

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, 2017 to December 31, 2017



FILED
11/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay	01-01-17 to 12-31-18
Mayor	Thomas M. McDermott, Jr.	01-01-16 to 12-31-19
City Clerk	Robert J. Golec	01-01-16 to 12-31-19
City Judge	Amy Jorgensen	11-21-16 to 12-31-19
President of the Board of Public Works and Safety	Stanley J. Dostani Heather Garay	01-01-17 to 02-07-18 02-08-18 to 12-31-18
President of the Common Council	Janet Venecz	01-01-17 to 12-31-18
Sanitary District Manager	Marty J. Wielgos	01-01-17 to 12-31-18
Sanitary District Business Manager	Rachel Montes	01-01-17 to 12-31-18
President of the Sanitary District Board of Commissioners	Dean Button Sam Dimopoulos	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Chief Executive Operator of the Water Utility	Edward Krusa	01-01-17 to 12-31-18
Water Utility Office Manager	Deborah L. Van Meter	01-01-17 to 12-31-18
President of the Water Works Board of Directors	Sharon M. Daniels	01-01-17 to 12-31-18
Director of the Port Authority	Milan A. Kruszynski	01-01-17 to 12-31-18
Chairman of the Port Authority Board of Directors	Thomas E. Kuhn Jeffery Smith	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Port Authority Financial Director	Richard A. Szany	01-01-17 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, 2017, 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, 2017.

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, 2017, 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 October 9, 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

October 9, 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, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 9, 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 item 2017-001, that we consider to be a material weakness.

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 2017-001.

City of Hammond's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 9, 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, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
GENERAL	\$ 2,670,068	\$ 69,049,312	\$ 70,547,746	\$ 1,171,634
M. V. H.	2,224,050	4,204,884	5,595,293	833,641
LRS	3,084,286	1,000,481	3,435,363	649,404
Garbage Bins	15,815	9,763	23,966	1,612
CLKS PERPETUAL	157,943	46,425	9,431	194,937
DEFERRAL PROGRA	247,363	92,314	96,138	243,539
GAMING REVENUE	12,128,656	42,094,574	42,826,724	11,396,506
PARK	(319,283)	4,241,295	3,721,256	200,756
PRETRIAL DIV PG	1,790	21,260	23,950	(900)
Rainy Day Fund	-	500,000	284,887	215,113
CEBIT	1,634,034	3,050,526	3,559,332	1,125,228
LOIT Spec Dist	-	2,903,752	1,000,000	1,903,752
HAZ-MAT	41,428	19,626	8,665	52,389
MAJOR MOVES	17,351	-	-	17,351
C.C.D.F.	718,429	196,336	250,784	663,981
C.C.I.F.	52,648	196,572	119,428	129,792
SELF INSURANCE	2,441,122	19,978,817	21,957,686	462,253
POLICE PENSION	3,241,267	4,408,753	4,777,208	2,872,812
FIRE PENSION	4,200,467	3,811,451	4,222,833	3,789,085
LOIT	(204,754)	2,907,938	2,223,248	479,936
FACADE	117,091	400,000	445,389	71,702
CENTREX	3,179	14,171	13,857	3,493
DIESEL FUEL TAX	(6,461)	23,613	17,152	-
DEMOLITION	485,917	733,588	842,631	376,874
CUT AND CLEAN	421,577	333,779	228,634	526,722
GRAFFITI REMOVA	30	-	-	30
HOMEBOUND	27,839	105,136	132,975	-
Redevelopment Event Fund	94,448	-	59,015	35,433
NSP/NEIGH STAB	19,203	70,665	172,851	(82,983)
ASAP GRANT	65,275	-	-	65,275
Columbia Plaza TIF	3,414,317	782,104	2,798,581	1,397,840
Lear TIF	3,553,675	368,221	2,229,160	1,692,736
Downtown TIF	4,423,270	947,550	1,916,057	3,454,763
Home Depot TIF	3,410,278	441,092	128,850	3,722,520
Woodmar TIF	632,018	1,777,875	2,398,909	10,984
Woodmar Gateways TIF	737,191	1,669,774	1,572,078	834,887
Gateways TIF	1,093,633	796,335	1,063,902	826,066
City Clerk Trust Funds	1,778,835	3,358,668	3,747,065	1,390,438
HIDTA	(15,457)	162,794	184,763	(37,426)
HIDTA Equipment Grant	386	-	-	386
Human Relations Grant	15,000	-	12,530	2,470
Jobs Bill Bond General Fund	59,219	6,262,121	6,321,340	-
Jobs Bill Bond DSR	1,703,075	34,043	1,737,119	(1)
Potash Bond Construction	19,966	-	-	19,966
Potash bond DSR	1,121,338	663,340	1,121,000	663,678
Potash Bond General	154,065	1,465,951	1,465,850	154,166
2017 Potash Refunding Trust	-	7,107,175	-	7,107,175
Recycling	150,000	430,266	434,897	145,369
Pedestrian Safety	(4,659)	11,663	13,318	(6,314)
Potash	3	1,465,851	1,465,850	4
Jobs Rebt	36,175	7	36,178	4
Park Bond	(232,192)	1,360,782	882,700	245,890
Park Bond Proceeds	200,952	-	-	200,952
Local Infraction Deferral	247,675	73,142	94,343	226,474
Special Events Fire	689	6,962	6,977	674
Operation Centipede	(38,062)	-	50,387	(88,449)
TIF- Roby	77	22,377	13,372	9,082
Westpoint Allocation Area TIF	278,672	396,629	212,063	463,238
Gastevich Bond	115,173	-	115,173	-
Blight Elimination Program	(3,311)	206,988	117,131	86,546
Marina Prj Construction 530438	40	406,870	-	406,910
Munster Steel Bond & Interest	2,447	208,242	208,213	2,476
Thruport Bond & Interest	-	189,375	189,375	-
2008 Judgement Bond & Interest	-	596,424	596,417	7
Judgement Bond 2006 756777	-	382,969	382,969	-
LR&B Match Grant	-	2,000,000	955,426	1,044,574
Bond Monies	-	82,250	82,250	-
Collateral ST#8	65,000	-	-	65,000
2015 Water Sinking Fund	-	4,687,659	3,290,622	1,397,037
2015 Water DSR	-	3,657,908	-	3,657,908
2015 ATG Payment Fund	-	238,638	238,638	-
2015 ATG DSR	-	170,000	-	170,000

CITY OF HAMMOND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Thruport Construction	1,926,477	-	-	1,926,477
Energy Savings Project	-	13,500,000	6,071,629	7,428,371
2016 Asst. to Firefighters Grant	-	602,539	602,539	-
PUBLIC DEFENDER	1,575	-	-	1,575
FED FORFEIT PRO	194,491	43,482	123,957	114,016
EVIDENCE MONEY	20,630	120,189	120,190	20,629
POLICE DONATION	26,529	7,126	2,778	30,877
PARK ACTIVITIES	519,648	614,992	321,656	812,984
BACKGROUND CKS	2,499	860	3,088	271
STATE FORFIETED	18,608	42,311	13,400	47,519
FED PRISONERS	646,823	321,302	301,931	666,194
IMPAIRED DRIVING	(25,906)	165,527	86,352	53,269
REDEVELOPMENT	8,629	434,269	385,630	57,268
PARK/ TOURISM	-	16,020	16,008	12
ECO DEV/TOURISM	7,495	10,800	12,066	6,229
CDBG ESCROW	714,794	957,993	910,861	761,926
HUMAN RELATIONS	5,212	-	1,447	3,765
PUBLIC SAFETY	582,513	812,165	974,097	420,581
WATER HYDRANT R	464,781	-	-	464,781
PENALTIES	833,688	4,283	676,649	161,322
HUMAN REL (FED)	83,031	815	41,643	42,203
C.D.B.G.	(121,802)	1,680,824	1,772,840	(213,818)
AMBULANCE FEES	-	125,000	125,000	-
CDBG DONATION	24,744	7,725	181	32,288
A C DONATION	4,386	225	599	4,012
VEHICLE RELEASE	173,386	166,195	164,732	174,849
UNEMPLOYMENT	-	26,470	12,790	13,680
ADULT PROBATION	75,067	78,687	100,643	53,111
TOBACCO ED/ JUDG	19,109	-	-	19,109
HENRY UNIT	-	450,000	449,921	79
PARK/GAMING	78,376	1,005,861	1,077,843	6,394
AFFORD HOUSING	(121,709)	890,886	819,345	(50,168)
EMERGENCY/ CDBG	52,757	195,530	216,886	31,401
SECTION 108	81,486	-	-	81,486
Technology Park	1,502,403	-	-	1,502,403
INSPT/RENTAL	158,570	1,348,307	1,341,403	165,474
H D BOND 756775	2	126,002	126,000	4
CIVIL CITY BOND	448,557	650,009	979,386	119,180
CABELA'S/ 105415	1	1,572,097	1,572,078	20
COST DUE COUNTY	294	171,476	171,476	294
CONTINUING ED	194,198	160,853	139,376	215,675
PAY WITHHOLDING	188,282	14,023,376	13,946,666	264,992
Operations & Maintenance	3,203,182	25,017,685	19,096,999	9,123,868
Pretreatment	658,577	541,382	506,330	693,629
Unemployment	50,001	13,258	13,258	50,001
Sewer	232,829	5,047,032	4,129,093	1,150,768
Storm Water	3,125,760	2,296,944	2,347,495	3,075,209
2010 Bond	2,473,607	-	1,490,222	983,385
Replacement	1,387,749	400,485	449,459	1,338,775
Debt Service Non Exempt	1,871,057	5,210,110	4,948,148	2,133,019
Debt Service Exempt	1,814,785	3,121,777	4,218,082	718,480
SRF Loan 7	4,885,733	683	4,363,313	523,103
Water Utility	2,824,759	12,622,155	12,600,199	2,846,715
Water Utility Clearing Fund	3,305,211	7,934,696	8,300,000	2,939,907
Marina Operations	468,400	3,114,646	2,985,160	597,886
Marina Construction	4,240,570	18,224,446	2,198,836	20,266,180
Gaming Fund	1,315,896	7,604,580	7,755,575	1,164,901
Lakefront Management	1,260	90,076	86,970	4,366
Lost Marsh Golf Course	421,673	1,697,620	1,849,929	269,364
Wolf Lake Operations	394,475	861,162	825,099	430,538
RDA Project	228,145	351	228,496	-
2008 Revenue Bond DSR	1,250,010	92	1,250,102	-
2008 Revenue Bond Debt Service	6,065	1,178,449	1,184,513	1
2017A series bonds -Debt Service Reserve	-	1,702,500	-	1,702,500
2017A series bonds - Paying Agent	-	1,245,070	103,782	1,141,288
Payroll and Withholding	-	507,709	507,709	-
Totals	<u>\$ 99,449,634</u>	<u>\$ 341,614,180</u>	<u>\$ 317,801,800</u>	<u>\$ 123,262,014</u>

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, electric, gas, 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, innkeeper's 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 include the following: amusement device licenses, animal licenses, automotive sales licenses, building and planning permits, demolition permits, electrical permits, general business licenses, sign permits, and gun 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.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On Behalf Payments

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

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. All but one are the result of reimbursements for expenditures of federal and state grants not received by December 31, 2017. The PRETRIAL DIV PG fund (Pretrial Diversion Program Fund 506) collects fees for this program on behalf of Lake County and ended the year with a deficit of \$900. This is due to the timing of fees collected and reimbursement requests from Lake County. The City has put in place monitoring controls to prevent future cash balance deficits.

Note 8. Fund Name Changes

The following fund names were changed in the 2017 financial statement to better reflect current activities of each fund:

Fund 221 - Jail Processing was changed to Operation Centipede
Fund 283 - Unilever TIF was changed to TIF- Roby
Fund 288 - Technical Grant was changed to Technology Park
Fund 410 - Marina Construction was changed to Marina Prj Construction 530438

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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 2017 totaled \$1,150,000.

Note 10. Subsequent Events

A. New Major Debt

The City issued the following new major debt in 2018:

- I. On January 17, 2018, the Hammond Sanitary District issued *Special Taxing District, Refunding Bonds, Series 2018* in the amount of \$22,011,655 to refinance previous outstanding bonds.
- II. On March 16, 2018, the City of Hammond issued *Park District Bond Bank, Series 2018A* in the amount of \$8,700,000. This debt will provide funds for the removal of outdated equipment and new improvements at various parks.
- III. On May 17, 2018, the Hammond Water Works issued *Waterworks District Revenue Bonds, Series 2018* in the amount of \$7,500,000. This debt will fund the electrical upgrades and other improvements to the Water Works treatment facilities.
- IV. On June 26, 2018, the City of Hammond issued *Economic Development Revenue Bonds, Series 2018A (Gateways Projects)* in the amount of \$6,042,532 to fund the development agreement incentives for a new business and restaurant development and ice rink project in the Gateways allocation area. This bond also refunded the City of Hammond, IN Taxable Economic Development Revenue Bonds, Series 2015A (Gateway Area Project).
- V. On June 28, 2018, the Hammond Sanitary District issued *Special Taxing District Bond Series 2018C* in the amount of \$12,382,882 to pay for improvements at the District, including projects related to their federal Consent Decree.
- VI. On July 31, 2018, the City of Hammond Redevelopment Commission entered into the *Installment Purchase Contract (Hammond Sportsplex)* with Horizon Bank in the amount of \$6,000,000. This loan is to be paid from the TIF revenue from the Hammond Redevelopment Commission, specifically the Hammond Central Allocation Area (HRC).
- VII. On September 18, 2018, City of Hammond Redevelopment Commission issued the City of Hammond, Indiana Economic Development Revenue Bonds, Series 2018B, (Lear Seating Project) in the amount of \$4,170,000 for the purpose of (i) the financing of the acquisition, construction, equipping, and installation of various economic development facilities in the Hammond Central Allocation Area (collectively, the

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

"Project"); (ii) funding a Debt Service Reserve Fund for the Bonds; and (iii) paying all necessary and incidental expenses incurred in connection therewith. As a part of the plan of finance, the City used funds on hand to pay all outstanding principal of and interest on the City of Hammond Economic Development Revenue Bonds, Series 2015 (Thruport Project), and to call the City of Hammond Economic Revenue Bonds, Series 2006 (Home Depot Project).

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.

Note 12. Noncompliance - Legal/Contractual Provisions

In April of 1999, Hammond Sanitary District (HSD) and the United States, through the Environmental Protection Agency (USEPA) and the State of Indiana, through the Indiana Department of Environmental Management (IDEM) reached a settlement regarding alleged violations of the Clean Water Act, 33 U.S.C. Sec. 1251 et seq., which was documented in a Consent Decree entered by the United States District Court in cause number 2:93-CV-225-JM. Among other things, the Consent Decree prohibited the 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 the 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, the EPA and the 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 the 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 their demand for stipulated penalties to \$1,850,000 and after further proceedings the Water Division Director for Region 5 the 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, the IDEM, and the Court that the major CSO improvements required by the 1999 Consent Decree have now been constructed and are operational.

CITY OF HAMMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

The United States, on behalf of the US, the EPA, and the State of Indiana, on behalf of the 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 U.S. and the IDEM, and payment of stipulated penalties to the U.S. by July 10, 2017, which have all been paid. The Consent Decree requires completion of certain tasks within specific time frames including a Sewer Overflow Response Plan, Columbia Avenue Basin Disinfection and Bike Trail, and the Columbia Avenue Basin Post Construction Compliance Monitoring Program (Phase I and II). It further 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, 2017

	GENERAL	M. V. H.	LRS	Garbage Bins	CLKS PERPETUAL	DEFERRAL PROGRA	GAMING REVENUE
Cash and investments - beginning	\$ 2,670,068	\$ 2,224,050	\$ 3,084,286	\$ 15,815	\$ 157,943	\$ 247,363	\$ 12,128,656
Receipts:							
Taxes	29,073,455	3,922,063	-	-	-	-	-
Licenses and permits	1,211,755	-	-	-	-	-	-
Intergovernmental receipts	3,535,299	15,707	1,000,481	-	-	-	-
Charges for services	8,141,723	-	-	-	46,425	-	-
Fines and forfeits	8,569,445	-	-	-	-	92,314	-
Utility fees	-	-	-	-	-	-	-
Other receipts	18,517,635	267,114	-	9,763	-	-	42,094,574
Total receipts	69,049,312	4,204,884	1,000,481	9,763	46,425	92,314	42,094,574
Disbursements:							
Personal services	50,043,578	4,127,648	-	-	9,431	-	-
Supplies	1,408,471	1,175,488	531,611	-	-	-	-
Other services and charges	10,354,317	292,157	-	-	-	96,138	13,274,865
Debt service - principal and interest	-	-	-	-	-	-	5,913,170
Capital outlay	1,802	-	-	23,966	-	-	36,256
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,739,578	-	2,903,752	-	-	-	23,602,433
Total disbursements	70,547,746	5,595,293	3,435,363	23,966	9,431	96,138	42,826,724
Excess (deficiency) of receipts over disbursements	(1,498,434)	(1,390,409)	(2,434,882)	(14,203)	36,994	(3,824)	(732,150)
Cash and investments - ending	\$ 1,171,634	\$ 833,641	\$ 649,404	\$ 1,612	\$ 194,937	\$ 243,539	\$ 11,396,506

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PARK	PRETRIAL DIV PG	Rainy Day Fund	CEDIT	LOIT Spec Dist	HAZ-MAT
Cash and investments - beginning	\$ (319,283)	\$ 1,790	\$ -	\$ 1,634,034	\$ -	\$ 41,428
Receipts:						
Taxes	3,671,282	-	-	2,880,290	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	240,039	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	21,260	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	329,974	-	500,000	170,236	2,903,752	19,626
Total receipts	<u>4,241,295</u>	<u>21,260</u>	<u>500,000</u>	<u>3,050,526</u>	<u>2,903,752</u>	<u>19,626</u>
Disbursements:						
Personal services	2,921,916	-	-	-	-	-
Supplies	288,636	-	-	-	-	-
Other services and charges	463,291	23,950	-	2,464,532	-	8,665
Debt service - principal and interest	-	-	284,887	-	-	-
Capital outlay	47,413	-	-	1,094,800	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,000,000	-
Total disbursements	<u>3,721,256</u>	<u>23,950</u>	<u>284,887</u>	<u>3,559,332</u>	<u>1,000,000</u>	<u>8,665</u>
Excess (deficiency) of receipts over disbursements	<u>520,039</u>	<u>(2,690)</u>	<u>215,113</u>	<u>(508,806)</u>	<u>1,903,752</u>	<u>10,961</u>
Cash and investments - ending	<u>\$ 200,756</u>	<u>\$ (900)</u>	<u>\$ 215,113</u>	<u>\$ 1,125,228</u>	<u>\$ 1,903,752</u>	<u>\$ 52,389</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MAJOR MOVES	C.C.D.F.	C.C.I.F.	SELF INSURANCE	POLICE PENSION	FIRE PENSION
Cash and investments - beginning	\$ 17,351	\$ 718,429	\$ 52,648	\$ 2,441,122	\$ 3,241,267	\$ 4,200,467
Receipts:						
Taxes	-	184,240	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	12,096	196,572	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	19,978,817	4,408,753	3,811,451
Total receipts	-	196,336	196,572	19,978,817	4,408,753	3,811,451
Disbursements:						
Personal services	-	-	-	20,945,709	12,769	13,580
Supplies	-	-	-	-	1,492	1,304
Other services and charges	-	-	119,428	1,011,977	4,762,947	4,207,949
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	250,784	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	250,784	119,428	21,957,686	4,777,208	4,222,833
Excess (deficiency) of receipts over disbursements	-	(54,448)	77,144	(1,978,869)	(368,455)	(411,382)
Cash and investments - ending	\$ 17,351	\$ 663,981	\$ 129,792	\$ 462,253	\$ 2,872,812	\$ 3,789,085

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LOIT	FACADE	CENTREX	DIESEL FUEL TAX	DEMOLITION	CUT AND CLEAN
Cash and investments - beginning	\$ (204,754)	\$ 117,091	\$ 3,179	\$ (6,461)	\$ 485,917	\$ 421,577
Receipts:						
Taxes	2,907,938	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	400,000	14,171	23,613	733,588	333,779
Total receipts	<u>2,907,938</u>	<u>400,000</u>	<u>14,171</u>	<u>23,613</u>	<u>733,588</u>	<u>333,779</u>
Disbursements:						
Personal services	2,223,248	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	445,389	13,857	17,152	842,631	228,634
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>2,223,248</u>	<u>445,389</u>	<u>13,857</u>	<u>17,152</u>	<u>842,631</u>	<u>228,634</u>
Excess (deficiency) of receipts over disbursements	<u>684,690</u>	<u>(45,389)</u>	<u>314</u>	<u>6,461</u>	<u>(109,043)</u>	<u>105,145</u>
Cash and investments - ending	<u>\$ 479,936</u>	<u>\$ 71,702</u>	<u>\$ 3,493</u>	<u>\$ -</u>	<u>\$ 376,874</u>	<u>\$ 526,722</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	GRAFFITI REMOVA	HOMEBOUND	Redevelopment Event Fund	NSP/NEIGH STAB	ASAP GRANT	Columbia Plaza TIF
Cash and investments - beginning	\$ 30	\$ 27,839	\$ 94,448	\$ 19,203	\$ 65,275	\$ 3,414,317
Receipts:						
Taxes	-	-	-	-	-	782,104
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	105,136	-	70,665	-	-
Total receipts	-	105,136	-	70,665	-	782,104
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	132,975	59,015	3,323	-	2,798,581
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	169,528	-	-
Total disbursements	-	132,975	59,015	172,851	-	2,798,581
Excess (deficiency) of receipts over disbursements	-	(27,839)	(59,015)	(102,186)	-	(2,016,477)
Cash and investments - ending	\$ 30	\$ -	\$ 35,433	\$ (82,983)	\$ 65,275	\$ 1,397,840

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Lear TIF	Downtown TIF	Home Depot TIF	Woodmar TIF	Woodmar Gateways TIF	Gateways TIF
Cash and investments - beginning	\$ 3,553,675	\$ 4,423,270	\$ 3,410,278	\$ 632,018	\$ 737,191	\$ 1,093,633
Receipts:						
Taxes	368,221	947,550	441,092	1,776,027	1,669,774	681,162
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	1,848	-	115,173
Total receipts	<u>368,221</u>	<u>947,550</u>	<u>441,092</u>	<u>1,777,875</u>	<u>1,669,774</u>	<u>796,335</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,229,160	1,916,057	128,850	2,398,909	1,572,078	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,063,902
Total disbursements	<u>2,229,160</u>	<u>1,916,057</u>	<u>128,850</u>	<u>2,398,909</u>	<u>1,572,078</u>	<u>1,063,902</u>
Excess (deficiency) of receipts over disbursements	<u>(1,860,939)</u>	<u>(968,507)</u>	<u>312,242</u>	<u>(621,034)</u>	<u>97,696</u>	<u>(267,567)</u>
Cash and investments - ending	\$ <u>1,692,736</u>	\$ <u>3,454,763</u>	\$ <u>3,722,520</u>	\$ <u>10,984</u>	\$ <u>834,887</u>	\$ <u>826,066</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	City Clerk Trust Funds	HIDTA	HIDTA Equipment Grant	Human Relations Grant	Jobs Bill Bond General Fund	Jobs Bill Bond DSR
Cash and investments - beginning	\$ 1,778,835	\$ (15,457)	\$ 386	\$ 15,000	\$ 59,219	\$ 1,703,075
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,358,668	162,794	-	-	6,262,121	34,043
Total receipts	3,358,668	162,794	-	-	6,262,121	34,043
Disbursements:						
Personal services	-	184,763	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	12,530	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,747,065	-	-	-	6,321,340	1,737,119
Total disbursements	3,747,065	184,763	-	12,530	6,321,340	1,737,119
Excess (deficiency) of receipts over disbursements	(388,397)	(21,969)	-	(12,530)	(59,219)	(1,703,076)
Cash and investments - ending	\$ 1,390,438	\$ (37,426)	\$ 386	\$ 2,470	\$ -	\$ (1)

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Potash Bond Construction	Potash bond DSR	Potash Bond General	2017 Potash Refunding Trust	Recycling	Pedestrian Safety
Cash and investments - beginning	\$ 19,966	\$ 1,121,338	\$ 154,065	\$ -	\$ 150,000	\$ (4,659)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	663,340	1,465,951	7,107,175	430,266	11,663
Total receipts	-	663,340	1,465,951	7,107,175	430,266	11,663
Disbursements:						
Personal services	-	-	-	-	-	13,318
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	434,897	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,121,000	1,465,850	-	-	-
Total disbursements	-	1,121,000	1,465,850	-	434,897	13,318
Excess (deficiency) of receipts over disbursements	-	(457,660)	101	7,107,175	(4,631)	(1,655)
Cash and investments - ending	\$ 19,966	\$ 663,678	\$ 154,166	\$ 7,107,175	\$ 145,369	\$ (6,314)

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Potash	Jobs Rebt	Park Bond	Park Bond Proceeds	Local Infraction Deferral	Special Events Fire
Cash and investments - beginning	\$ 3	\$ 36,175	\$ (232,192)	\$ 200,952	\$ 247,675	\$ 689
Receipts:						
Taxes	-	-	1,287,992	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	72,790	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,465,851	7	-	-	73,142	6,962
Total receipts	1,465,851	7	1,360,782	-	73,142	6,962
Disbursements:						
Personal services	-	-	-	-	94,343	6,977
Supplies	-	-	-	-	-	-
Other services and charges	-	-	750	-	-	-
Debt service - principal and interest	-	-	881,950	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,465,850	36,178	-	-	-	-
Total disbursements	1,465,850	36,178	882,700	-	94,343	6,977
Excess (deficiency) of receipts over disbursements	1	(36,171)	478,082	-	(21,201)	(15)
Cash and investments - ending	\$ 4	\$ 4	\$ 245,890	\$ 200,952	\$ 226,474	\$ 674

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Operation Centipede	TIF- Roby	Westpoint Allocation Area TIF	Gastevich Bond	Blight Elimination Program	Marina Prj Construction 530438
Cash and investments - beginning	\$ (38,062)	\$ 77	\$ 278,672	\$ 115,173	\$ (3,311)	\$ 40
Receipts:						
Taxes	-	22,377	396,629	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	206,988	406,870
Total receipts	-	22,377	396,629	-	206,988	406,870
Disbursements:						
Personal services	50,387	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	117,131	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	13,372	212,063	115,173	-	-
Total disbursements	50,387	13,372	212,063	115,173	117,131	-
Excess (deficiency) of receipts over disbursements	(50,387)	9,005	184,566	(115,173)	89,857	406,870
Cash and investments - ending	\$ (88,449)	\$ 9,082	\$ 463,238	\$ -	\$ 86,546	\$ 406,910

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Munster Steel Bond & Interest	Thruport Bond & Interest	2008 Judgement Bond & Interest	Judgement Bond 2006 756777	LR&B Match Grant	Bond Monies
Cash and investments - beginning	\$ 2,447	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	208,242	189,375	596,424	382,969	2,000,000	82,250
Total receipts	208,242	189,375	596,424	382,969	2,000,000	82,250
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	82,250
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	955,426	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	208,213	189,375	596,417	382,969	-	-
Total disbursements	208,213	189,375	596,417	382,969	955,426	82,250
Excess (deficiency) of receipts over disbursements	29	-	7	-	1,044,574	-
Cash and investments - ending	\$ 2,476	\$ -	\$ 7	\$ -	\$ 1,044,574	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Collateral ST#8	2015 Water Sinking Fund	2015 Water DSR	2015 ATG Payment Fund	2015 ATG DSR	Thruport Construction
Cash and investments - beginning	\$ 65,000	\$ -	\$ -	\$ -	\$ -	\$ 1,926,477
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	4,687,659	3,657,908	238,638	170,000	-
Total receipts	-	4,687,659	3,657,908	238,638	170,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	238,638	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	3,290,622	-	-	-	-
Total disbursements	-	3,290,622	-	238,638	-	-
Excess (deficiency) of receipts over disbursements	-	1,397,037	3,657,908	-	170,000	-
Cash and investments - ending	\$ 65,000	\$ 1,397,037	\$ 3,657,908	\$ -	\$ 170,000	\$ 1,926,477

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Energy Savings Project	2016 Asst. to Firefighters Grant	PUBLIC DEFENDER	FED FORFEIT PRO	EVIDENCE MONEY	POLICE DONATION
Cash and investments - beginning	\$ -	\$ -	\$ 1,575	\$ 194,491	\$ 20,630	\$ 26,529
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	602,539	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	120,189	-
Utility fees	-	-	-	-	-	-
Other receipts	13,500,000	-	-	43,482	-	7,126
Total receipts	<u>13,500,000</u>	<u>602,539</u>	<u>-</u>	<u>43,482</u>	<u>120,189</u>	<u>7,126</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	6,071,629	-	-	123,957	120,190	2,778
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	602,539	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>6,071,629</u>	<u>602,539</u>	<u>-</u>	<u>123,957</u>	<u>120,190</u>	<u>2,778</u>
Excess (deficiency) of receipts over disbursements	<u>7,428,371</u>	<u>-</u>	<u>-</u>	<u>(80,475)</u>	<u>(1)</u>	<u>4,348</u>
Cash and investments - ending	<u>\$ 7,428,371</u>	<u>\$ -</u>	<u>\$ 1,575</u>	<u>\$ 114,016</u>	<u>\$ 20,629</u>	<u>\$ 30,877</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>PARK ACTIVITIES</u>	<u>BACKGROUND CKS</u>	<u>STATE FORFIETED</u>	<u>FED PRISONERS</u>	<u>IMPAIRED DRIVING</u>	<u>REDEVELOPMENT</u>
Cash and investments - beginning	\$ 519,648	\$ 2,499	\$ 18,608	\$ 646,823	\$ (25,906)	\$ 8,629
Receipts:						
Taxes	-	-	-	-	-	409,047
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	25,121
Charges for services	-	860	-	321,302	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	614,992	-	42,311	-	165,527	101
Total receipts	<u>614,992</u>	<u>860</u>	<u>42,311</u>	<u>321,302</u>	<u>165,527</u>	<u>434,269</u>
Disbursements:						
Personal services	55,890	-	-	-	86,352	347,890
Supplies	-	-	-	-	-	9,801
Other services and charges	265,766	3,088	13,400	301,931	-	25,939
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>321,656</u>	<u>3,088</u>	<u>13,400</u>	<u>301,931</u>	<u>86,352</u>	<u>385,630</u>
Excess (deficiency) of receipts over disbursements	<u>293,336</u>	<u>(2,228)</u>	<u>28,911</u>	<u>19,371</u>	<u>79,175</u>	<u>48,639</u>
Cash and investments - ending	<u>\$ 812,984</u>	<u>\$ 271</u>	<u>\$ 47,519</u>	<u>\$ 666,194</u>	<u>\$ 53,269</u>	<u>\$ 57,268</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PARK/ TOURISM	ECO DEV/TOURISM	CDBG ESCROW	HUMAN RELATIONS	PUBLIC SAFETY	WATER HYDRANT R
Cash and investments - beginning	\$ -	\$ 7,495	\$ 714,794	\$ 5,212	\$ 582,513	\$ 464,781
Receipts:						
Taxes	16,020	10,800	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	12,000	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	945,993	-	812,165	-
Total receipts	<u>16,020</u>	<u>10,800</u>	<u>957,993</u>	<u>-</u>	<u>812,165</u>	<u>-</u>
Disbursements:						
Personal services	-	-	14,595	-	200,623	-
Supplies	-	-	-	-	-	-
Other services and charges	16,008	12,066	896,266	1,447	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	773,474	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>16,008</u>	<u>12,066</u>	<u>910,861</u>	<u>1,447</u>	<u>974,097</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>12</u>	<u>(1,266)</u>	<u>47,132</u>	<u>(1,447)</u>	<u>(161,932)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 12</u>	<u>\$ 6,229</u>	<u>\$ 761,926</u>	<u>\$ 3,765</u>	<u>\$ 420,581</u>	<u>\$ 464,781</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PENALTIES	HUMAN REL (FED)	C.D.B.G.	AMBULANCE FEES	CDBG DONATION	A C DONATION
Cash and investments - beginning	\$ 833,688	\$ 83,031	\$ (121,802)	\$ -	\$ 24,744	\$ 4,386
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	765	1,520,842	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	4,283	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	50	159,982	125,000	7,725	225
Total receipts	4,283	815	1,680,824	125,000	7,725	225
Disbursements:						
Personal services	664,192	31,418	435,839	-	-	-
Supplies	3,732	-	-	-	-	599
Other services and charges	8,725	10,225	1,337,001	-	181	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	125,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	676,649	41,643	1,772,840	125,000	181	599
Excess (deficiency) of receipts over disbursements	(672,366)	(40,828)	(92,016)	-	7,544	(374)
Cash and investments - ending	\$ 161,322	\$ 42,203	\$ (213,818)	\$ -	\$ 32,288	\$ 4,012

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	VEHICLE RELEASE	UNEMPLOYMENT	ADULT PROBATION	TOBACCO ED/ JUDG	HENRY UNIT	PARK/GAMING
Cash and investments - beginning	\$ 173,386	\$ -	\$ 75,067	\$ 19,109	\$ -	\$ 78,376
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	166,195	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	26,470	78,687	-	450,000	1,005,861
Total receipts	166,195	26,470	78,687	-	450,000	1,005,861
Disbursements:						
Personal services	-	12,790	100,445	-	449,921	230,748
Supplies	-	-	-	-	-	-
Other services and charges	164,732	-	198	-	-	846,888
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	207
Total disbursements	164,732	12,790	100,643	-	449,921	1,077,843
Excess (deficiency) of receipts over disbursements	1,463	13,680	(21,956)	-	79	(71,982)
Cash and investments - ending	\$ 174,849	\$ 13,680	\$ 53,111	\$ 19,109	\$ 79	\$ 6,394

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	AFFORD HOUSING	EMERGENCY/ CDBG	SECTION 108	Technology Park	INSPT/RENTAL	H D BOND 756775
Cash and investments - beginning	\$ (121,709)	\$ 52,757	\$ 81,486	\$ 1,502,403	\$ 158,570	\$ 2
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	56,365	-
Intergovernmental receipts	512,162	195,530	-	-	-	-
Charges for services	-	-	-	-	91,942	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	378,724	-	-	-	1,200,000	126,002
Total receipts	890,886	195,530	-	-	1,348,307	126,002
Disbursements:						
Personal services	93,747	34,120	-	-	1,178,899	-
Supplies	-	-	-	-	27,700	-
Other services and charges	725,598	182,766	-	-	134,304	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	500	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	126,000
Total disbursements	819,345	216,886	-	-	1,341,403	126,000
Excess (deficiency) of receipts over disbursements	71,541	(21,356)	-	-	6,904	2
Cash and investments - ending	\$ (50,168)	\$ 31,401	\$ 81,486	\$ 1,502,403	\$ 165,474	\$ 4

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	CIVIL CITY BOND	CABELA'S/ 105415	COST DUE COUNTY	CONTINUING ED	PAY WITHHOLDING	Operations & Maintenance
Cash and investments - beginning	\$ 448,557	\$ 1	\$ 294	\$ 194,198	\$ 188,282	\$ 3,203,182
Receipts:						
Taxes	615,262	-	-	-	-	-
Licenses and permits	-	-	-	26,400	-	-
Intergovernmental receipts	34,747	-	-	-	-	-
Charges for services	-	-	-	109,250	-	-
Fines and forfeits	-	-	171,476	25,203	-	-
Utility fees	-	-	-	-	-	16,705,183
Other receipts	-	1,572,097	-	-	14,023,376	8,312,502
Total receipts	<u>650,009</u>	<u>1,572,097</u>	<u>171,476</u>	<u>160,853</u>	<u>14,023,376</u>	<u>25,017,685</u>
Disbursements:						
Personal services	-	-	-	-	13,946,666	3,686,694
Supplies	-	-	-	-	-	-
Other services and charges	-	-	171,476	139,376	-	450,630
Debt service - principal and interest	979,386	-	-	-	-	571,709
Capital outlay	-	-	-	-	-	1,725,720
Utility operating expenses	-	-	-	-	-	11,626,983
Other disbursements	-	1,572,078	-	-	-	1,035,263
Total disbursements	<u>979,386</u>	<u>1,572,078</u>	<u>171,476</u>	<u>139,376</u>	<u>13,946,666</u>	<u>19,096,999</u>
Excess (deficiency) of receipts over disbursements	<u>(329,377)</u>	<u>19</u>	<u>-</u>	<u>21,477</u>	<u>76,710</u>	<u>5,920,686</u>
Cash and investments - ending	<u>\$ 119,180</u>	<u>\$ 20</u>	<u>\$ 294</u>	<u>\$ 215,675</u>	<u>\$ 264,992</u>	<u>\$ 9,123,868</u>

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>Pretreatment</u>	<u>Unemployment</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>2010 Bond</u>	<u>Replacement</u>
Cash and investments - beginning	\$ 658,577	\$ 50,001	\$ 232,829	\$ 3,125,760	\$ 2,473,607	\$ 1,387,749
Receipts:						
Taxes	-	-	2,349,368	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	38,489	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	427,428	-	-	2,294,070	-	-
Other receipts	113,954	13,258	2,659,175	2,874	-	400,485
Total receipts	541,382	13,258	5,047,032	2,296,944	-	400,485
Disbursements:						
Personal services	141,850	-	889,544	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	7,293	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	53,347	-	-	167,273	1,486,980	449,459
Utility operating expenses	131,085	13,258	1,973,565	47,557	3,242	-
Other disbursements	180,048	-	1,258,691	2,132,665	-	-
Total disbursements	506,330	13,258	4,129,093	2,347,495	1,490,222	449,459
Excess (deficiency) of receipts over disbursements	35,052	-	917,939	(50,551)	(1,490,222)	(48,974)
Cash and investments - ending	\$ 693,629	\$ 50,001	\$ 1,150,768	\$ 3,075,209	\$ 983,385	\$ 1,338,775

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Debt Service Non Exempt	Debt Service Exempt	SRF Loan 7	Water Utility	Water Utility Clearing Fund	Marina Operations
Cash and investments - beginning	\$ 1,871,057	\$ 1,814,785	\$ 4,885,733	\$ 2,824,759	\$ 3,305,211	\$ 468,400
Receipts:						
Taxes	5,148,098	2,544,129	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	62,012	30,648	-	-	-	-
Charges for services	-	-	-	-	-	1,349,150
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	11,837,179	7,934,696	-
Other receipts	-	547,000	683	784,976	-	1,765,496
Total receipts	5,210,110	3,121,777	683	12,622,155	7,934,696	3,114,646
Disbursements:						
Personal services	-	-	-	4,314,485	-	1,063,305
Supplies	-	-	-	-	-	729,481
Other services and charges	-	-	-	1,696,818	-	1,192,374
Debt service - principal and interest	4,945,671	3,670,032	-	-	-	-
Capital outlay	-	-	4,356,598	-	-	-
Utility operating expenses	2,477	548,050	6,714	6,588,896	-	-
Other disbursements	-	-	1	-	8,300,000	-
Total disbursements	4,948,148	4,218,082	4,363,313	12,600,199	8,300,000	2,985,160
Excess (deficiency) of receipts over disbursements	261,962	(1,096,305)	(4,362,630)	21,956	(365,304)	129,486
Cash and investments - ending	\$ 2,133,019	\$ 718,480	\$ 523,103	\$ 2,846,715	\$ 2,939,907	\$ 597,886

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Marina Construction	Gaming Fund	Lakefront Management	Lost Marsh Golf Course	Wolf Lake Operations	RDA Project
Cash and investments - beginning	\$ 4,240,570	\$ 1,315,896	\$ 1,260	\$ 421,673	\$ 394,475	\$ 228,145
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	7,000,000	11,073	-	-	-
Charges for services	-	599,753	22,003	1,085,669	81,486	351
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	18,224,446	4,827	57,000	611,951	779,676	-
Total receipts	18,224,446	7,604,580	90,076	1,697,620	861,162	351
Disbursements:						
Personal services	-	443,215	76,871	865,503	376,026	-
Supplies	-	-	499	493,896	53,560	-
Other services and charges	361,085	282,360	9,600	412,505	382,274	197,803
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,837,751	-	-	78,025	13,239	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	7,030,000	-	-	-	30,693
Total disbursements	2,198,836	7,755,575	86,970	1,849,929	825,099	228,496
Excess (deficiency) of receipts over disbursements	16,025,610	(150,995)	3,106	(152,309)	36,063	(228,145)
Cash and investments - ending	\$ 20,266,180	\$ 1,164,901	\$ 4,366	\$ 269,364	\$ 430,538	\$ -

CITY OF HAMMOND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	2008 Revenue Bond DSR	2008 Revenue Bond Debt Service	2017A series bonds -Debt Service Reserve	2017A series bonds - Paying Agent	Payroll and Withholding	Totals
Cash and investments - beginning	\$ 1,250,010	\$ 6,065	\$ -	\$ -	\$ -	\$ 99,449,634
Receipts:						
Taxes	-	-	-	-	-	62,104,920
Licenses and permits	-	-	-	-	-	1,294,520
Intergovernmental receipts	-	-	-	-	-	15,106,912
Charges for services	-	-	-	-	-	11,861,914
Fines and forfeits	-	-	-	-	-	9,170,365
Utility fees	-	-	-	-	-	39,198,556
Other receipts	92	1,178,449	1,702,500	1,245,070	507,709	202,876,993
Total receipts	92	1,178,449	1,702,500	1,245,070	507,709	341,614,180
Disbursements:						
Personal services	-	-	-	-	-	110,389,295
Supplies	-	-	-	-	-	4,726,270
Other services and charges	-	-	-	-	-	67,083,062
Debt service - principal and interest	1,250,102	1,184,500	-	103,782	-	20,023,827
Capital outlay	-	-	-	-	-	14,082,352
Utility operating expenses	-	-	-	-	-	20,941,827
Other disbursements	-	13	-	-	507,709	80,555,167
Total disbursements	1,250,102	1,184,513	-	103,782	507,709	317,801,800
Excess (deficiency) of receipts over disbursements	(1,250,010)	(6,064)	1,702,500	1,141,288	-	23,812,380
Cash and investments - ending	\$ -	\$ 1	\$ 1,702,500	\$ 1,141,288	\$ -	\$ 123,262,014

CITY OF HAMMOND
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Sanitary District	\$ 1,516,040	\$ 2,808,980
Water Utility	15,758,843	3,031,607
Governmental activities	<u>1,989,551</u>	<u>4,663,295</u>
Totals	<u>\$ 19,264,434</u>	<u>\$ 10,503,882</u>

CITY OF HAMMOND
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Peoples Bank	Fire Trucks	\$ 192,606	07/30/2014	01/30/2019
Sanitary District: American Capital Financial Services Inc.	2017 Sewer Cleaner	84,477	02/01/2017	07/01/2021
Tax Exempt Leasing Corp	2017 Sewer Cleaner	77,445	03/01/2017	03/01/2021
Hammond Sanitary District Building Corporation	Administration Building	<u>1,150,000</u>	04/22/2014	07/15/2033
Total Sanitary District		<u>1,311,922</u>		
Port Authority: Professional Golf Car Corporation	Golf Carts for Lost Marsh Golf Course	<u>69,042</u>	05/01/2018	10/30/2022
Total of annual lease payments		<u>\$ 1,573,570</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	City of Hammond IN General Obligation Park Bonds Series 2014	\$ 5,705,000	\$ 882,075
General obligation bonds	General Obligation Judgment Funding Bonds Series 2008A	1,135,000	596,311
Revenue bonds	City of Hammond IN Revenue Bonds Series 2015A (Taxable)	32,460,000	3,066,905
Revenue bonds	City of Hammond IN Tax Increment Revenue Refunding Bonds Series 2017 (Potash Project)	6,665,000	1,295,928
Revenue bonds	City of Hammond IN Taxable Economic Development Revenue Bonds Series 2015A (Gateway Area Project)	1,340,000	241,312
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2013 (Munster Steel Project)	2,100,000	208,150
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2014 (Marina District Project)	3,500,000	180,000
Revenue bonds	City of Hammond IN Economic Development Revenue Bonds Series 2015 (ThruPort Project)	2,815,000	219,750
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2006 (Home Depot)	555,000	130,300
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2007 (Cabela's)	20,665,000	2,623,063
Notes and loans payable	Hammond Fire Station 8 Loan	3,524,220	251,572
Notes and loans payable	HUD 108 Series 2006-A	<u>524,000</u>	<u>353,330</u>
Total governmental activities		<u>80,988,220</u>	<u>10,048,696</u>
Sanitary District:			
General obligation bonds	Series 2013A	44,980,000	3,546,896
General obligation bonds	Series 2015C	4,720,000	680,324
General obligation bonds	Special Taxing District Bond Series 2014	7,270,000	1,880,250
General obligation bonds	2010 Special Taxing District Bond Series A	7,005,000	732,000
Notes and loans payable	Series 2006 A	1,190,000	155,544
Notes and loans payable	Series 2007B	<u>13,910,000</u>	<u>1,630,007</u>
Total Sanitary District		<u>79,075,000</u>	<u>8,625,021</u>
Port Authority:			
Revenue bonds	Bond Bank Bonds Series 2017A	<u>17,025,000</u>	<u>2,255,063</u>
Total Port Authority		<u>17,025,000</u>	<u>2,255,063</u>
Totals		<u>\$ 177,088,220</u>	<u>\$ 20,928,780</u>

CITY OF HAMMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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	\$ 79,895,630
Infrastructure	187,527,305
Buildings	53,061,453
Improvements other than buildings	76,442,874
Machinery, equipment, and vehicles	26,023,660
Construction in progress	<u>23,107,367</u>
Total governmental activities	<u>446,058,289</u>
Sanitary District:	
Land	2,143,422
Infrastructure	119,037,224
Buildings	29,128,708
Machinery, equipment, and vehicles	26,345,586
Construction in progress	<u>928,516</u>
Total Sanitary District	<u>177,583,456</u>
Water Utility:	
Land	134,466
Infrastructure	60,844,061
Buildings	22,432,978
Machinery, equipment, and vehicles	1,657,038
Construction in progress	3,082,839
Books and other	<u>13,195</u>
Total Water Utility	<u>88,164,577</u>
Port Authority:	
Land	5,601,482
Infrastructure	10,461,172
Buildings	23,580,669
Improvements other than buildings	18,188,881
Machinery, equipment, and vehicles	4,136,059
Construction in progress	<u>1,909,168</u>
Total Port Authority	<u>63,877,431</u>
Total capital assets	<u>\$ 775,683,753</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Hammond's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

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

Report on Internal Control over Compliance


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 item 2017-002, that we consider to be a material weakness.

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.

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

October 9, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF HAMMOND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Agriculture					
Urban and Community Forestry Program	Indiana Department of Natural Resources	10.675	E9-16-GLRIMEAB4	\$ -	\$ 30,000
Total - Department of Agriculture				-	30,000
Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct grant	14.218			
CDBG NSP			B-08-MN-18-0006	-	10,162
CDBG NSP3			B-11-MN-18-0006	-	60,503
CDBG 2016			B-16-MC-18-0006	49,992	1,494,726
CDBG 2017			B-17-MC-18-0006	12,193	26,115
Total - CDBG - Entitlement Grants Cluster				62,184	1,591,506
Emergency Solutions Grant Program					
CDBG Emergency 2011	Direct grant	14.231	E-11-MC-18-0006	9,455	13,755
CDBG Emergency 2012			E-12-MC-18-0006	69,919	80,829
CDBG Emergency 2014			E-14-MC-18-0006	-	5,355
CDBG Emergency 2016			E-16-MC-18-0006	90,583	90,583
CDBG Emergency 2017			E-17-MC-18-0006	5,008	5,008
Total - Emergency Solutions Grant Program				174,966	195,530
Home Investment Partnerships Program					
Home 2011	Direct grant	14.239	M-11-MC-18-0204	-	97,489
Home 2012			M-12-MC-18-0204	-	251,688
Home 2013			M-13-MC-18-0204	-	61,610
Home 2014			M-14-MC-18-0204	-	69,645
Home 2015			M-15-MC-18-0204	-	21,624
Home 2016			M-16-MC-18-0204	-	10,106
Total - Home Investment Partnerships Program				-	512,162
Total - Department of Housing and Urban Development				237,150	2,299,198
Department of Justice					
Crime Victim Compensation	Indiana Criminal Justice Institute	16.576	FY 2015	-	1,271
Equitable Sharing Program Federal Forfeiture Program	Direct grant	16.922	FY 2017	-	123,957
Total - Department of Justice				-	125,228
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
INDOT Match			DES#1297017	-	2,075,091
INDOT Match			DES#1382659	-	23,335
INDOT Match			DES#1500221	-	752,640
INDOT Match			DES#1500724	-	53,252
INDOT Match			DES#1601163	-	44,677
INDOT Match			DES#1601164	-	58,607
Total - Highway Planning and Construction Cluster				-	3,007,602
Highway Safety Cluster					
State and Community Highway Safety OPERATION PULLOVER	Indiana Criminal Justice Institute	20.600	2017-402-01	-	84,240
Alcohol Impaired Driving Countermeasures Incentive Grants I					
Summer Impaired Driving	Indiana Criminal Justice Institute	20.601	2016-405D-01	-	31,951
Summer Impaired Driving			2017-405D-01	-	49,336
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	81,287
Occupant Protection Incentive Grants Hammond Pedestrian and Bicycle Safety Grant	Indiana Criminal Justice Institute	20.602	2017-405B-02	-	10,392
Total - Highway Safety Cluster				-	175,919
Total - Department of Transportation				-	3,183,521
Environmental Protection Agency					
State Clean Diesel Grant Program	Indiana Department of Environmental Management	66.040	FY 2013	-	55,000
Beach Monitoring and Notification Program Implementation Grants 2017 Beach Monitoring Grant	Indiana Department of Environmental Management	66.472	CU-04E73102	-	11,073
Total - Environmental Protection Agency				-	66,073
Department of Homeland Security					
Assistance to Firefighters Grant 2016 Assistance to Firefighters Grant	Direct grant	97.044	EMW-2016-FO-01973	-	602,539
Total - Department of Homeland Security				-	602,539
Total federal awards expended				\$ 237,150	\$ 6,306,559

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, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

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

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies 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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2016-001 and 2016-002.

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting. The internal controls implemented by the City related to cash and investments, receipts, disbursements, and financial reporting, including the financial statement and the Schedule of Expenditures of Federal Awards (SEFA), were not effective. Furthermore, the internal controls were not monitored and evaluated for effectiveness.

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

Cash and Investments (Bank Reconciliations) - City

The control over cash and investments and trust bank reconciliations was not effective and did not ensure that bank reconciliations were prepared and reviewed in a timely manner, or that reconciling items were corrected in a timely manner.

Reconciliations of the record balances to the depository balances were not prepared and reviewed in a timely manner. Trust account reconciliations were also not completed in a timely manner. January through October trust account reconciliations were not completed until November of 2017.

As of December 31, 2017, the City had accumulated reconciling adjustments to the payroll account, which had not been corrected. A \$16,065,281 transfer due from the payroll bank account to the general bank account had been carried since December 31, 2014. Additional reconciling items in the payroll account included accumulated balances, receipts, and disbursements of payroll and payroll withholding amounts totaling \$19,695,009. The net effect of these reconciling items was a decrease in the balance of the payroll bank account of \$3,629,728. The City refunded the 2012 Potash Bond in 2017. A fund was not created for the new 2017 Potash Refunding Bond in the financials. The trust account for the bond had an ending cash and investment balance of \$7,107,175, as of December 31, 2017.

Receipts, Disbursements, and Financial Reporting - City and Port Authority

The City and Port Authority implemented internal controls over receipts, disbursements, and financial reporting; however, the controls were not effective and did not ensure that transactions were properly recorded in the ledgers and reported in the financial statement.

The City and Port Authority opened new bank accounts during 2017 and recorded bank-to-bank transfers of \$35,335,252 and \$18,600,000 as receipts and disbursements, respectively. The receipts and disbursements reported in the financial statement were overstated by the amount of the bank-to-bank transfers.

The City advance refunded the 2012 Potash Bond in 2017. The bond proceeds were placed in trust to retire the 2012 bonds as they become due. A fund was not created for the 2017 Potash Refunding Bond Trust in either the ledger or the financial statement. The cash and investment balance and receipts were understated in the financial statement by \$7,107,175.

Disbursements - 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.

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

Financial Reporting - Water Utility

The Office Manager prepared and reported the cash and investment balances, receipts, and disbursements in the Indiana Gateway for Government Units financial reporting system, which was the source for the City's financial statement, without any prior review or oversight. The reports were submitted to the Water Board for review; however, the Water Board approved the reports after the information had been submitted.

Schedule of Expenditures of Federal Awards (SEFA)

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the SEFA. Due to the lack of controls, the SEFA presented for audit included the following errors:

1. Insurance in effect during the year of \$2,000,000 was reported for the Beach Monitoring and Notification Program Implementation Grants. No supporting documentation for the entry was provided.
2. The state Maternal and Child Health Services Block Grant to the States expenditures of \$1,605 were reported in error.
3. The Urban and Community Forestry Program expenditures of \$30,000 were omitted.
4. The Crime Victim Compensation Grant expenditures of \$1,271 were omitted.
5. The State Clean Diesel Grant Program expenditures of \$55,000 were omitted.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

Context

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

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. . . .

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

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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . ."

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . ."

Management remediates identified issues. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

2 CFR 200.510(a) states:

"Financial statements. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with § 200.514 Scope of audit, paragraph (a) and prepare separate financial statements."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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:

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

- (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 of the City had not established a proper and effective system of internal control. Management had not conducted a risk assessment related to the City's financial reporting and transactions.

Effect

The failure to establish controls enabled misstatements and irregularities to occur on the financial statement and the SEFA. The failure to monitor the internal control system placed the City at risk that controls were either not designed properly or not operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Recommendation

We recommended that the City's management design and implement a proper system of internal controls, which would segregate key functions and also perform periodic monitoring of its system of internal controls. We also recommended that the City reconcile bank accounts in accordance with state statute, monitor the recording of receipts and disbursements, and ensure the accuracy of the SEFA.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Highway Planning and Construction Cluster - Period of Performance

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES#1297017, DES#1382659,
DES#1500221, DES#1500724,
DES#1601163, DES#1601164

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

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 Period of Performance compliance requirement.

The grant expenditures were not reviewed to ensure that federal funds were not expended outside of the period of performance.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the period of performance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the period of performance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and the Period of Performance 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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016

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

Contact Phone Number: 219-853-6324

Status of Audit Finding:

1. Lack of Segregation of Duties:
 - a. **City:** In progress. The City has begun to create bond binders for all debt and is working with their financial advisor to complete the fund set-up and payment instructions on all existing and future debt. The Staff Accountant and Deputy Controller are being trained on setting-up bond funds. The Bank Clerk has started reconciling the trust accounts and they are reviewed and signed by the Controller. The Administrative Assistant creates and maintains binders for all new bonds.
Anticipated Completion Date: December 31, 2018
 - b. **Sanitary District:** In progress. A second accounts payable employee began on 6/18/18. The Accounts Payable Clerk I enters purchase orders and prepares claims to be paid. The Accounts Payable Clerk II reviews the claims prior to the Business Manager final review. Once the claims have been approved by the Board of Commissioners, the District Manager approves the claims for payment. Once all the approvals are met, the Business Manager directs the Accounts Payable Clerk II to print checks. The Accounts Payable Clerk is currently in the training.
Anticipated Completion Date: December 31, 2018.
 - c. **Sanitary District:** This has not been completed to date. Anticipated Completion Date: December 31, 2018
 - d. **Sanitary District:** This finding has been resolved as of February 2018.
 - e. **Water Utility:** Implemented in February 2018, for our 2017 financials. The numbers were submitted to the Controller for the review on February 22nd but due to the timing of the meeting, were presented to the Board of Directors and approved on February 27, 2018. The approved report matched the original report submitted to the Controller, so no changes were necessary before submittal on March 1, 2018.



Heather Garay, J.D.
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2. Preparing the Financial Statement:

a.

- i. Implemented in March 2018. Separate individuals reviewed, entered and submitted financial data for the Gateway Annual Report. Financial data was initialed as it was reviewed. Employees signed forms indicating their role in the imputing and reviewing process. All reports were submitted by the City Controller after reviews.
- ii. In progress. The Water Utility, Sanitary District, and Port Authority will submit financial materials to their respective boards along with their portion of the financial report for review and approval. The approved reports and materials will be submitted the Controller's office for verification and submission. Some departments began this process in spring of 2018. All will follow this policy for the 2018 financial reporting process in 2019.

(Signature)

Controller

(Title)

(Date)





Heather Garay, J.D.
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Heather Garay, Controller

Contact Phone Number: 219-853-6324

Status of Audit Finding: In progress. The Controller's office maintains grant files for all grants approved through the Hammond City Council. The numbers entered on the SEFA are verified on grant reports and the financial software. Separate employees enter the information, review the information and submit the information to the SEFA and sign forms indicating their role for all City maintained grants. Management is working with the other utilities for verification of grant materials that are not approved through the City Council. The Controller's office staff continues to work on training for grant reporting. Anticipated Completion Date: March 2019.

(Signature) 

Controller

(Title)

(Date) 





Heather Garay, J.D.
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Homeland Security
Contact Person Responsible for Corrective Action: Heather Garay, City Controller
Contact Phone Number: 219-853-6324

Status of Audit Finding: N/A

The City has not received a new SAFER grant since this finding. The City Controller has worked with the Fire Department grant manager to establish controls for new Fire Department grants. A grant file is maintained in the Controller's office to improve compliance and reporting of new grants.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Homeland Security
Contact Person Responsible for Corrective Action: Heather Garay, Controller
Contact Phone Number: 219-853-6324

Status of Audit Finding: N/A

The City has not received a new SAFER grant since this finding. The City Controller has worked with the Fire Department grant manager to establish controls for new Fire Department grants. A grant file is maintained in the Controller's office to improve compliance and reporting of new grants.



(Signature)

Controller

(Title)



(Date)





Heather Garay, J.D.
Controller

October 9, 2018

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

Finding 2017-001 – **FINANCIAL TRANSACTIONS AND REPORTING**

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

Contact Phone Number: 219-853-6324

Corrective Action Plan:

Cash and Investments (Bank Reconciliations) – City

- a. We partially concur with the finding.

The City reconciles all bank accounts on a monthly basis. The bank reconciliations are then reviewed by the City Controller. The outstanding amount in the payroll account has carried from 2014 and is related to a bank to bank transfer for the payroll sweeping account. The City will work with a consultant and the financial software provider to attempt to resolve the outstanding payroll transfers from 2014. All other bank accounts are balanced monthly. The City began preparing bank reconciliations for all trust accounts in 2017. The trust activity was reconciled for the entire year for 2017 and are now reconciled and reviewed monthly.

Anticipated Completion Date: December 2018

Receipts, Disbursements, and Financial Reporting - City and Port Authority

- b. We concur with the finding.

The City and Port Authority operate on the same financial software. The reports generated by the financial software are unable to distinguish between expenditure and non-expenditure transactions related to bank to bank transfers. 2017 had a significant number of these transactions related to transferring funds to new bank accounts to earn better interest rates and as required by bond agreements. The City and Port Authority will work with their software provider to exclude non-expenditure transfers from reports used for the preparation of the annual financial report.

The City has implemented new controls for the administration of trust accounts which include instructions to set-up the funds and accounts timely, the reconciliation of trust accounts and reporting of activity.

Anticipated Completion Date: March 2019

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Heather Garay, J.D.
Controller

Disbursements - Sanitary District
c. We concur with the finding.

Due to the timing of the 2016 audit, this finding was not resolved in 2017 but has been resolved in 2018.

Completion Date: 2018

Financial Reporting – Water Utility
d. We partially concur with the finding.

The Water Utility established a corrective action plan in February 2018 to address the 2016 audit finding. It stated that financials would be reviewed and approved by the Water Utility COO and Board of Directors prior to submitting them to the controller for inclusion in the annual financial report. The anticipated completion date was December 2018. The Water Utility began sending these reports to the board and COO for approval in February 2018. The financials were submitted to the Controller prior to the next board meeting and were then approved by the board a few days later. No adjustments were required following the boards review and the financial report was submitted with the original entries. Going forward, the board will review and approve the financials prior to submission the Controller.

Anticipated Completion Date: March 2019

Schedule of Expenditures of Federal Awards (SEFA)
e. We concur with the finding.

The Controller will work with other departments to develop a procedure for the proper reporting and verification of federal awards. All entries will be reviewed by an additional individual prior to the submission of the SEFA.

Anticipated Completion Date: March 2018

(Signature)

Controller
(Title)

10/9/2018

(Date)

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Heather Garay, J.D.
Controller

October 9, 2018

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

Finding 2017-002 – Highway Planning and Construction Cluster - Period of Performance
Contact Person Responsible for Corrective Action: Heather Garay, City Controller
Contact Phone Number: 219-853-6324

Corrective Action Plan:

- a. We concur with the finding.

Although all federal grants tested met the compliance requirements of the Period of Performance, there was no documentation to verify the compliance requirements were reviewed for accuracy. The City will put in place controls to document compliance reviews for all federal grants.

Anticipated Completion Date: March 2019

(Signature)

Controller
(Title)

10/9/2018

(Date)

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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/>.