraction Deferral
Cash and investments - beginning	\$ 2	\$ 36,171	\$ (205,697)	\$ 4,234	\$ 618,705	\$ 2,438	\$ 171,151
Receipts:							
Taxes	-	-	-	613,781	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	521,386	36,993	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,472,651	4	-	-	200	7	76,524
Total receipts	1,472,651	4	521,386	650,774	200	7	76,524
Disbursements:							
Personal services	-	-	315,689	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	887,200	-	-	-
Capital outlay	-	-	-	-	417,953	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,472,650	-	-	-	-	2,445	-
Total disbursements	1,472,650	-	315,689	887,200	417,953	2,445	-
Excess (deficiency) of receipts over disbursements	1	4	205,697	(236,426)	(417,753)	(2,438)	76,524
Cash and investments - ending	\$ 3	\$ 36,175	\$ -	\$ (232,192)	\$ 200,952	\$ -	\$ 247,675

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Special Events Fire	Jail Processing	Unilever TIF	Westpoint Allocation Area TIF	Gastevich Bond	Blight Elimination Program	Marina Construction
Cash and investments - beginning	\$ 740	\$ (30,903)	\$ 77	\$ -	\$ 1,123,103	\$ 43,585	\$ -
Receipts:							
Taxes	-	-	-	387,135	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	32,185	-	-	-	211,458	-
Charges for services	4,588	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	40
Total receipts	4,588	32,185	-	387,135	-	211,458	40
Disbursements:							
Personal services	4,639	39,344	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	108,463	1,007,930	258,354	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	4,639	39,344	-	108,463	1,007,930	258,354	-
Excess (deficiency) of receipts over disbursements	(51)	(7,159)	-	278,672	(1,007,930)	(46,896)	40
Cash and investments - ending	\$ 689	\$ (38,062)	\$ 77	\$ 278,672	\$ 115,173	\$ (3,311)	\$ 40

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Munster Steel Bond & Interest	Thruport Bond & Interest	2008 Judgement Bond & Interest	Judgement Bond 2006 756777	Public Defender	Fed Forfeit Pro	Evidence Money
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,575	\$ 112,742	\$ 20,630
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	134,102	-
Utility fees	-	-	-	-	-	-	-
Other receipts	108,410	233,948	599,563	383,498	-	-	19,184
Total receipts	108,410	233,948	599,563	383,498	-	134,102	19,184
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	52,353	19,184
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	105,963	233,948	599,563	383,498	-	-	-
Total disbursements	105,963	233,948	599,563	383,498	-	52,353	19,184
Excess (deficiency) of receipts over disbursements	2,447	-	-	-	-	81,749	-
Cash and investments - ending	\$ 2,447	\$ -	\$ -	\$ -	\$ 1,575	\$ 194,491	\$ 20,630

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Police Donation	Park Activities	Background Cks	State Forfeited	Fed Prisoners	Impaired Driving	Redevelopment
Cash and investments - beginning	\$ 41,176	\$ 213,999	\$ 1,344	\$ 10,461	\$ 569,505	\$ (6,445)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	392,625
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	57,826	16,194
Charges for services	-	-	1,155	-	-	-	-
Fines and forfeits	-	-	-	16,513	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,807	558,131	-	-	285,386	-	69
Total receipts	4,807	558,131	1,155	16,513	285,386	57,826	408,888
Disbursements:							
Personal services	-	33,769	-	-	-	77,287	338,693
Supplies	-	-	-	-	-	-	8,903
Other services and charges	19,454	218,713	-	8,366	208,068	-	27,663
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	25,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	19,454	252,482	-	8,366	208,068	77,287	400,259
Excess (deficiency) of receipts over disbursements	(14,647)	305,649	1,155	8,147	77,318	(19,461)	8,629
Cash and investments - ending	\$ 26,529	\$ 519,648	\$ 2,499	\$ 18,608	\$ 646,823	\$ (25,906)	\$ 8,629

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Park/Tourism	Eco Dev/ Tourism	CDBG Escrow	Human Relations	Public Safety	Water Hydrant	Penalties
Cash and investments - beginning	\$ 1,469	\$ 51	\$ 944,982	\$ 5,377	\$ 265,417	\$ 464,781	\$ 1,485,104
Receipts:							
Taxes	16,020	10,800	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	835,207	-	-
Charges for services	-	-	160,279	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	2,792
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	63,039	-	-	-	-
Total receipts	16,020	10,800	223,318	-	835,207	-	2,792
Disbursements:							
Personal services	-	-	-	-	1,629	-	642,518
Supplies	-	-	-	-	-	-	3,489
Other services and charges	17,489	3,356	453,506	165	-	-	7,966
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	516,482	-	235
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	17,489	3,356	453,506	165	518,111	-	654,208
Excess (deficiency) of receipts over disbursements	(1,469)	7,444	(230,188)	(165)	317,096	-	(651,416)
Cash and investments - ending	\$ -	\$ 7,495	\$ 714,794	\$ 5,212	\$ 582,513	\$ 464,781	\$ 833,688

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Human Rel (Fed)	C.D.B.G.	Ambulance Fees	CDBG Donation	A.C. Donation	Vehicle Release	Unemployment
Cash and investments - beginning	\$ 60,866	\$ (126,788)	\$ -	\$ 20,074	\$ 5,929	\$ 124,935	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	62,300	2,628,564	-	-	-	-	-
Charges for services	-	-	168,500	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	32,878	-	7,625	2,950	172,172	49,216
Total receipts	62,300	2,661,442	168,500	7,625	2,950	172,172	49,216
Disbursements:							
Personal services	13,311	589,712	-	-	-	-	49,216
Supplies	-	-	-	-	4,493	-	-
Other services and charges	26,824	2,066,744	-	2,955	-	123,721	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	168,500	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	40,135	2,656,456	168,500	2,955	4,493	123,721	49,216
Excess (deficiency) of receipts over disbursements	22,165	4,986	-	4,670	(1,543)	48,451	-
Cash and investments - ending	\$ 83,031	\$ (121,802)	\$ -	\$ 24,744	\$ 4,386	\$ 173,386	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Adult Probation	Tovacco Ed/Judg	HENRY Unit	Park/Gaming	Afford Housing	Emergency/ CDBG	Section 108
Cash and investments - beginning	\$ 91,165	\$ 18,534	\$ -	\$ -	\$ (272,759)	\$ 52,757	\$ 81,486
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	587,605	211,463	-
Charges for services	-	-	-	726,990	-	-	-
Fines and forfeits	131,342	1,975	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	664,880	235,000	269,029	-	-
Total receipts	131,342	1,975	664,880	961,990	856,634	211,463	-
Disbursements:							
Personal services	140,667	-	664,880	127,028	-	-	-
Supplies	2,413	-	-	-	-	-	-
Other services and charges	4,360	1,400	-	756,586	705,584	211,463	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	147,440	1,400	664,880	883,614	705,584	211,463	-
Excess (deficiency) of receipts over disbursements	(16,098)	575	-	78,376	151,050	-	-
Cash and investments - ending	\$ 75,067	\$ 19,109	\$ -	\$ 78,376	\$ (121,709)	\$ 52,757	\$ 81,486

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Technical Grant	Insptr/Rental	HD Bond 756775	Civil City Bond	RP Gam 756773	Cabela's/ 105415
Cash and investments - beginning	\$ 1,502,403	\$ -	\$ -	\$ 454,208	\$ 2,534,740	\$ -
Receipts:						
Taxes	-	-	-	923,220	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	55,662	-	-
Charges for services	-	214,979	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,200,271	126,252	-	159,500	726,181
Total receipts	-	1,415,250	126,252	978,882	159,500	726,181
Disbursements:						
Personal services	-	1,081,861	-	-	-	-
Supplies	-	31,607	-	-	-	-
Other services and charges	-	142,861	-	-	-	-
Debt service - principal and interest	-	-	-	984,533	-	-
Capital outlay	-	351	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	126,250	-	2,694,240	726,180
Total disbursements	-	1,256,680	126,250	984,533	2,694,240	726,180
Excess (deficiency) of receipts over disbursements	-	158,570	2	(5,651)	(2,534,740)	1
Cash and investments - ending	\$ 1,502,403	\$ 158,570	\$ 2	\$ 448,557	\$ -	\$ 1

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Thruport	Cost Due County	Continuing Ed	Pay Withholding	Operations	Pre Treatment
Cash and investments - beginning	\$ 1,926,477	\$ 294	\$ 136,983	\$ 127,720	\$ 1,573,884	\$ 542,993
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	33,760	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	201,882	-	-	-	-
Utility fees	-	-	-	-	16,306,035	398,896
Other receipts	-	-	107,790	13,632,459	1,845,699	106,608
Total receipts	-	201,882	141,550	13,632,459	18,151,734	505,504
Disbursements:						
Personal services	-	-	-	13,571,897	3,645,188	117,216
Supplies	-	-	-	-	-	-
Other services and charges	-	201,882	84,335	-	466,166	-
Debt service - principal and interest	-	-	-	-	331,330	-
Capital outlay	-	-	-	-	82,586	32,176
Utility operating expenses	-	-	-	-	11,335,013	100,752
Other disbursements	-	-	-	-	662,153	139,776
Total disbursements	-	201,882	84,335	13,571,897	16,522,436	389,920
Excess (deficiency) of receipts over disbursements	-	-	57,215	60,562	1,629,298	115,584
Cash and investments - ending	\$ 1,926,477	\$ 294	\$ 194,198	\$ 188,282	\$ 3,203,182	\$ 658,577

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Unemployment	Sewer	Storm Water	2010 Bond	Replacement	Debt Service Non Exempt
Cash and investments - beginning	\$ 50,001	\$ (69,979)	\$ 2,265,116	\$ 3,353,058	\$ 2,192,688	\$ 1,817,561
Receipts:						
Taxes	-	2,295,557	-	-	-	4,613,731
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	37,745	-	-	-	58,880
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	2,266,981	-	-	-
Other receipts	780	1,943,310	201,243	3,233	400,741	-
Total receipts	780	4,276,612	2,468,224	3,233	400,741	4,672,611
Disbursements:						
Personal services	-	954,505	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	13,764	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	4,616,715
Capital outlay	-	85,853	-	789,130	633,341	-
Utility operating expenses	780	1,813,610	22,122	72,713	2,122	-
Other disbursements	-	1,106,072	1,585,458	20,841	570,217	2,400
Total disbursements	780	3,973,804	1,607,580	882,684	1,205,680	4,619,115
Excess (deficiency) of receipts over disbursements	-	302,808	860,644	(879,451)	(804,939)	53,496
Cash and investments - ending	\$ 50,001	\$ 232,829	\$ 3,125,760	\$ 2,473,607	\$ 1,387,749	\$ 1,871,057

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Debt Service Exempt	Capital Projects BAN	SRF Loan 7	Rainy Day Fund 1	Water Utility	Water Utility Clearing Fund
Cash and investments - beginning	\$ 1,959,225	\$ 1,668,733	\$ 7,635,056	\$ -	\$ 2,091,911	\$ 2,190,030
Receipts:						
Taxes	3,463,462	-	-	277,003	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	44,204	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	13,851,826	7,062,678
Other receipts	521,500	-	746	-	11,476	-
Total receipts	4,029,166	-	746	277,003	13,863,302	7,062,678
Disbursements:						
Personal services	-	-	-	-	4,947,538	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	1,664,188	-
Debt service - principal and interest	3,651,056	-	-	-	-	-
Capital outlay	-	1,200,381	2,630,458	136,741	-	-
Utility operating expenses	1,050	31	119,607	140,262	5,903,728	-
Other disbursements	521,500	468,321	4	-	615,000	5,947,497
Total disbursements	4,173,606	1,668,733	2,750,069	277,003	13,130,454	5,947,497
Excess (deficiency) of receipts over disbursements	(144,440)	(1,668,733)	(2,749,323)	-	732,848	1,115,181
Cash and investments - ending	\$ 1,814,785	\$ -	\$ 4,885,733	\$ -	\$ 2,824,759	\$ 3,305,211

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Marina Operations	Marina Construction	Gaming Fund	Lakefront Management	Lost Marsh Golf Course	Wolf Lake Operations
Cash and investments - beginning	\$ 549,561	\$ 4,058,933	\$ 196,604	\$ 8,628	\$ 563,101	\$ 490,877
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	7,000,000	-	-	-
Charges for services	1,463,779	-	60,000	31,110	1,088,405	83,051
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,504,531	1,505,761	72,586	45,000	601,380	750,286
Total receipts	2,968,310	1,505,761	7,132,586	76,110	1,689,785	833,337
Disbursements:						
Personal services	1,088,856	-	482,842	72,567	817,176	370,893
Supplies	756,323	-	-	1,086	558,365	61,471
Other services and charges	1,065,401	565,059	376,911	9,825	328,600	198,538
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	50,440	356,796	-	-	118,551	44,639
Utility operating expenses	-	-	-	-	-	-
Other disbursements	88,451	402,269	5,153,541	-	8,521	254,198
Total disbursements	3,049,471	1,324,124	6,013,294	83,478	1,831,213	929,739
Excess (deficiency) of receipts over disbursements	(81,161)	181,637	1,119,292	(7,368)	(141,428)	(96,402)
Cash and investments - ending	\$ 468,400	\$ 4,240,570	\$ 1,315,896	\$ 1,260	\$ 421,673	\$ 394,475

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RDA Project	2008 Revenue Bond DSR	2008 Revenue Bond Debt Service	Payroll and Withholding	Totals
Cash and investments - beginning	\$ 4,659	\$ 1,250,021	\$ 1,014,211	\$ -	\$ 114,206,054
Receipts:					
Taxes	-	-	-	-	53,396,999
Licenses and permits	-	-	-	-	2,484,121
Intergovernmental receipts	947,410	-	-	-	57,794,912
Charges for services	-	-	-	-	17,778,242
Fines and forfeits	-	-	-	-	1,096,811
Utility fees	-	-	-	-	39,886,416
Other receipts	402,269	125	1,422,854	507,278	98,148,963
Total receipts	1,349,679	125	1,422,854	507,278	270,586,464
Disbursements:					
Personal services	-	-	-	-	83,142,260
Supplies	-	-	-	-	4,157,607
Other services and charges	798,155	-	-	-	69,576,020
Debt service - principal and interest	-	-	2,431,000	-	24,602,454
Capital outlay	-	-	-	-	26,131,351
Utility operating expenses	-	-	-	-	19,511,790
Other disbursements	328,038	136	-	507,278	58,221,402
Total disbursements	1,126,193	136	2,431,000	507,278	285,342,884
Excess (deficiency) of receipts over disbursements	223,486	(11)	(1,008,146)	-	(14,756,420)
Cash and investments - ending	\$ 228,145	\$ 1,250,010	\$ 6,065	\$ -	\$ 99,449,634

CITY OF HAMMOND
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Sanitary District	\$ 3,720,070	\$ 6,445,140
Water Utility	2,565,702	13,980
Governmental activities	<u>4,217,763</u>	<u>10,520,824</u>
Totals	<u>\$ 10,503,535</u>	<u>\$ 16,979,944</u>

CITY OF HAMMOND
SCHEDULE OF LEASES AND DEBT
December 31, 2016

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	91,641	08/10/2014	08/01/2017
Hammond Sanitary District Building Corporation	Administration Building	1,150,000	04/22/2014	07/15/2033
Total Sanitary District		1,241,641		
Total of annual lease payments		<u>\$ 1,434,247</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	\$ 375,000	\$ 382,969
General obligation bonds	General Obligation Judgment Funding Bonds Series 2008A	1,665,000	596,417
General obligation bonds	City of Hammond IN General Obligation Park Bonds Series 2014	6,365,000	881,950
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 IN Taxable Economic Development Revenue Bonds Series 2015A (Gateway Area Project)	1,520,000	238,657
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2015 (ThruPort Project)	2,895,000	223,750
Revenue bonds	City of Hammond IN Revenue Bonds Series 2015A (Taxable)	34,230,000	3,065,219
Revenue bonds	City of Hammond Economic Development Revenue Bonds Series 2012	8,050,000	1,465,850
Revenue bonds	City of Hammond Revenue Loan Series 2012	6,115,000	6,321,326
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2013 (Munster Steel Project)	2,210,000	208,213
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2006 (Home Depot)	645,000	126,000
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2007 (Cabela's)	20,695,000	2,618,501
Notes and loans payable	HUD 108 Series 2006-A	849,000	370,556
Total governmental activities		<u>89,114,000</u>	<u>16,639,408</u>
Sanitary District:			
General obligation bonds	Series 2013A	47,300,000	3,553,540
General obligation bonds	Series 2015C	5,185,000	651,576
General obligation bonds	Special Taxing District Bond Series 2014	8,955,000	1,887,813
General obligation bonds	2010 Special Taxing District Bond Series A	7,430,000	730,875
Notes and loans payable	Series 2007B	14,930,000	1,627,649
Notes and loans payable	Series 2006 A	1,300,000	154,571
Total Sanitary District		<u>85,100,000</u>	<u>8,606,024</u>
Port Authority:			
Revenue bonds	Redevelopment District Revenue Bonds Series 2008 (Golf Course)	1,184,500	1,184,500
Totals		<u>\$ 175,398,500</u>	<u>\$ 26,429,932</u>

CITY OF HAMMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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	\$ 79,864,463
Infrastructure	187,527,305
Buildings	52,232,706
Improvements other than buildings	76,452,074
Machinery, equipment, and vehicles	24,806,096
Construction in progress	<u>28,821,618</u>
Total governmental activities	<u>449,704,262</u>
Sanitary District:	
Land	1,217,334
Infrastructure	120,015,643
Buildings	28,017,557
Machinery, equipment, and vehicles	20,449,290
Construction in progress	<u>4,927,600</u>
Total Sanitary District	<u>174,627,424</u>
Water Utility:	
Land	134,466
Infrastructure	60,243,033
Buildings	22,139,422
Machinery, equipment, and vehicles	1,638,586
Construction in progress	2,214,376
Books and other	<u>13,195</u>
Total Water Utility	<u>86,383,078</u>
Port Authority:	
Land	5,601,482
Infrastructure	10,461,172
Buildings	23,580,669
Improvements other than buildings	18,038,044
Machinery, equipment, and vehicles	4,136,059
Construction in progress	<u>130,990</u>
Total Port Authority	<u>61,948,416</u>
Total capital assets	<u>\$ 772,663,180</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: www.in.gov/sboa

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

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

Report on Compliance for Each 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 each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003 and 2016-004, that we consider to be material weaknesses.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

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

February 7, 2018

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, 2016

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>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct grant	14.218	B14MC180006 B15MC180006 B16MC180006	\$ 56,178 143,721 84,473	\$ 453,769 1,822,060 352,735
Total - Community Development Block Grants/Entitlement Grants				284,372	2,628,564
Total - CDBG - Entitlement Grants Cluster				284,372	2,628,564
Emergency Solutions Grants Program					
Emergency Solutions Grants Program	Direct grant	14.231	E14MC180006 E15MC180006 E16MC180006	9,022 134,397 68,044	9,022 134,397 68,044
Total - Emergency Solutions Grants Program				211,463	211,463
Home Investment Partnerships Program					
Home Investment Partnerships Program	Direct grant	14.239	M10MC180204 M11MC180204 M14MC180204 M15MC180204 M16MC180204	- - - - -	2,242 307,437 28,208 232,369 17,348
Total - Home Investment Partnerships Program				-	587,604
Total - Department of Housing and Urban Development				495,835	3,427,631
<u>Department of Justice</u>					
Equitable Sharing Program	Direct grant	16.922	FY 2016	-	52,353
Total - Department of Justice				-	52,353
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES # 0500821 DES # 0710062 DES # 1297017 DES # 1297253 DES # 1382659 DES # 1173428	- - - - - -	69,527 93,305 2,501,117 114,253 53,239 317,201
Total - Highway Planning and Construction Cluster				-	3,148,642
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	D3158932	-	57,826
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601	D3159942	-	32,185
Occupant Protection Incentive Grants	Indiana Criminal Justice Institute	20.602	D3159162	-	7,979
Total - Highway Safety Cluster				-	97,990
Total - Department of Transportation				-	3,246,632
<u>Environmental Protection Agency</u>					
Beach Monitoring and Notification Program Implementation Grants	Indiana Department of Environmental Management	66.472	CU-04E73102	-	10,819
Total - Environmental Protection Agency				-	10,819
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct grant	97.083	EMW-2013-FH-00107	-	521,386
Total - Department of Homeland Security				-	521,386
Total federal awards expended				\$ 495,835	\$ 7,258,821

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, 2016. 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.

Note 3. *Section 108*

On August 2, 2016, the City 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 the City. Final loan documents will be executed by early 2018.

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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
97.083	CDBG - Entitlement Grants Cluster Staffing for Adequate Fire and Emergency Response (SAFER)	Unmodified 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 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-001.

Condition

There were several deficiencies in the internal control system of the City related to Financial Transactions and Reporting.

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

Lack of Segregation of Duties: The City had not separated incompatible activities related to Cash and Investments, Disbursements, and Financial Close and Reporting.

City

- Cash and investments and bank reconcilements: The City implemented a control over cash and investments and trust bank reconcilements, which was not effective.

Sanitary District

- The Accounts Payable Clerk prepared the checks and recorded the invoices to the accounting system without oversight or review.
- 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 whose payroll records were audited by an accountant. That audit did not include a verification of the pay distribution to the proper funds and accounts.
- 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

- 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.

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

Context

This was a systemic issue, as there was not a proper system of controls for any of the areas noted above.

Criteria

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

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

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

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

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

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

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

Cause

Management of the City had not established a proper system of internal controls.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the City establish a system of internal controls to ensure that financial transactions are properly recorded and reported, and that cash and investments are properly reconciled.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

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

The City failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which is the source of the SEFA. One employee prepared the grant information for the federal awards without a system of oversight or review to detect and correct errors before submission.

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

Context

Due to the lack of controls, the following errors resulted in the understatement of the SEFA by a total of \$3,739,286:

1. The Highway Planning and Construction Cluster grant was omitted, which understated the federal expenditures by \$3,148,642.
2. The Community Development Block Grants/Entitlement Grants for award number B16MC180006 was omitted, which understated the federal expenditures and Pass-Through to Subrecipient by \$352,735 and \$84,473, respectively.
3. The Emergency Solutions Grants Program for award number E16MC180006 was omitted, which understated the federal expenditures and Pass-Through to Subrecipient by \$68,044 each.
4. The Home Investment Partnerships Program for award number M16MC180204 was omitted, which understated the federal expenditures by \$17,348.

Audit adjustments were proposed, approved by the City, and made to the SEFA.

Criteria

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

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

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

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

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

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the City's management establish controls to ensure accurate and complete reporting of the SEFA.

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

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

FINDING 2016-003

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance
Federal Agency: U.S. Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00107
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance
Audit Finding: Material Weakness

Condition

An internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The City had not properly designed an effective control system to ensure that the disbursements recorded in the grant fund included all of the allowable costs for the allowable activities charged to the grant. The City's Fire Department determined six new firefighter's salaries and related fringe benefits amounts from the City's payroll records; however, the amounts were not reconciled to the activity in the grant fund.

Cash Management

The City had not properly designed an effective control system to ensure compliance with the Cash Management compliance requirement. The Requests for Funds were prepared and submitted by one employee without a proper system of oversight or review.

Period of Performance

The City had not properly designed an effective control system to ensure that all allowable activities that occurred during the period of performance were charged to the grant fund.

Context

This was a systemic problem, as there was not a proper system of controls for any of the compliance requirements noted above.

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

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

The City's management had not developed a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Reporting
Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00107
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

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

The City had not properly designed effective controls to ensure that the disbursements recorded in the grant fund agreed with the amounts submitted on the Requests for Funds and on the Federal Financial Report (SF-425).

The City's Fire Department personnel prepared the Request for Funds and the Federal Financial Report (SF-425) based upon handwritten, manually-calculated amounts and not the actual disbursements recorded in the fund (SEMA Grant fund) used to account for the SAFER grant program. No supporting documentation was attached to the Request for Funds, nor was documentation readily available to support the amounts on the SF-425.

Supporting documentation was available from the City's financial system. This was determined to be adequate to support amounts paid from the both the grant fund and the General fund reported on the Requests for Funds and the SF-425. The grant fund did not reflect the total amount reported for allowable fringe benefits paid by the City.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

44 CFR 152.4(b) states in part:

"Recipients (Grantees) must agree to: . . .

(4) Retain grant files and supporting documentation for three years after the official closeout of the grant. . . .

(6) Maintain documentation to support the expenditure of grant funds as well as pertinent grant decisions. . . ."

Cause

The City's management had not developed a system of internal controls to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the Reporting compliance requirement.

Views of Responsible Officials

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

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

December 8, 2017

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015

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 implemented.

Controls implemented to address prior audit findings:

1. Lack of Segregation of Duties:

City:

- a. The receipt clerk records the receipts on the RDS system. Another employee balances cash and credit card receipts to the system generated report, preparing the deposit. The receipt clerk verifies the deposit amount and takes collections to the depository via police escort. Both employees sign the deposit and receipt report verifying accuracy.

Control Implemented: November 2016

- b. The City's current payroll software does not allow staff 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 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 signs the forecast and documentation indicating the amounts agree. Once the changes are made in the payroll software, the forecast is then given to the Controller's Assistant. The Controller's Assistant then verifies the forecast for each department with the information that was put into the system by the Payroll Administrator. The Controller's Assistant initials the bottom of the forecast to indicate the information has been verified and is correct. The department payroll clerks do not have the ability to change regular salary amounts within the system.

Control Implemented: September 2016

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

- c. The City contracts with a Third Party Administrator to process medical claims. 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 signs a sheet for each test batch that indicates the checks tested and verified. The insurance administrator creates a claim for each batch and attaches a copy of the check register to the claim for Council verification. All personal information such as, employee names, social security numbers and patient names are redacted from the register that is sent to Council to comply with HIPAA standards. Once approved by Council, the claim is reviewed and stamped by the accounts payable clerk like all other claims and returned to the insurance administrator to mail out checks.

Control Implemented: October 2016

- d. The Payroll Administrator generates the withholding disbursements. The Deputy Controller prepares the quarterly withholding reports from the financial system. Any changes needed due to discrepancies between the disbursements and the reports require review and signature by the Controller.

Control Implemented: December 2016

2. *Monitoring of Controls:*

In 2016, the City of Hammond, through its Common Council, adopted Resolution 16R-35 A Resolution of the Common Council of the City of Hammond, Indiana, adopting Internal Control Standards and Resolution 16R-36 A Resolution Establishing a Policy on Materiality for Reporting Irregular Variances, Losses, Shortages and Thefts. Additionally, the Controller's office holds monthly staff meetings to discuss the following:

- Prior audit findings
- Operational control deficiencies
- Any instances of loss
- The need for changes or new controls
- Testing of controls

The staff collaborates to determine new controls and procedures. Affected parties are tasked with writing the control procedure plan. This is reviewed by management and if approved, is added to the Controller's office policies and procedures manual.

Control Implemented: Management views this process as a continual work in progress. Meetings began in November of 2016. Controls to address prior audit findings were implemented in 2016. Changes to procedures are developed and added to manual as needed.

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

Cash and investments and bank reconciliation on all accounts are reconciled to balance with city records on our AS400 system on a monthly basis. All bank reconciliations are reviewed and signed by the City Controller.

Control Implemented: November 2016

The City works with trustees for all bonds to ensure all trust statements are submitted to the Controller's office for reconciliation. All trust statements are given to the banking clerk for reconciliation and a second copy is added to the binder for the appropriate debt. Due to the timing of this coordination and the fact that many trust accounts have little to no activity, trust statements for 2016 and part of 2017 were balanced and activity was recorded on a yearly basis. Beginning in November of 2017, all trust activity is recorded and accounts are balanced monthly. These accounts are reviewed and signed by the Controller with the other bank reconciliations.

Control Implemented: Fully implemented in November 2017

3. Preparing Financial Statements:

The City, Water Utility, Sanitary District and Port Authority operate on separate and distinct financial software systems. Each business manager is responsible for entering financial information on Gateway for their unit. Business managers are required to provide supporting documentation and explanations of all entries to the Controller for review prior submission. Documentation includes recorded balances for each fund. Water Utility will provide the cash summary report prepared for the Board to the Controller for verification of the clearing account. Controller runs beginning and ending cash balance comparison report to identify discrepancies.

Control Implemented: March 2017

The Controller will verify that beginning balances for all funds match audited ending balances of prior year by utilizing the beginning and ending cash balance comparison report. Any discrepancies will be corrected or explained by reporting entity. All sections of the financial report will be reviewed by another staff for completeness and accuracy. This staff member will sign the report to indicate review is complete and information is correct. The City has identified flaws in the financial software that prevent some audit adjustment journal entries from being recorded in reports run for the financial report. The City will run journal entry reports to ensure this information is correctly included in the financial report. The City is also exploring new financial software options that will prevent these errors and will allow all units to be on the same system.

Anticipated Completion Date: February 2018



Heather Garay, Controller
12/8/2017

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SANITARY DISTRICT of HAMMOND

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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 2015-001

Fiscal year in which the finding initially occurred: 2015
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

Status of Audit Finding:

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 initials all credit memos to confirm oversight.

Item H – Due to the staffing size and budget constraints, the Sanitary District did not separate the accounts payable duties of recording the invoices and preparing the checks for the years 2016-2017. In May of 2018, the accounts payable duties will be separated into two positions.

Item I – The current accounting software does not restrict the ability to change the check number when printing checks. The Sanitary District is in the process of change software providers. The estimated date is 2018-2019. Currently beginning in January 2017, the accounts payable clerk maintains a spreadsheet with the vendor check number assigned by fund. When the accounts payable clerk issues vendor checks, the clerk logs the beginning and ending vendor check numbers on a spreadsheet. Prior to a new vendor check run, the clerk verifies the starting number.

Item J – Due to the staffing size and budget constraints, the Sanitary District cannot separate the payroll duties of the entire payroll process. The payroll system generates the general ledger accounts automatically. The payroll system is divided by fund/department and an employee can be paid from a fund/department that does not contain their payroll information.

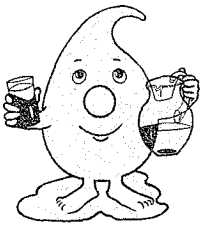
Item K - Due to the staffing size and budget constraints, the Sanitary District does not have an employee that reviews the cash amounts that are included in the City's financial statement for year 2016. Beginning with year 2018, the Sanitary District will outsource the City's financial statement for year 2017 and thereafter.

David Mont
(Signature)

Business Manager
(Title)

2/4/18
(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).)



Hammond Water Works Department

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FAX: (219) 853-6554

BOARD OF DIRECTORS

Sharon Daniels
Bernard Grisolia
Robert Lendi
Paul Walker
Courtney Doughty

MAYOR
Thomas M. McDermott, Jr.

CHIEF EXECUTIVE OPERATOR
Edward Krusa

ATTORNEY
Shana Levinson

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

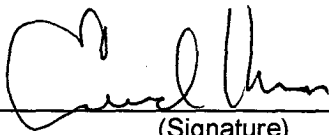
FINDING 2015-001

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

The Water Utility continues to work on segregating duties.

The Water Utility has discussed this ongoing issue with the Utilities Board of Directors. The Board's recommendation is to submit the numbers to them, for review and accuracy prior to submitting them to the City for reporting purposes.

The Water Utility anticipates implementing this for the 2017 Annual Audit.



(Signature)

CEO

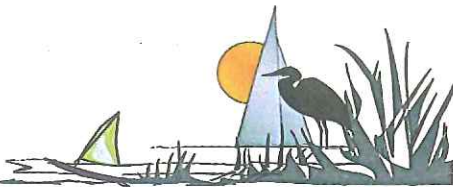
(Title)

2-8-2018

(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).)





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 2015-001(e)

Fiscal Year 2015:

Milan Kruszynski, Hammond Port Authority Director

Richard Szany, Finance Director

1-219-659-7678

Status of Audit Finding: Corrective Action was taken June 2016

FINDING 2015-001(f)

Fiscal Year 2015:

Milan Kruszynski, Hammond Port Authority Director

Richard Szany, Finance Director

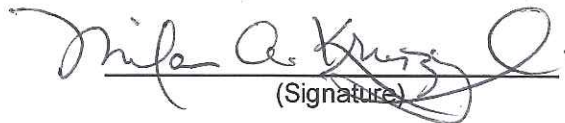
1-219-659-7678

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

Description of Corrective Action Plan:

After 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: November 2016


(Signature)

Director
(Title)

11-3-2016
(Date)

SANITARY DISTRICT of HAMMOND

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Mayor

MARTY WIELGOS
District Manager

RACHEL MONTES
Business Manager

JOSEPH P. ALLEGRETTI
Legal Counsel

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: **Rachel Montes**
Contact Phone Number: **219-853-6413 ext. 503**

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-001.

1. Lack of Segregation of Duties:

Sanitary District:

b. The accounts payable clerk prepared the checks and recorded the invoices to the accounting system without oversight or review.

c. The payroll clerk 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 whose payroll records were audited by the accounting assistant. That audit did not include a verification of the pay distribution to the proper funds and accounts.

d. 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.

Description of Corrective Action Plan:

b. We concur with the finding.

Due to staffing size, the Sanitary District did not separate the accounts payable duties of recording the invoices and preparing checks for the years 2016-2017. These duties will be performed by two separate employees in 2018.

Anticipated Completion Date: May 31, 2018

c. We concur with the finding.

Sanitary District funds are separated as individual companies. At the time of employment, the business manager enters the employee's information into the proper company/fund for payroll. The payroll clerk

cannot change the company/fund during the time of payroll. Management will create and maintain a master list of employees separated by company/fund and have this list verified by the supervisor in charge of that company/fund. This list will be updated for any new hires or employment changes.

Anticipated Completion Date: December 31, 2018

d. We concur with the finding.

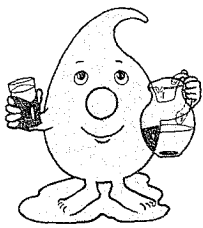
Cash financials used in Gateway reporting are currently entered by the Sanitary District's business manager. Supporting documentation is submitted to the City Controller for review and final submission. Going forward, the financial reports will be first reviewed internally by a second employee and submitted to the Board of Commissioners prior to submission to the City Controller.

Anticipated Completion Date: December 31, 2018

Rachel Mantz
(Signature)

Business Manager
(Title)

2/21/18
(Date)



Hammond Water Works Department

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CORRECTIVE ACTION PLAN

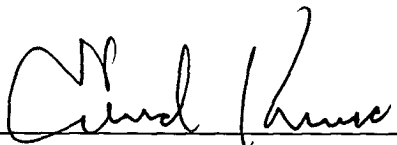
Finding 2016-001

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

We concur with the findings.

Cash financials used in the Gateway reporting are currently entered by the Water Utility's office manager. Supporting documentation is submitted to the City Controller for review and final submission. Going forward, the financial reports will be first reviewed internally by the Water Utility's CEO for approval prior to submission to the City Controller.

Anticipated Completion Date: December 31, 2018



(Signature)

CEO

(Title)

2-20-2018

(Date)





Heather Garay, J.D.
Controller

CITY OF HAMMOND

February 7, 2018

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2016-001 – 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 City has created binders for all bond issues which include all bond documents, related resolutions and ordinances and all trust statements. The City is working with a financial advisor to create and maintain a file for each bond issue binder that will include:

- Instructions to set-up proper funds according to the trust indenture
- Debt schedules
- Payment instructions

The Controller will designate an employee to set-up funds and accounts according to the instruction file. A copy of this activity will be reviewed and signed by the Controller. All debt payments will require signature by the Controller prior to funding. The trust accounts will be reconciled on a monthly basis with the other bank accounts by the Bank Reconciliation Clerk.

Anticipated Completion Date: July 1, 2018

Sanitary District:

- b. We concur with the finding.

Due to staffing size and budget constraints, the Sanitary District did not separate the accounts payable duties of recording invoices and preparing checks for the years 2016-2017. These duties will be performed by two separate employees.

Anticipated Completion Date: May 31, 2018

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

- c. We concur with the finding.

Sanitary District funds are separated as individual companies. At the time of employment, the business manager enters the employee's information on the proper company fund for payroll. The payroll administrator cannot change the company/fund during the time of payroll. Management will create and maintain a master list of employees separated by company/fund to allow and have this list verified by the supervisor in charge of that company/fund. This list will be updated for any new hires or employment changes.

Anticipated Completion Date: December 31, 2018

- d. We concur with the finding.

Cash financials used in the Gateway reporting are currently entered by the Sanitary District's business manager. Supporting documentation is submitted the City Controller for review and final submission. Going forward, the financial reports will be first reviewed internally by the District's Director or the Director's designee and submitted to the Board of Directors for approval prior to submission to the City Controller.

Anticipated Completion Date: December 31, 2018

Water Utility

- e. We concur with the finding.

Cash financials used in the Gateway reporting are currently entered by the Water Utility's office manager. Supporting documentation is submitted the City Controller for review and final submission. Going forward, the financial reports will be first reviewed internally by the Water Utility's CEO and submitted to the Board of Directors for approval prior to submission to the City Controller.

Anticipated Completion Date: December 31, 2018

2. Preparing Financial Statement:

- a. We concur with the finding.

- i. Designated employees within the Controller's office are responsible for compiling data for the financial report. This information is then entered on Gateway by the City Controller. Going forward, the Controller will designate employees to verify data entered on Gateway matches the supporting data. Employees will sign a copy of the report once information is verified.

Anticipated Completion Date: March 1, 2018

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Heather Garay, J.D.
Controller

- ii. The Water Utility, Sanitary District and Port Authority are responsible for entering their own data for the financial statement on Gateway. They must also submit supporting documentation to the City Controller for review and final submission of the financial report. Going forward, management will work with each entity to develop an internal review and approval policy for financial statements at the entity level prior to submission to the City Controller. This review will include review by the entity's executive and/or board of directors. Employees responsible for preparing the financial statement will be encouraged to attend training on reporting practices and updates.

Anticipated Completion Date: December 31, 2018

FINDING 2016-002 – Preparation of the Schedule of Federal Expenditures of Federal Awards

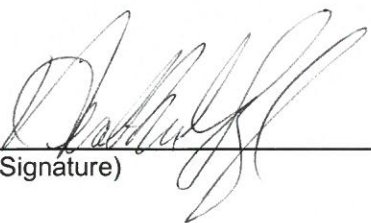
Contact Person Responsible for Corrective Action: Heather Garay, City Controller

Contact Phone Number: 219-853-6324

- 1. We concur in the finding.

Management has already taken measures to address concerns with the preparation of the SEFA. Grant information is provided to the Controller by the department responsible for administering the grant. The Controller verifies this information against the financial system's numbers. Discrepancies are addressed by the two parties. The Controller's office now maintains a file for all new grants in addition to the department's file for verification purposes and is working to create files on all past active grants.

Anticipated Completion Date: March 1, 2018



(Signature)

Controller

(Title)

2/7/2018

(Date)

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

February 7, 2018

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-003 – Staffing for Adequate Fire and Emergency Response (SAFER) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance

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

Corrective Action Plan:

1. We concur in the finding.

This grant has ended. The City Controller will work with the Fire Department to establish a control policy for any new grants obtained by their department.

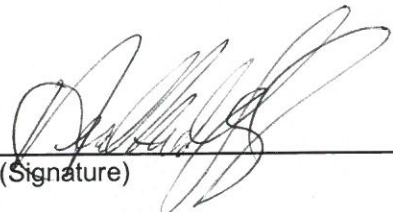
FINDING 2016-004 – Staffing for Adequate Fire and Emergency Response (SAFER) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance

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

Corrective Action Plan:

2. We concur in the finding.

This grant has ended. The City Controller will work with the Fire Department to establish a control policy for any new grants obtained by their department.



(Signature)

Controller
(Title)

2/7/2018

(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/>.