

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF EAST CHICAGO
LAKE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|-----------------------------------|--|
| City Controller | Valeriano Gomez | 01-01-18 to 12-31-19 |
| Mayor | Anthony Copeland | 01-01-18 to 12-31-19 |
| President of the Board of Public Works | Valeriano Gomez | 01-01-18 to 12-31-19 |
| President of the Common Council | Richard Medina Lenny Franciski | 01-01-18 to 12-31-18 01-01-19 to 12-31-19 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of East Chicago (City), which comprises the financial position and results of operations for the year ended December 31, 2018, 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, 2018.

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, 2018, 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 June 12, 2019, 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

June 12, 2019



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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 EAST CHICAGO, 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 East Chicago (City), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement, and have issued our report thereon dated June 12, 2019, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

June 12, 2019

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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 EAST CHICAGO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

| Fund | Cash and Investments 01-01-18 | Receipts | Disbursements | Cash and Investments 12-31-18 |
|--|-------------------------------------|---------------|---------------|-------------------------------------|
| General | \$ 19,783,408 | \$ 35,349,859 | \$ 28,523,153 | \$ 26,610,114 |
| Motor Vehicle Highway | 3,879,721 | 1,385,624 | 254,777 | 5,010,568 |
| Local Road And Street | 514,396 | 464,093 | 40,504 | 937,985 |
| Park Nonreverting Operating | 14,158 | 8,034 | 7,850 | 14,342 |
| Health Maintenance | 125,921 | 147,365 | 69,600 | 203,686 |
| Lakefront TIF (Economic Development) | 3,397,403 | 2,231,384 | 3,915,601 | 1,713,186 |
| Building Demolition | 186,226 | 446,720 | 517,220 | 115,726 |
| Transportation | 1,473,336 | 1,984,920 | 1,275,541 | 2,182,715 |
| CDBG | 1,884 | 1,114,731 | 1,223,405 | (106,790) |
| Law Enforcement Continuing Ed | 75,461 | 55,212 | 29,307 | 101,366 |
| Clerk's Records Perpetuation | 22,202 | 5,963 | 7,955 | 20,210 |
| Unsafe Building | 336,500 | 93,417 | 209,322 | 220,595 |
| Casino/Riverboat | 9,986,124 | 13,877,415 | 13,547,489 | 10,316,050 |
| Parks And Recreation | 2,157,326 | 2,414,348 | 3,222,042 | 1,349,632 |
| LOIT Special Distribution | 1,212,046 | - | 1,070,489 | 141,557 |
| Park Nonreverting Capital | 1,004 | - | - | 1,004 |
| Redevelopment Capital | 806,564 | 7,391,881 | 5,821,411 | 2,377,034 |
| Fire Equipment (Not Debt Service) | 481,210 | - | 464,656 | 16,554 |
| Co Economic Development Income Tax Capital | 1,134,463 | 2,781,883 | 2,474,550 | 1,441,796 |
| Cumulative Capital Improvement | - | 69,422 | - | 69,422 |
| Self-Insurance | 7,349,958 | 10,596,101 | 7,466,520 | 10,479,539 |
| Police Pension | 23,789 | 3,564,587 | 3,452,654 | 135,722 |
| Fire Pension | 67,579 | 2,333,151 | 2,548,678 | (147,948) |
| City And Town Court Costs | 2,028 | 22,272 | 20,992 | 3,308 |
| LOIT Public Safety | 1,989,364 | 2,897,161 | 2,176,652 | 2,709,873 |
| Local Development Agreement | 6,772,649 | 3,781,895 | 6,366,438 | 4,188,106 |
| TIF US Gypsum | 606,031 | 1,214,125 | 1,213,094 | 607,062 |
| TIF Riley Plaza | 49,081 | 87,899 | 97,474 | 39,506 |
| Local Police Forfeitures | 41,391 | 1,247 | 2,436 | 40,202 |
| Harborside Apartments | 295,723 | 1,519,812 | 1,688,448 | 127,087 |
| TIF Northtown Village Townhomes | 71,682 | 140,820 | 142,092 | 70,410 |
| Home Investment Partnership Program | 102,237 | 169,741 | 242,566 | 29,412 |
| Corporation Bond and Interest | 1,240,714 | 2,474,550 | 2,475,114 | 1,240,150 |
| City of EC Construction Account | 7,979,533 | 2,510 | 5,731,509 | 2,250,534 |
| TIF Lakeside Garden | 283,213 | 330,153 | 247,736 | 365,630 |
| Public Works Revolving | - | 8,519,624 | 8,519,624 | - |
| Local Road and Bridge Grant | 895,430 | 1,340,000 | 895,430 | 1,340,000 |
| TIF Annex Allocation Area | 139,658 | 473,213 | 314,908 | 297,963 |
| Redevelopment Education | 100,000 | 32,722 | - | 132,722 |
| General Adult Probation | 154,382 | 27,243 | 40,510 | 141,115 |
| Federal Grants | 2,337 | 143,247 | 114,920 | 30,664 |
| State Grant | 34,085 | - | - | 34,085 |
| Grant Misc | 597,928 | 53,851 | 20,506 | 631,273 |
| Summer Youth Training Program | - | 125,585 | 103,928 | 21,657 |

CITY OF EAST CHICAGO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

| Fund | Cash and Investments 01-01-18 | Receipts | Disbursements | Cash and Investments 12-31-18 |
|----------------------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
| Police Federal Forfeitures | 134,523 | 16,555 | 41,302 | 109,776 |
| Damage To City Property | 54,588 | 32,393 | 13,994 | 72,987 |
| Vital Records | 277,438 | 62,136 | 18,980 | 320,594 |
| City Court Programs | 6,131 | 37,322 | 16,403 | 27,050 |
| EC Petty Cash Accts | 1,825 | 377 | 201 | 2,001 |
| Redevelopment Rehab Escrow | 3,908 | 83,818 | 77,231 | 10,495 |
| Lease Rental Payment | 837,715 | 2,287,737 | 2,193,001 | 932,451 |
| Communications Revolving | (8,520) | 134,106 | 133,110 | (7,524) |
| Gasoline Revolving | (74,120) | 688,357 | 637,916 | (23,679) |
| EC Redevelopment | 307,064 | 958,682 | 901,297 | 364,449 |
| Payroll Withholding | 1,811 | 66,359,142 | 66,358,657 | 2,296 |
| Health Insurance | 4,642 | 4,579,567 | 4,577,165 | 7,044 |
| Misc Employee Ins | 61,438 | 2,023 | 555 | 62,906 |
| Worker's Compensation | 216 | 249,476 | 249,467 | 225 |
| City Clerk | 548,294 | 418,597 | 459,592 | 507,299 |
| ECSDWW Petty Cash | 4,976 | 28 | 3 | 5,001 |
| Sewage Utility Construction | 5,352,826 | 69,358 | 202,977 | 5,219,207 |
| Sewage Utility Bond and Interest | 472,981 | 950,163 | 947,888 | 475,256 |
| Sewage Debt Service Reserve | 949,726 | 9,282 | - | 959,008 |
| Sanitary District Rainy Day | 614,129 | - | 193,579 | 420,550 |
| Wastewater Utility-Operating | 1,275,903 | 7,427,656 | 7,556,553 | 1,147,006 |
| Wastewater Replacement Reserve | 1,512,697 | 617,700 | 342,971 | 1,787,426 |
| Storm Water Utility-Operating | 769,820 | 2,872,749 | 2,716,877 | 925,692 |
| Solid Waste-Operating | 10,182,592 | 10,807,852 | 9,323,338 | 11,667,106 |
| Solid Waste-Bond And Interest | 333,554 | 866,529 | 840,743 | 359,340 |
| Sanitary District Revolving | 1,374,791 | 154,066 | - | 1,528,857 |
| Utilities Revolving | - | 1,127,207 | 1,127,207 | - |
| Sanitary State Revolving | 38,683 | - | - | 38,683 |
| Water Utility Meter Deposit | 285,934 | 19,107 | 12,965 | 292,076 |
| Water Utility-Operating | 182,259 | 9,979,032 | 9,856,844 | 304,447 |
| Water Tank Refurbishment | 58,491 | 1,016,560 | 950,289 | 124,762 |
| Water Utility-Construction | 2,487,420 | 17,017,537 | 6,683,469 | 12,821,488 |
| Change Fund | 1,000 | - | - | 1,000 |
| Water Utility-Debt Reserve | 929,327 | 925,297 | 207,166 | 1,647,458 |
| Water Utility-Bond and Interest | 2,978,394 | 3,639,013 | 3,626,230 | 2,991,177 |
| EC Marina | 214,942 | 1,018,804 | 937,249 | 296,497 |
| EC Marina Petty Cash Accts | 1,350 | 2,487 | 2,337 | 1,500 |
| Totals | <u>\$ 106,566,893</u> | <u>\$ 244,104,495</u> | <u>\$ 227,764,657</u> | <u>\$ 122,906,731</u> |

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

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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,

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Penalties. Amounts received from late payment fees.

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.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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 December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF EAST CHICAGO
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) Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

New employees hired have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice), which is a multiple-employer defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

Financial Report

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. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

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.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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, providing retirement, disability, and survivor benefits.

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.

Financial Report

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. (844) 464-6777

Contributions

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some City funds being set up for reimbursable grants or as internal service funds.

In addition, the Fire Pension fund had a deficit cash position at year end. Because pensioners were given a raise in 2018, the cash balance in the fund was not sufficient to cover all personnel expenses for the year. Fire pension salaries are funded by the state's Pension Relief distribution and is received on a reimbursement basis in the subsequent year.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The City has entered into a capital lease with the East Chicago Municipal 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 2018 totaled \$2,193,000.

Note 9. *Subsequent Events*

Short-Term Debt - Loans Between Funds

Due to a delay in collecting revenue from water customer billings as well as the delay in the reimbursements from the state's Hardest Hit Program, the City made temporary loans between funds during 2018. These loans were not repaid during 2018. As of December 31, 2018, three loans to the Water Utility-Operating totaling \$2,650,000 and two loans to the Building Demolition totaling \$350,000 were still outstanding. They will be repaid on June 30, 2019.

Purchase of Capital Equipment

In May 2019, the Board of Sanitary Commissioners approved the \$2.6 million purchase of vehicles and items of equipment essential to the operation of the Sanitary District, which have reached the end of their useful lives and must be replaced in order to assure efficient, cost effective, and uninterrupted service to the City. The additional appropriation for this purchase was approved from the cash balance of the Sanitary Solid Waste-Operating fund.

Note 10. *Other Postemployment Benefits*

The City provides health benefits to eligible retirees and their spouses. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 11. *Contingent Liabilities and Lawsuits*

The City has been named as defendant in several pending lawsuits of which the outcome and the amount of potential damages has not been estimated.

Note 12. *Tax Increment Receipts Pledged*

The City has pledged a portion of tax incremental finance property tax receipts to repay \$9,065,040 in tax increment finance revenue bonds issued in 1999 to finance the acquisition of processing and production equipment for high capacity wallboard manufacturing facility (U.S. Gypsum Company). The bonds are payable solely from the incremental property tax generated by the allocation area. Incremental property taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. The tax incremental finance property taxes received in 2018 were not enough to cover the 2018 payments due.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

The City has pledged a portion of tax incremental finance property tax receipts to repay \$1,750,000 in tax increment finance revenue bonds issued in 2007 to finance the costs of converting an existing retail structure located in Riley Plaza into a supermarket facility. The bonds are payable solely from the incremental property tax generated by the allocation area. Incremental property taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. The tax incremental finance property tax receipts received in 2018 were not enough to cover the 2018 payments due.

The City has pledged a portion of tax incremental finance property tax receipts to repay \$3,000,000 in tax increment finance revenue bonds issued in 2015 to finance the acquisition and rehabilitation of a vacant industrial warehouse facility into the light industrial operations of Hoist Liftruck Manufacturing. The bonds are payable solely from the incremental property tax generated by the allocation area. Incremental property taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. The 2018 tax incremental finance property tax receipts were not enough to cover the 2018 payments due. Hoist Liftruck Manufacturing provided the City with the necessary funds to cover the 2018 payment shortfalls.

Note 13. Indiana Harbor Revitalization Project

The Community Builders, Inc. (TCB), Hispanic Housing Development Corp. (HHDC), and EDAW combined to form the Indiana Harbor Community Master Development Team, which was jointly selected by the East Chicago Board of Public Works, East Chicago Housing Authority, and the East Chicago Redevelopment Commission.

On March 1, 2006, a Master Development Agreement was entered into for a Master Developer to oversee and carry out the redevelopment (the Revitalization) of a certain portion of the City known as the Indiana Harbor Community. This area was designated by the City's Redevelopment Commission as a Tax Increment Financing (TIF) District in 2002. As part of the agreement, the Master Developer is to plan, coordinate, and implement all aspects of the Revitalization. The Revitalization contemplates a comprehensive redevelopment of the Revitalization Area, including the development or redevelopment of housing, commercial and retail space, public space, public facilities, and industrial facilities.

To achieve the revitalization, the City's Redevelopment Commission transferred ownership of 21 parcels of property to Northtown Village Townhomes Limited Partnership (Northtown) for the sum of \$10 in 2008. Northtown is a wholly owned subsidiary of The Community Builders, Inc., one of the three entities which comprise the Indiana Harbor Community Master Development Team.

The Commission also loaned Northtown \$3,000,000 to be used to finance construction of 75 unit townhomes consisting of two, three, and four bedroom rental units comprised of ten separate buildings. The loan was made in installments over a three year period. Northtown was loaned \$619,558 in October 2007 and \$1,380,442 in November 2008 from the Economic Development Commission Fund, which receipts the tax increment financing property tax revenues generated from the TIF District. The final installment was paid to Northtown on February 6, 2009, from grants awarded to the City in 2007 from the East Chicago Urban Enterprise Association, Inc., and the Gary/Hammond/East Chicago Empowerment Zone. The Phase I loan bears interest at 1.75 percent compounded annually. The unpaid principal as well as any accrued and unpaid interest will be due and payable no later than December 31, 2048.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

Northtown completed the 75 unit development and all units were fully occupied as of March 30, 2010, with plans underway for a Phase II development. Phase II will consist of 50 additional units. To undertake this project the Northtown retained \$1,200,000 of funds available for repayment on the \$3,000,000 loan for Phase I, and the Commission provided an additional \$500,000 from the Economic Development Commission Fund. A new loan agreement was established to evidence the \$1,700,000 loan made by the Commission to Northtown as of June 30, 2010. This loan bears interest at 1.25 percent, compounding annually. The unpaid principal, as well as any accrued and unpaid interest, will be due and payable no later than December 31, 2050.

On June 30, 2010, the Commission loaned Northtown \$953,000 also bearing interest at 1.25 percent, compounding annually. The unpaid principal, as well as any accrued and unpaid interest, will be due and payable no later than December 31, 2050. The Commission received the loan funds from the U.S. Department of Housing and Urban Development through the Neighborhood Stabilization Program (NSP).

The loan activity between the City's Redevelopment Commission and Northtown is as follows:

| <u>Balance 1-1-2018</u> | <u>New Loans</u> | <u>Repayments</u> | <u>Balance 12-31-2018</u> | <u>Accrued and Unpaid Interest</u> |
|-----------------------------|----------------------|-------------------|-------------------------------|--|
| \$ 1,800,000 | \$ - | \$ - | \$ 1,800,000 | \$ 340,855 |
| <u>2,653,000</u> | <u>-</u> | <u>-</u> | <u>2,653,000</u> | <u>128,822</u> |
| <u>\$ 4,453,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,453,000</u> | <u>\$ 469,677</u> |

Note 14. Water Filtration Plant

In 2006, the City authorized the construction of a new water treatment plant and improvements to the intake system, water pumping station, pretreatment and filtration systems, and water storage system. To finance the estimated \$54,200,000 water filtration plant construction and improvements, the City has committed the following resources:

1. In 2006, the City entered into a \$16,600,000 loan with the State Revolving Loan Fund (SRF). Under the terms of the financial assistance agreement, waterworks revenue bonds issued by the City have been purchased by the Indiana Finance Authority. The proceeds are set aside to finance the water utility improvements. Funds are loaned to the City's water department as costs are incurred to the maximum allowed. The initial \$16,600,000 in loan program funds was completely drawn down; however, as of December 31, 2015, an additional \$83,615 in accumulated interest is still available to be drawn on this program. The repayment of the loan is from the Water Utility-Operating and Economic Development Operating funds.
2. In 2009, the City entered into a \$27,200,000 loan with the SRF. Under the terms of the financial assistance agreement, waterworks revenue bonds issued by the City have been purchased by the Indiana Finance Authority. The proceeds are set aside to finance the water utility improvements. Funds are loaned to the City's water department as costs are incurred to the maximum allowed. During 2010 and 2011, the City drew down the entire amount of the \$27,200,000 loan.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

The City approved Ordinance 06-0053 on January 9, 2007, to irrevocably pledge a maximum of \$3,000,000 annually of gaming revenue for the payment of principal and interest on the 2009 \$27,200,000 SRF loan. Per the financial assistance agreement, the City is to deposit by January 16 of each year an annual amount equal to the principal and interest on all outstanding bonds payable during the next 12 month period. If gaming revenue is insufficient, the City would cause a levy of a special benefit tax upon all property of the Waterworks District in the amount necessary to meet and pay the principal and interest payments when due.

3. In 2009, the City entered into a \$3,000,000 forgivable loan with the SRF. Under the terms of the financial assistance agreement, waterworks bond anticipation notes (BAN) issued by the City have been purchased by the Indiana Finance Authority. The proceeds are set aside to finance the water utility improvements. Funds are loaned to the City's water department as costs are incurred to the maximum allowed. The 2009 BAN was subject to loan forgiveness and was deemed forgiven and discharged on November 12, 2010, for the entire amount of the loan, as permitted by the American Recovery and Reinvestment Act. During 2010, the City drew down the entire \$3,000,000 loan.
4. In 2009, the City disbursed \$5,750,000 from the Economic Development Commission Fund, in accordance with the financial assistance agreement with the Indiana Finance Authority, into a project fund for the water utility improvements. As of December 31, 2015, the City has drawn \$5,704,967, which left \$45,033.
5. The U.S. Army Corp of Engineers contributed the construction of a water storage reservoir at an estimated value of \$1,650,000. The water filtration plant construction was completed in the fall of 2011. However, the new state-of-the-art water filtration plant has yet to provide the rated 17 million gallons of clean water a day. Thus, the City has not been able to fully integrate the new water filtration plant online and has had to operate and maintain the old water filtration plant. The City expected to demolish the old water filtration plant in January 2012 for the City's continued improvement to the lakefront. The City has been assessing a \$2,000 per day penalty against Siemens USA for failing to provide a water filtration plant that met specifications.
6. On August 7, 2013, Siemens and the City initiated separate lawsuits entitled City of East Chicago v. Siemens Water Technologies Group, et al, Case No. 45D01-1308-PL-72 (Lake County, IN) and Siemens Industry, Inc. successor through merger to Siemens Water Technologies v. The City of East Chicago, Indiana, Case No. 2:13-CV-00273-JTM-PRC (U.S. Dist. Ct. N.D. IN. The litigation concerned a dispute regarding the performance of the water filtration system installed in the new membrane water filtration facility. Each party denied the allegations made against them by their opponents.
7. On June 25, 2015, the City executed a Settlement and Release Agreement with Evoqua Water Technologies LLC, Federal Insurance Company and Fidelity and Deposit Company of Maryland, which terminated the litigation and provided, among other things that the City would receive, new N-module membranes for all six trains at the filtration plant and a cash payment of \$1,875,000. The City conducted an eleven month pilot plant study testing a proposed Fluid Engineering Strainer system and concluded that it was uniquely suited to operate in conjunction with the existing membrane filtration system with minimal re-configuration of the existing plant and in May of 2015 the City authorized the purchase of the Fluid Engineering Strainer system.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

8. On July 16, 2015, the City adopted a resolution appropriating the proceeds of the \$1,875,000 cash settlement directing in part that \$1,356,446 be applied to the cost of the project to replace the raw water strainer system used in conjunction with the City's membrane water filtration system and other substantial improvements at the City's water filtration facility. The project is expected to take four months and be complete in January 2016.
9. In the Spring of 2019, the City made successful warranty claims against Evoqua whereby certain components of the system have been replaced at no charge and others were purchased at a reduced negotiated price. Once the components are installed, it is expected that daily production will increase from 10 millions of gallons per day (MGD) to the nominal design flow of 16 MGD in summer and 14 MGD at low temperatures. Planned revised operational and maintenance strategies, including discharging backwash to the wastewater treatment plant rather than recycling through the filtration plant, are expected to improve performance.

Note 15. Settlements

Consent Decree

An Agreed Judgment resolving the case of the Indiana Department of Environment Management (IDEM) vs. The East Chicago Sanitary District (District) was approved and entered by the Judge of the Lake Circuit Court on October 1, 2007. The Consent Decree contains both specific and general tasks and obligations and goals, which are to be accomplished within prescribed deadlines. The Consent Decree provides for the payment of stipulated penalties in the event of the District's failure to comply with specified wastewater treatment plant performance standards or to achieve facility improvement programs within the time limits imposed.

The major component of the Agreed Judgment is the District's obligation to revise and implement a long-term combined sewer overflow control plan (Long-Term Plan). The process includes submission of a Use Attainability Analysis, which determines a financial capability assessment of the District user charge payers and the cost effectiveness of treatment plant and system improvements, which would reduce Combined Sewer Overflows (CSO) into the Grand Calumet River. The Long-Term Plan has been submitted to the IDEM and reviewed by the United States Environmental Protection Agency (EPA) and was approved.

The Long-Term Plan as most recently configured proposed spending approximately \$12.2 million on treatment plant and system improvements to be raised through a Revenue Bond issued in the total amount of \$12.94 million. The Long-Term Plan called for the construction of improvements in two phases, the first in 2014 and 2015, with the second originally planned to commence in 2016. Phase 1 was financed under a Bond Anticipation Note (BAN) with the bond itself being issued at the end of 2015. The District sought and won approval from the City Council for a user rate increase in 2014 to support financing for the project.

In order to take advantage of economies in construction staging, some elements of Phase 2 were completed in Phase 1. However, discovery of unforeseen subsurface issues and other considerations required a re-structuring of the Long-Term Plan for Phase 2 and the addition of a number of elements. IDEM also has suggested the EPA approval may require an additional expenditure over years in order to reduce the number of CSO events. A new engineering firm of record was engaged, and the resulting cost of Phase 2 was upwardly adjusted to a total of between \$12 and \$13 million. Upon issuance of the 2015 Bond, just over \$6 million of the proceeds were used to satisfy the Ban for Phase 1, leaving approximately \$6 million remaining and available for Phase 2.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

In 2018, a Request for Proposals for a Guaranteed Cost Saving Contract (GCS) was issued for Phase 2, and Kokosing Industrial was selected as the general contractor for the project. Under the revised scope of work necessary to complete Phase 2, it will be necessary to raise an additional \$6 million to \$7 million dollars. The District has engaged the Municipal Advisory and accounting firm of Baker Tilly to prepare a cost of service study to set the stage for a new user rate increase, and to advise on the most favorable alternative for financing. This is likely to involve borrowing from the State of Indiana Waste Water Revolving Fund (SRF). Butler, Fairman & Seufert, Inc., the engineer of record, has been engaged to prepare and submit a Preliminary Engineering Report for the SRF application. The current plan is to receive bond proceeds in late 2019, with construction of Phase 2 commencing in the Spring of 2020. Currently, the District is seeking an extension from IDEM to accommodate these changes for Phase 2.

USS Lead Superfund

The USS Lead Superfund site is located within the City of East Chicago. The lead refinery was constructed in 1906. The DuPont facility, located east of USS Lead operated from 1910 to 1949. The site includes part of the former USS Lead facility along with nearby commercial, municipal, and residential areas. The primary contaminants of concern are lead and arsenic. The site is separated into three zones, which include a public housing complex and residential properties. Zone 1 is a neighborhood that includes the West Calumet Housing Complex and Carrie Gosch Elementary School. Zones 2 and 3 are residential neighborhoods. Construction of the residential began in 1939 and were completed in 1959. The elementary school was dedicated in 1959. The West Calumet Housing Complex was constructed between 1970 and 1973. USS Lead ceased operation in 1992.

RCRA referred the residential areas adjacent to the USS Lead facility to Superfund in 2004. In 2006 the EPA began testing for lead contamination in yards and published notices stating that lead is highly toxic and can cause behavioral problems, learning disabilities, seizures, death and other health effects. Currently, the Housing Complex has been closed and residents relocated. The elementary school is also closed.

Two lawsuits arising from this situation have been filed naming the City, the Mayor, BP Products, DuPont, Atlantic Richfield, the East Chicago Housing Authority, and its director. The complaint alleges that the defendants concealed the dangers of the contaminated land in which they resided, along with the theories of conspiracy, personal injury, breach of contract and implied warranty, fraud and misrepresentation. Additional claims allege violation of the 14th Amendment, the Civil Rights Act, and the Equal Protection Clause. In one case, the plaintiffs have requested the conditional class certification of each resident living in the West Calumet area of the City. The City is prepared to contest all claims.

In 2017, the City received tort claim notices for an additional 100 individuals claiming injury and damages arising from this situation. Although the City's exposure could exceed \$1 million dollars if it does not prevail, the case has been vigorously defended. The City has obtained dismissals of some of the constitutional claims made. This allows, in some instances, for only state law, tort claims to proceed, which is governed by the Indiana Tort Claims Act where damages are capped.

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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 EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | General | Motor Vehicle Highway | Local Road And Street | Park Nonreverting Operating | Health Maintenance | Lakefront TIF (Economic Development) |
|--|----------------------|-----------------------------|--------------------------------|-----------------------------------|-----------------------|---|
| Cash and investments - beginning | \$ 19,783,408 | \$ 3,879,721 | \$ 514,396 | \$ 14,158 | \$ 125,921 | \$ 3,397,403 |
| Receipts: | | | | | | |
| Taxes | 31,386,270 | - | - | - | - | 2,201,830 |
| Licenses and permits | 770,673 | - | - | - | - | - |
| Intergovernmental receipts | 2,304,013 | 1,385,624 | 464,093 | - | 147,365 | - |
| Charges for services | 417,166 | - | - | 8,034 | - | - |
| Fines and forfeits | 95,638 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 376,099 | - | - | - | - | 29,554 |
| Total receipts | <u>35,349,859</u> | <u>1,385,624</u> | <u>464,093</u> | <u>8,034</u> | <u>147,365</u> | <u>2,231,384</u> |
| Disbursements: | | | | | | |
| Personal services | 21,442,268 | - | - | - | 19,310 | - |
| Supplies | 454,580 | - | 3,747 | - | 17,582 | - |
| Other services and charges | 5,911,321 | 254,777 | 36,757 | 7,850 | 29,933 | 843,682 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 418,477 | - | - | - | 2,775 | 1,144,185 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 296,507 | - | - | - | - | 1,927,734 |
| Total disbursements | <u>28,523,153</u> | <u>254,777</u> | <u>40,504</u> | <u>7,850</u> | <u>69,600</u> | <u>3,915,601</u> |
| Excess (deficiency) of receipts over disbursements | <u>6,826,706</u> | <u>1,130,847</u> | <u>423,589</u> | <u>184</u> | <u>77,765</u> | <u>(1,684,217)</u> |
| Cash and investments - ending | <u>\$ 26,610,114</u> | <u>\$ 5,010,568</u> | <u>\$ 937,985</u> | <u>\$ 14,342</u> | <u>\$ 203,686</u> | <u>\$ 1,713,186</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Building Demolition | Transportation | CDBG | Law Enforcement Continuing Ed | Clerk's Records Perpetuation | Unsafe Building |
|--|------------------------|---------------------|---------------------|--|------------------------------------|--------------------|
| Cash and investments - beginning | \$ 186,226 | \$ 1,473,336 | \$ 1,884 | \$ 75,461 | \$ 22,202 | \$ 336,500 |
| Receipts: | | | | | | |
| Taxes | - | 878,347 | - | - | - | - |
| Licenses and permits | - | - | - | 10,570 | - | - |
| Intergovernmental receipts | 96,720 | 1,096,305 | 1,030,782 | 685 | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | 43,771 | 5,963 | 39,940 |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 350,000 | 10,268 | 83,949 | 186 | - | 53,477 |
| Total receipts | <u>446,720</u> | <u>1,984,920</u> | <u>1,114,731</u> | <u>55,212</u> | <u>5,963</u> | <u>93,417</u> |
| Disbursements: | | | | | | |
| Personal services | - | 1,030,023 | 326,699 | - | - | - |
| Supplies | - | 121,053 | 6,112 | 2,622 | - | - |
| Other services and charges | 317,220 | 124,465 | 890,594 | 26,465 | 4,715 | 180,711 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 3,240 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 200,000 | - | - | 220 | - | 28,611 |
| Total disbursements | <u>517,220</u> | <u>1,275,541</u> | <u>1,223,405</u> | <u>29,307</u> | <u>7,955</u> | <u>209,322</u> |
| Excess (deficiency) of receipts over disbursements | <u>(70,500)</u> | <u>709,379</u> | <u>(108,674)</u> | <u>25,905</u> | <u>(1,992)</u> | <u>(115,905)</u> |
| Cash and investments - ending | <u>\$ 115,726</u> | <u>\$ 2,182,715</u> | <u>\$ (106,790)</u> | <u>\$ 101,366</u> | <u>\$ 20,210</u> | <u>\$ 220,595</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Casino/Riverboat | Parks And Recreation | LOIT Special Distribution | Park Nonreverting Capital | Redevelopment Capital | Fire Equipment (Not Debt Service) |
|---|------------------|----------------------------|---------------------------------|---------------------------------|--------------------------|---|
| Cash and investments - beginning | \$ 9,986,124 | \$ 2,157,326 | \$ 1,212,046 | \$ 1,004 | \$ 806,564 | \$ 481,210 |
| Receipts: | | | | | | |
| Taxes | - | 1,758,421 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 13,605,159 | 33,998 | - | - | - | - |
| Charges for services | - | 591,592 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 272,256 | 30,337 | - | - | 7,391,881 | - |
| Total receipts | 13,877,415 | 2,414,348 | - | - | 7,391,881 | - |
| Disbursements: | | | | | | |
| Personal services | - | 930,027 | - | - | - | - |
| Supplies | 136,425 | 143,367 | - | - | - | - |
| Other services and charges | 8,141,211 | 926,015 | 504,987 | - | 817,020 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 4,730,198 | 518,916 | - | - | 5,004,391 | 464,656 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 539,655 | 703,717 | 565,502 | - | - | - |
| Total disbursements | 13,547,489 | 3,222,042 | 1,070,489 | - | 5,821,411 | 464,656 |
| Excess (deficiency) of receipts over disbursements | 329,926 | (807,694) | (1,070,489) | - | 1,570,470 | (464,656) |
| Cash and investments - ending | \$ 10,316,050 | \$ 1,349,632 | \$ 141,557 | \$ 1,004 | \$ 2,377,034 | \$ 16,554 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Co Economic Development Income Tax Capital | Cumulative Capital Improvement | Self-Insurance | Police Pension | Fire Pension | City And Town Court Costs |
|---|--|--------------------------------------|----------------------|-------------------|---------------------|---------------------------------------|
| Cash and investments - beginning | \$ 1,134,463 | \$ - | \$ 7,349,958 | \$ 23,789 | \$ 67,579 | \$ 2,028 |
| Receipts: | | | | | | |
| Taxes | 2,781,883 | - | - | - | 43,141 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 69,422 | - | 3,564,142 | 2,289,556 | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | - | 10,596,101 | 445 | 454 | 22,272 |
| Total receipts | <u>2,781,883</u> | <u>69,422</u> | <u>10,596,101</u> | <u>3,564,587</u> | <u>2,333,151</u> | <u>22,272</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | 1,514 | 19,354 | 18,356 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 2,474,550 | - | 7,465,006 | 3,433,300 | 2,530,322 | 20,992 |
| Total disbursements | <u>2,474,550</u> | <u>-</u> | <u>7,466,520</u> | <u>3,452,654</u> | <u>2,548,678</u> | <u>20,992</u> |
| Excess (deficiency) of receipts over disbursements | <u>307,333</u> | <u>69,422</u> | <u>3,129,581</u> | <u>111,933</u> | <u>(215,527)</u> | <u>1,280</u> |
| Cash and investments - ending | <u>\$ 1,441,796</u> | <u>\$ 69,422</u> | <u>\$ 10,479,539</u> | <u>\$ 135,722</u> | <u>\$ (147,948)</u> | <u>\$ 3,308</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | LOIT Public Safety | Local Development Agreement | TIF US Gypsum | TIF Riley Plaza | Local Police Forfeitures | Harborside Apartments |
|---|--------------------------|-----------------------------------|---------------------|-----------------------|--------------------------------|--------------------------|
| Cash and investments - beginning | \$ 1,989,364 | \$ 6,772,649 | \$ 606,031 | \$ 49,081 | \$ 41,391 | \$ 295,723 |
| Receipts: | | | | | | |
| Taxes | - | - | 1,214,125 | 87,899 | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 2,897,161 | - | - | - | - | - |
| Charges for services | - | - | - | - | - | 1,116,251 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | 3,781,895 | - | - | 1,247 | 403,561 |
| Total receipts | 2,897,161 | 3,781,895 | 1,214,125 | 87,899 | 1,247 | 1,519,812 |
| Disbursements: | | | | | | |
| Personal services | 2,176,652 | - | - | - | - | - |
| Supplies | - | - | - | - | - | 44,134 |
| Other services and charges | - | 716,931 | - | - | 2,436 | 1,187,019 |
| Debt service - principal and interest | - | 1,032,782 | 1,213,094 | 97,474 | - | - |
| Capital outlay | - | 4,616,725 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | 457,295 |
| Total disbursements | 2,176,652 | 6,366,438 | 1,213,094 | 97,474 | 2,436 | 1,688,448 |
| Excess (deficiency) of receipts over disbursements | 720,509 | (2,584,543) | 1,031 | (9,575) | (1,189) | (168,636) |
| Cash and investments - ending | \$ 2,709,873 | \$ 4,188,106 | \$ 607,062 | \$ 39,506 | \$ 40,202 | \$ 127,087 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | TIF Northtown Village Townhomes | Home Investment Partnership Program | Corporation Bond and Interest | City of EC Construction Account | TIF Lakeside Garden | Public Works Revolving |
|--|--|--|--|---|---------------------------|------------------------------|
| Cash and investments - beginning | \$ 71,682 | \$ 102,237 | \$ 1,240,714 | \$ 7,979,533 | \$ 283,213 | \$ - |
| Receipts: | | | | | | |
| Taxes | 140,820 | - | - | - | 330,153 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 148,489 | - | - | - | - |
| Charges for services | - | 16,800 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | 4,452 | 2,474,550 | 2,510 | - | 8,519,624 |
| Total receipts | 140,820 | 169,741 | 2,474,550 | 2,510 | 330,153 | 8,519,624 |
| Disbursements: | | | | | | |
| Personal services | - | 27,194 | - | - | - | 5,607,749 |
| Supplies | - | 100 | - | - | - | 535,624 |
| Other services and charges | 142,092 | 159,575 | 1,889 | - | 247,736 | 2,376,251 |
| Debt service - principal and interest | - | - | 2,473,225 | - | - | - |
| Capital outlay | - | 55,697 | - | 5,731,509 | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 142,092 | 242,566 | 2,475,114 | 5,731,509 | 247,736 | 8,519,624 |
| Excess (deficiency) of receipts over disbursements | (1,272) | (72,825) | (564) | (5,728,999) | 82,417 | - |
| Cash and investments - ending | \$ 70,410 | \$ 29,412 | \$ 1,240,150 | \$ 2,250,534 | \$ 365,630 | \$ - |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Local Road and Bridge Grant | TIF Annex Allocation Area | Redevelopment Education | General Adult Probation | Federal Grants | State Grant |
|---|---|------------------------------------|----------------------------|-------------------------------|-------------------|----------------|
| Cash and investments - beginning | \$ 895,430 | \$ 139,658 | \$ 100,000 | \$ 154,382 | \$ 2,337 | \$ 34,085 |
| Receipts: | | | | | | |
| Taxes | - | 339,548 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 670,000 | - | - | - | 143,247 | - |
| Charges for services | - | 133,665 | - | - | - | - |
| Fines and forfeits | - | - | 32,722 | 13,832 | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 670,000 | - | - | 13,411 | - | - |
| Total receipts | 1,340,000 | 473,213 | 32,722 | 27,243 | 143,247 | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | 4,881 | 20,683 | - |
| Other services and charges | - | 2,100 | - | 20,159 | 94,237 | - |
| Debt service - principal and interest | - | 312,808 | - | - | - | - |
| Capital outlay | 895,430 | - | - | 15,470 | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 895,430 | 314,908 | - | 40,510 | 114,920 | - |
| Excess (deficiency) of receipts over disbursements | 444,570 | 158,305 | 32,722 | (13,267) | 28,327 | - |
| Cash and investments - ending | \$ 1,340,000 | \$ 297,963 | \$ 132,722 | \$ 141,115 | \$ 30,664 | \$ 34,085 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Grant Misc | Summer Youth Training Program | Police Federal Forfeitures | Damage To City Property | Vital Records | City Court Programs |
|--|-------------------|--|----------------------------------|----------------------------------|-------------------|---------------------------|
| Cash and investments - beginning | \$ 597,928 | \$ - | \$ 134,523 | \$ 54,588 | \$ 277,438 | \$ 6,131 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 125,585 | 16,131 | - | - | - |
| Charges for services | - | - | - | - | 58,398 | - |
| Fines and forfeits | - | - | - | - | - | 17,543 |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 53,851 | - | 424 | 32,393 | 3,738 | 19,779 |
| Total receipts | <u>53,851</u> | <u>125,585</u> | <u>16,555</u> | <u>32,393</u> | <u>62,136</u> | <u>37,322</u> |
| Disbursements: | | | | | | |
| Personal services | - | 103,928 | - | - | - | - |
| Supplies | 13,270 | - | 1,628 | - | 7,960 | 803 |
| Other services and charges | 7,236 | - | 14,978 | 13,994 | 7,656 | 15,600 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | 14,696 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 10,000 | - | 3,364 | - |
| Total disbursements | <u>20,506</u> | <u>103,928</u> | <u>41,302</u> | <u>13,994</u> | <u>18,980</u> | <u>16,403</u> |
| Excess (deficiency) of receipts over disbursements | <u>33,345</u> | <u>21,657</u> | <u>(24,747)</u> | <u>18,399</u> | <u>43,156</u> | <u>20,919</u> |
| Cash and investments - ending | <u>\$ 631,273</u> | <u>\$ 21,657</u> | <u>\$ 109,776</u> | <u>\$ 72,987</u> | <u>\$ 320,594</u> | <u>\$ 27,050</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | EC Petty Cash Accts | Redevelopment Rehab Escrow | Lease Rental Payment | Communications Revolving | Gasoline Revolving | EC Redevelopment |
|---|------------------------------|----------------------------------|----------------------------|-----------------------------|-----------------------|---------------------|
| Cash and investments - beginning | \$ 1,825 | \$ 3,908 | \$ 837,715 | \$ (8,520) | \$ (74,120) | \$ 307,064 |
| Receipts: | | | | | | |
| Taxes | - | - | 2,248,501 | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | 39,236 | - | - | - |
| Charges for services | - | - | - | - | - | 46,945 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 377 | 83,818 | - | 134,106 | 688,357 | 911,737 |
| Total receipts | 377 | 83,818 | 2,287,737 | 134,106 | 688,357 | 958,682 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | 305,483 |
| Supplies | - | - | - | - | 637,916 | 41 |
| Other services and charges | 142 | - | 14,477 | 133,110 | - | 146,480 |
| Debt service - principal and interest | - | - | 2,178,524 | - | - | - |
| Capital outlay | - | - | - | - | - | 80,427 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 59 | 77,231 | - | - | - | 368,866 |
| Total disbursements | 201 | 77,231 | 2,193,001 | 133,110 | 637,916 | 901,297 |
| Excess (deficiency) of receipts over disbursements | 176 | 6,587 | 94,736 | 996 | 50,441 | 57,385 |
| Cash and investments - ending | \$ 2,001 | \$ 10,495 | \$ 932,451 | \$ (7,524) | \$ (23,679) | \$ 364,449 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Payroll Withholding | Health Insurance | Misc Employee Ins | Worker's Compensation | City Clerk | ECSDWW Petty Cash |
|--|------------------------|---------------------|-------------------------|--------------------------|---------------|-------------------------|
| Cash and investments - beginning | \$ 1,811 | \$ 4,642 | \$ 61,438 | \$ 216 | \$ 548,294 | \$ 4,976 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 66,359,142 | 4,579,567 | 2,023 | 249,476 | 418,597 | 28 |
| Total receipts | 66,359,142 | 4,579,567 | 2,023 | 249,476 | 418,597 | 28 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | 270,023 | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 66,358,657 | 4,307,142 | 555 | 249,467 | 459,592 | 3 |
| Total disbursements | 66,358,657 | 4,577,165 | 555 | 249,467 | 459,592 | 3 |
| Excess (deficiency) of receipts over disbursements | 485 | 2,402 | 1,468 | 9 | (40,995) | 25 |
| Cash and investments - ending | \$ 2,296 | \$ 7,044 | \$ 62,906 | \$ 225 | \$ 507,299 | \$ 5,001 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Sewage Utility Construction | Sewage Utility Bond and Interest | Sewage Debt Service Reserve | Sanitary District Rainy Day | Wastewater Utility-Operating | Wastewater Replacement Reserve |
|--|-----------------------------------|--|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Cash and investments - beginning | \$ 5,352,826 | \$ 472,981 | \$ 949,726 | \$ 614,129 | \$ 1,275,903 | \$ 1,512,697 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | 7,283,718 | - |
| Fines and forfeits | - | - | - | - | 56,800 | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | 46,716 | - |
| Other receipts | 69,358 | 950,163 | 9,282 | - | 40,422 | 617,700 |
| Total receipts | 69,358 | 950,163 | 9,282 | - | 7,427,656 | 617,700 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | 2,077,384 | - |
| Supplies | - | - | - | - | 174,845 | - |
| Other services and charges | 202,977 | 750 | - | 193,579 | 2,125,270 | 225,198 |
| Debt service - principal and interest | - | 947,138 | - | - | - | - |
| Capital outlay | - | - | - | - | - | 117,773 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 3,179,054 | - |
| Total disbursements | 202,977 | 947,888 | - | 193,579 | 7,556,553 | 342,971 |
| Excess (deficiency) of receipts over disbursements | (133,619) | 2,275 | 9,282 | (193,579) | (128,897) | 274,729 |
| Cash and investments - ending | \$ 5,219,207 | \$ 475,256 | \$ 959,008 | \$ 420,550 | \$ 1,147,006 | \$ 1,787,426 |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Storm Water <u>Utility-Operating</u> | Solid Waste-Operating | Solid Waste-Bond And Interest | Sanitary District Revolving | Utilities Revolving | Sanitary State Revolving |
|--|--|--------------------------|--|-----------------------------------|------------------------|--------------------------------|
| Cash and investments - beginning | \$ 769,820 | \$ 10,182,592 | \$ 333,554 | \$ 1,374,791 | \$ - | \$ 38,683 |
| Receipts: | | | | | | |
| Taxes | - | 10,304,068 | 862,645 | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 51,326 | 3,884 | - | - | - |
| Charges for services | 1,264,410 | 324,589 | - | - | - | - |
| Fines and forfeits | - | 1,134 | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 1,608,339 | 126,735 | - | 154,066 | 1,127,207 | - |
| Total receipts | <u>2,872,749</u> | <u>10,807,852</u> | <u>866,529</u> | <u>154,066</u> | <u>1,127,207</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Personal services | 678,970 | 27,711 | - | - | 1,127,207 | - |
| Supplies | 6,634 | - | - | - | - | - |
| Other services and charges | 251,715 | 396,603 | - | - | - | - |
| Debt service - principal and interest | - | 324,087 | 840,743 | - | - | - |
| Capital outlay | 79,532 | 934,571 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 1,700,026 | 7,640,366 | - | - | - | - |
| Total disbursements | <u>2,716,877</u> | <u>9,323,338</u> | <u>840,743</u> | <u>-</u> | <u>1,127,207</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>155,872</u> | <u>1,484,514</u> | <u>25,786</u> | <u>154,066</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 925,692</u> | <u>\$ 11,667,106</u> | <u>\$ 359,340</u> | <u>\$ 1,528,857</u> | <u>\$ -</u> | <u>\$ 38,683</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Water Utility Meter Deposit | Water Utility-Operating | Water Tank Refurbishment | Water Utility-Construction | Change Fund |
|--|--------------------------------------|----------------------------|--------------------------------|-------------------------------|-----------------|
| Cash and investments - beginning | \$ 285,934 | \$ 182,259 | \$ 58,491 | \$ 2,487,420 | \$ 1,000 |
| Receipts: | | | | | |
| Taxes | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - |
| Utility fees | - | 6,856,302 | - | - | - |
| Penalties | - | 37,500 | - | - | - |
| Other receipts | 19,107 | 3,085,230 | 1,016,560 | 17,017,537 | - |
| Total receipts | <u>19,107</u> | <u>9,979,032</u> | <u>1,016,560</u> | <u>17,017,537</u> | <u>-</u> |
| Disbursements: | | | | | |
| Personal services | - | 1,093,149 | - | - | - |
| Supplies | - | - | - | - | - |
| Other services and charges | - | 51,468 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - |
| Capital outlay | - | 29,071 | - | 5,865,923 | - |
| Utility operating expenses | - | 2,934,113 | 289 | - | - |
| Other disbursements | 12,965 | 5,749,043 | 950,000 | 817,546 | - |
| Total disbursements | <u>12,965</u> | <u>9,856,844</u> | <u>950,289</u> | <u>6,683,469</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>6,142</u> | <u>122,188</u> | <u>66,271</u> | <u>10,334,068</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 292,076</u> | <u>\$ 304,447</u> | <u>\$ 124,762</u> | <u>\$ 12,821,488</u> | <u>\$ 1,000</u> |

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

| | Water Utility-Debt Reserve | Water Utility-Bond and Interest | EC Marina | EC Marina Petty Cash Accts | Totals |
|---|----------------------------------|--|--------------|--|----------------|
| Cash and investments - beginning | \$ 929,327 | \$ 2,978,394 | \$ 214,942 | \$ 1,350 | \$ 106,566,893 |
| Receipts: | | | | | |
| Taxes | - | - | - | - | 54,577,651 |
| Licenses and permits | - | - | - | - | 781,243 |
| Intergovernmental receipts | - | - | - | - | 30,182,923 |
| Charges for services | - | - | 1,000,155 | - | 12,261,723 |
| Fines and forfeits | - | - | - | - | 307,343 |
| Utility fees | - | - | - | - | 6,856,302 |
| Penalties | - | - | - | - | 84,216 |
| Other receipts | 925,297 | 3,639,013 | 18,649 | 2,487 | 139,053,094 |
| Total receipts | 925,297 | 3,639,013 | 1,018,804 | 2,487 | 244,104,495 |
| Disbursements: | | | | | |
| Personal services | - | - | 580,372 | - | 37,554,126 |
| Supplies | - | - | 70,150 | - | 2,404,157 |
| Other services and charges | - | - | 273,177 | 2,337 | 28,354,142 |
| Debt service - principal and interest | - | 3,253,351 | - | - | 12,673,226 |
| Capital outlay | - | - | - | - | 30,723,662 |
| Utility operating expenses | - | - | - | - | 2,934,402 |
| Other disbursements | 207,166 | 372,879 | 13,550 | - | 113,120,942 |
| Total disbursements | 207,166 | 3,626,230 | 937,249 | 2,337 | 227,764,657 |
| Excess (deficiency) of receipts over disbursements | 718,131 | 12,783 | 81,555 | 150 | 16,339,838 |
| Cash and investments - ending | \$ 1,647,458 | \$ 2,991,177 | \$ 296,497 | \$ 1,500 | \$ 122,906,731 |

CITY OF EAST CHICAGO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2018

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Sanitary District | \$ 979,894 | \$ 937,903 |
| Water | 664,969 | 832,832 |
| Marina | 12,031 | - |
| Governmental activities | <u>3,633,271</u> | <u>2,910,804</u> |
| Totals | <u>\$ 5,290,165</u> | <u>\$ 4,681,539</u> |

CITY OF EAST CHICAGO
SCHEDULE OF LEASES AND DEBT
December 31, 2018

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|---|--|----------------------|----------------------|-------------------|
| Governmental activities: East Chicago Municipal Building Corporation | Public Safety Facility | \$ 2,190,000 | 01/05/2017 | 01/05/2024 |
| Sanitary District: KS State Bank | ECSD Vactor Sewer Cleaner Lease Purchase | 104,175 | 04/01/2017 | 04/01/2019 |
| Total of annual lease payments | | <u>\$ 2,294,175</u> | | |

| Type | Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------|--|--------------------------|--|
| Governmental activities: | | | |
| Revenue bonds | EC General Obligation Bonds Series 2015 Community Centers | \$ 5,920,000 | \$ 2,475,350 |
| Revenue bonds | Redevelopment Tax Increment Financing Bonds 1999 USG Project | 1,344,953 | 2,846,000 |
| Revenue bonds | Taxable Economic Development Revenue Bond Series 2007A Riley Plaza Project | 1,145,000 | 132,100 |
| Revenue bonds | Taxable Economic Development Revenue Bonds Series 2015 (Hoist Lift Mfg.) | 2,755,000 | 319,145 |
| Total governmental activities | | <u>11,164,953</u> | <u>5,772,595</u> |
| Sanitary District: | | | |
| General obligation bonds | State Revolving Fund (SRF) Loan 1996 Pump Station Improvements & WWTF Modifications | 830,000 | 842,035 |
| Revenue bonds | Sanitary District Revenue Bonds Series 2015 Improvements to Wastewater Plant | 11,825,000 | 946,538 |
| Total Sanitary District | | <u>12,655,000</u> | <u>1,788,573</u> |
| Water: | | | |
| Revenue bonds | State Revolving Fund (SRF) Loan 2002 Water Utility Improvements | 620,000 | 131,313 |
| Revenue bonds | State Revolving Fund (SRF) Loan 2006 New Water Filtration Plant | 9,295,000 | 1,253,606 |
| Revenue bonds | State Revolving Fund (SRF) Loan 2009 New Water Filtration Plant | 17,535,000 | 1,858,274 |
| Revenue bonds | State Revolving Fund (SRF) Loan 2017 Meter Replacement Modeling Software Engineering Costs | 3,850,000 | 86,625 |
| Revenue bonds | State Revolving Fund (SRF) Loan 2018A Lead Replacement Costs Bond Issuance Costs | 3,100,000 | 12,392 |
| Revenue bonds | State Revolving Fund (SRF) Loan 2018B Two Water Storage Tanks Meter Installation Fire Hydrants Water Filling Station | 11,050,000 | 44,173 |
| Total Water | | <u>45,450,000</u> | <u>3,386,383</u> |
| Totals | | <u>\$ 69,269,953</u> | <u>\$ 10,947,551</u> |

CITY OF EAST CHICAGO
SCHEDULE OF CAPITAL ASSETS
December 31, 2018

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 reported is net accumulated depreciation

| | Ending Balance |
|------------------------------------|-----------------------|
| Governmental activities: | |
| Land | \$ 6,296,469 |
| Infrastructure | 35,823,372 |
| Buildings | 35,969,403 |
| Improvements other than buildings | 3,426,893 |
| Machinery, equipment, and vehicles | 4,931,710 |
| Construction in progress | <u>49,513,700</u> |
| Total governmental activities | <u>135,961,547</u> |
| Sanitary District: | |
| Land | 885,268 |
| Buildings | 12,341,220 |
| Improvements other than buildings | 7,131,168 |
| Machinery, equipment, and vehicles | 3,293,209 |
| Construction in progress | <u>6,708,637</u> |
| Total Sanitary District | <u>30,359,502</u> |
| Water: | |
| Land | 249,859 |
| Buildings | 110,920 |
| Improvements other than buildings | 7,162,005 |
| Machinery, equipment, and vehicles | 33,606 |
| Construction in progress | <u>61,606,691</u> |
| Total Water | <u>69,163,081</u> |
| Marina: | |
| Land | 1,020,000 |
| Buildings | 4,851,387 |
| Improvements other than buildings | 251,651 |
| Machinery, equipment, and vehicles | 10,777 |
| Construction in progress | <u>1,456,792</u> |
| Total Marina | <u>7,590,607</u> |
| Total capital assets | <u>\$ 243,074,737</u> |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of East Chicago's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


Paul D. Joyce, CPA
State Examiner

June 12, 2019

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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 prepared by management of the City. The schedule and notes are presented as intended by the City.

CITY OF EAST CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2018

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (Or Other) Identifying Number | Pass-Through To Subrecipient | Total Federal Awards Expended |
|---|---------------------------|--|---------------------------------|--|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | |
| Pass-Through Indiana Housing and Community Development Authority Housing Counseling Assistance Program | 14.169 | 2014D1-BEP-001 2016D1-BEP-201 | \$ - - | \$ 33,760 288,410 |
| Total for program | | | - | 322,170 |
| Direct Grants | | | | |
| Section 8 Project-Based Cluster | | | | |
| Section 8 Housing Assistance Payments Program | 14.195 | IN36L0002278 & IN36M000280 | - | 768,286 |
| Total for cluster | | | - | 768,286 |
| Direct Grants | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-14-MC-180004 B-15-MC-180004 B-16-MC-180004 B-17-MC-180004 | - - 28,813 16,457 | 71,071 71,932 528,010 359,769 |
| Total for cluster | | | 45,270 | 1,030,782 |
| Direct Grants | | | | |
| HOME Investment Partnerships Program | 14.239 | M-12-MC-180210 M-13-MC-180210 M-14-MC-180210 M-16-MC-180210 M-17-MC-180210 | - - - - - | 46,686 49,908 21,491 15,285 15,118 |
| Total for program | | | - | 148,488 |
| Total for federal grantor agency | | | 45,270 | 2,269,726 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | |
| Pass-Through the City of South Bend Project Safe Neighborhoods | 16.609 | 2014-GP-BX-0002 | - | 13,094 |
| Direct Grants | | | | |
| Equitable Sharing Program | 16.922 | FY 2018 | - | 41,303 |
| Total for federal grantor agency | | | - | 54,397 |

CITY OF EAST CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (Or Other) Identifying Number | Pass-Through To Subrecipient | Total Federal Awards Expended |
|---|---------------------------|---|---------------------------------|-------------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Pass-Through Northwestern Indiana Regional Planning Commission | | | | |
| Federal Transit Cluster | | | | |
| Federal Transit Formula Grants | | | | |
| | 20.507 | IN-90-X667 | - | 201,166 |
| | | IN-95-X035 | - | 65,057 |
| | | IN-2016-033 | - | 42,534 |
| | | IN-2017-027 | - | 21,441 |
| | | IN-2018-026 | - | 389,171 |
| Total for cluster | | | - | <u>719,369</u> |
| Total for federal grantor agency | | | - | <u>719,369</u> |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | |
| Pass-Through Indiana Finance Authority | | | | |
| Drinking Water State Revolving Fund Cluster | | | | |
| Capitalization Grants for Drinking Water State Revolving Funds | | | | |
| | 66.468 | DW16164504/DW16164505 | - | 2,483,158 |
| | | DW16164505/DW16154506 | - | 3,347,427 |
| Total for cluster | | | - | <u>5,830,585</u> |
| Direct Grants | | | | |
| Great Lakes Program | | | | |
| | 66.469 | 00E01972 | - | 44,350 |
| Pass-Through Indiana Department of Environmental Management | | | | |
| Beach Monitoring and Notification Program Implementation Grants | | | | |
| | 66.472 | CU-07E73102 | - | 23,838 |
| Total for federal grantor agency | | | - | <u>5,898,773</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Pass-Through Indiana Department of Health | | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | | | | |
| | 93.074 | U90TP000521/16068 BASE(Ext) | - | 15,118 |
| | | U90TP000521/16068 CRI (Ext) | - | 22,129 |
| | | U90TP000521/16068 LEAD | - | 71,797 |
| | | U90TP000521/13796 EBOLA | - | 10,751 |
| | | U90TP000521/26862 CRI | - | 431 |
| Total for Program | | | - | <u>120,226</u> |
| Total for federal grantor agency | | | - | <u>120,226</u> |
| Total federal awards expended | | | <u>\$ 45,270</u> | <u>\$ 9,062,491</u> |

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

CITY OF EAST CHICAGO
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, 2018. 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*. 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 accrual 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF EAST CHICAGO
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 weakness identified? | no |
| Significant deficiency identified? | none reported |
| Noncompliance material to financial statement noted? | no |

Federal Awards:

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness identified? | no |
| Significant deficiency identified? | none reported |
| Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | no |

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

| <u>Name of Federal Program or Cluster</u> | <u>Opinion Issued</u> |
|---|-----------------------|
| Section 8 Project-Based Cluster | Unmodified |
| Drinking Water State Revolving Fund Cluster | Unmodified |

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



City of East Chicago

Administrative Services Division

4525 Indianapolis Blvd. East Chicago, Indiana 46312

Phone: (219) 391-8220

Facsimile: (219) 391-8223

Anthony Copeland
Mayor

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

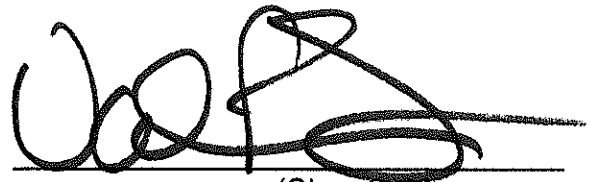
Fiscal year in which the finding initially occurred: 2017

Contact Person Responsible for Corrective Action: Valeriano Gomez

Contact Phone Number: (219) 391-8220

Status of Audit Finding:

On February 13, 2019 the City of East Chicago, through its Board of Public Works, entered into an agreement with Thomas Dabertin (Shared Resource Solutions, Inc) to assist in maintaining the reporting standards required under the Schedule of Expenditures of Federal Awards.



(Signature)

city Controller

(Title)

23 May 2019

(Date)




SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Department of Housing and Urban Development (HUD)
Contact Person Responsible for Corrective Action: Frank Rivera, Executive Director – Department of Redevelopment
Contact Phone Number: (219) 391-8513

Status of Audit Finding:

The City of East Chicago Department of Redevelopment (ECCR) has established in conjunction with RMC Professional Property Management team an effective internal and external control systems related to the grant agreement and the compliance requirements ensuring that the compliance checklist is submitted by the management company and reviewed internally by the department. The utilization of the transparent check list entitled the "Monthly Report for Harborside Apartments" requires a litany of documentation submitted on the fifteenth (15th) of every month. Internal and external controls have been established between ECCR and RMC regulating the administration of the oversight bodies and management of the federal funds. Separation of duties are identify clearly and that the roles of responsibilities of the oversight agents assigned to the task of managing the funds are apparent to reduce the risk of potential financial problems.



(Signature)

Executive Director
(Title)

05/16/2019
(Date)

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



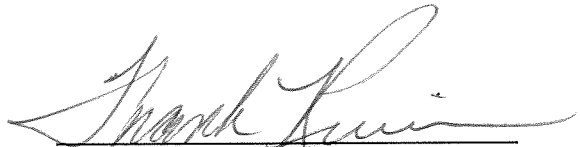
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Department of Housing and Urban Development (HUD)
Contact Person Responsible for Corrective Action: Frank Rivera, Executive Director – Department of Redevelopment
Contact Phone Number: (219) 391-8513

Status of Audit Finding:

The City of East Chicago Department of Redevelopment (ECDR) is developing effective internal control systems related to the grant agreement and eligibility compliance requirements that RMC Property Management takes on an applicant who is eligible with exact local income limits depending on the number of people in the household. ECDR is developing a check off list for applicants to ensure eligibility is being determined according to the established HUD requirements and the list will consist of the following: determination of the selection of families, verification of income and social security numbers, signed consent forms to obtain State wages, criminal history check for each adult that will be occupying the unit, amount of tenant rent, and other applicable information.



(Signature)

Executive Director
(Title)

05/16/2019
(Date)

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Department of Housing and Urban Development (HUD)
Contact Person Responsible for Corrective Action: Frank Rivera, Executive Director – Department of Redevelopment
Contact Phone Number: (219) 391-8513

Status of Audit Finding:

The City of East Chicago Department of Redevelopment along with the RMC Property Management has identified and addressed the fact that all units will be inspected at lease-up with the use of an inspection sheet signed by all parties before the resident moves in or moves-out and an annual certification process is completed according to the lease agreement ensuring that each unit is inspected on an annual basis. Spot inspections are also conducted and a notice along with a door tag are implemented for the inspection and the inspection happens when the management team (RMC) has legitimate reasons that the lease agreement is in violation. The identified inspections conducted by RMC utilizes the Special Tests and Provisions-Uniform Physical Condition Standards (UPSC) as required by HUD.



(Signature)

Executive Director
(Title)

05/16/2019
(Date)

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

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/>.