

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

FINANCIAL STATEMENT AUDIT REPORT

OF

CITY OF EAST CHICAGO

LAKE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
09/14/2021



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Valeriano Gomez	01-01-20 to 12-31-21
Mayor	Anthony Copeland	01-01-20 to 12-31-21
President of the Board of Public Works	Valeriano Gomez	01-01-20 to 12-31-21
President of the Common Council	Robert Garcia Emiliano Perez	01-01-20 to 12-31-20 01-01-21 to 12-31-21



## 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, 2020, 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 the 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, 2020.

***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, 2020, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.


***Other Matters***

*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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2021, 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

August 19, 2021

## 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, 2020

Fund	Cash and Investments 01-01-20		Cash and Investments 12-31-20	
	Receipts	Disbursements	Receipts	Disbursements
General	\$ 31,326,423	\$ 34,884,116	\$ 32,203,458	\$ 34,007,081
Motor Vehicle Highway	5,276,754	563,665	124,435	5,715,984
Local Road And Street	1,137,288	458,668	316,409	1,279,547
MVH Restricted	639,117	563,665	-	1,202,782
Park Nonreverting Operating	13,469	125	125	13,469
Health Maintenance	291,312	36,122	30,833	296,601
Lakefront TIF (Economic Development)	1,841,905	2,201,591	1,666,072	2,377,424
Building Demolition	10,196	995,266	994,547	10,915
Transportation	2,252,764	1,462,966	1,173,276	2,542,454
CDBG	(91,510)	1,101,478	1,005,452	4,516
Law Enforcement Continuing Ed	84,188	57,684	56,673	85,199
Clerk's Records Perpetuation	23,419	4,635	-	28,054
Unsafe Building	202,944	821,510	764,867	259,587
Casino/Riverboat	11,017,480	9,280,383	11,107,027	9,190,836
Parks And Recreation	1,786,143	3,354,091	2,965,625	2,174,609
LOIT Special Distribution	77,158	-	-	77,158
Redevelopment Capital	1,542,720	2,419,330	2,489,775	1,472,275
Fire Equipment (Not Debt Service)	10,542	-	10,542	-
Co Economic Development Income Tax Capital	1,913,121	3,413,567	2,566,484	2,760,204
Cumulative Capital Improvement	130,801	64,393	-	195,194
Self-Insurance	13,176,621	10,560,283	8,788,836	14,948,068
Police Pension	118,416	3,404,059	3,321,276	201,199
Fire Pension	157,629	2,272,552	2,264,598	165,583
City And Town Court Costs	3,570	15,503	17,045	2,028
LOIT Public Safety	3,575,690	3,724,162	2,665,281	4,634,571
Local Development Agreement	5,699,675	2,795,458	4,051,570	4,443,563
TIF US Gypsum	638,348	1,270,917	757,020	1,152,245
TIF Riley Plaza	44,540	100,002	94,541	50,001
Local Police Forfeitures	38,394	6,463	9,405	35,452
Harborside Apartments	242,582	1,411,456	1,206,704	447,334
TIF Northtown Village Townhomes	72,465	144,087	-	216,552
Home Investment Partnership Program	81,752	175,446	115,303	141,895
Corporation Bond and Interest	1,239,094	2,476,580	2,477,304	1,238,370
City of EC Construction Account	678,639	-	436,878	241,761
TIF Lakeside Garden	462,624	338,618	220,399	580,843
Public Works Revolving	-	8,953,584	8,953,584	-
Local Road and Bridge Grant	1,340,000	-	1,340,000	-
TIF Annex Allocation Area	328,848	282,133	336,940	274,041
Redevelopment Education	252,722	-	-	252,722
CRF-COVID	-	906,154	906,154	-
LHD-COVID	-	-	15,681	(15,681)
CDBG-COVID	-	4,046	4,046	-
General Adult Probation	124,923	7,422	20,663	111,682
Federal Grants	2,753	62,665	29,586	35,832
State Grant	246,783	33,377	-	280,160
Grant Misc	630,171	101,130	76,627	654,674
Police Federal Forfeitures	109,296	553	31,239	78,610
Damage To City Property	72,987	-	-	72,987
Vital Records	365,600	55,901	14,946	406,555
City Court Programs	37,724	59,669	31,560	65,833
EC Petty Cash Accts	2,000	280	280	2,000
Redevelopment Rehab Escrow	17,575	83,871	101,446	-
Lease Rental Payment	935,488	1,878,299	1,995,001	818,786
Communications Revolving	(7,361)	211,787	216,247	(11,821)
Gasoline Revolving	(43,501)	457,435	417,129	(3,195)
EC Redevelopment	471,595	1,061,870	971,659	561,806
Payroll Withholding	2,426	64,495,076	64,493,522	3,980
Health Insurance	10,976	5,947,115	5,943,694	14,397
Misc Employee Ins	65,485	10,805	36	76,254
Worker's Compensation	6,497	283,694	281,963	8,228
City Clerk	497,658	495,466	423,508	569,616
ECSDWW Petty Cash	5,001	257	258	5,000
Sewage Utility Construction	5,227,260	8,328,743	165,350	13,390,653
Sewage Utility Bond and Interest	472,306	1,037,310	946,313	563,303
Sewage Debt Service Reserve	977,187	4,812	-	981,999
Sanitary District Rainy Day	123,145	-	-	123,145
Wastewater Utility-Operating	1,272,369	6,992,618	6,312,739	1,952,248
Wastewater Replacement Reserve	1,852,244	410,000	554,483	1,707,761
Storm Water Utility-Operating	1,215,442	3,504,197	2,982,750	1,736,889
Solid Waste-Operating	10,902,249	10,747,718	10,329,940	11,320,027
Sanitary District Revolving	1,682,703	153,847	-	1,836,550
Utilities Revolving	-	1,181,955	1,181,955	-
Water Utility Meter Deposit	294,163	18,091	16,210	296,044
Water Utility-Operating	519,288	11,359,953	10,860,847	1,018,394
Water Tank Refurbishment	126,499	1,066,560	1,008,921	184,138
Water Utility-Construction	4,939,977	287,950	2,472,685	2,755,242
Change Fund	1,000	-	-	1,000
Water Utility-Debt Reserve	1,682,821	8,343	-	1,691,164
Water Utility-Bond and Interest	3,113,079	3,513,467	3,372,885	3,253,661
EC Marina	344,799	976,700	845,327	476,172
EC Marina Petty Cash Accts	1,210	572	332	1,450
Totals	\$ 125,939,660	\$ 225,364,266	\$ 211,558,266	\$ 139,745,660

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, electric, gas, storm water, trash, aviation, 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.

CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Utility fees.* Amounts received from charges for current services.

*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.

CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

**F. Interfund Transfers**

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by 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 Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the City authority to contribute to the plan.

The Public Employees' Hybrid 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.

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

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

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.

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

*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. (888) 526-1687

*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.

CITY OF EAST CHICAGO  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

**Note 8. Deficit Fund Balances**

The following funds have deficit fund balances at December 31, 2020:

Fund Name	Previous Year Balance	Current Year Balance
LHD-COVID	\$ -	\$ (15,681)
Communications Revolving	(7,361)	(11,821)
Gasoline Revolving	(43,501)	(3,195)

The reasons for the deficit fund balances include some City funds created for reimbursable grants and others as internal service funds. The reimbursements for expenditures made by these funds were not received by December 31, 2020.

In addition, the Water Utility - Operating fund has outstanding temporary loans to other City and Water Utility Funds, totaling \$5,000,000 at December 31, 2020. Without the temporary loans, the Water Utility - Operating fund would have had an overdrawn cash balance of \$3,981,606 at December 31, 2020.

**Note 9. 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 2020 totaled \$1,980,606.

**Note 10. Subsequent Events**

*Short-Term Debt - Loans Between Funds*

Due to delays in collecting revenue from water customer billings, the City made temporary loans between funds during 2020. These loans were not repaid during 2020. As of December 31, 2020, three loans to the Water Utility - Operating fund totaling \$5,000,000 were still outstanding. They will be repaid by June 30, 2021.

**Note 11. 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 12. 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.

CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 13. 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 a 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 2020 were not enough to cover the 2020 payments due.

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 2020 were not enough to cover the 2020 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 2020 tax incremental finance property tax receipts were not enough to cover the 2020 payments due. Hoist Liftruck Manufacturing provided the City with the necessary funds to cover the 2020 payment shortfalls.

The City has pledged a portion of tax incremental finance property tax receipts to repay \$1,640,000 in tax increment finance revenue bonds issued in 2020 to finance economic development within Lake Front Allocation Area #2 - Chrome, LLC Project. The bonds are payable solely from the incremental property tax generated by the allocation area. Incremental property taxes are projected to produce 100 percent of the debt service requirements over the life of the bonds. Payments will begin in 2023.

**Note 14. 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.

CITY OF EAST CHICAGO  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

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 Redevelopment 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.

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 Redevelopment 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 Redevelopment 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 Redevelopment 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 Redevelopment 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:

	Balance 01-01-19	New Loans	Repayments	Balance 12-31-19	Unpaid Interest
Phase I	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000	\$ 372,355
Phase II	<u>2,653,000</u>	-	-	<u>2,653,000</u>	<u>161,984</u>
Totals	<u>\$ 4,453,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,453,000</u>	<u>\$ 534,339</u>

CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 restructuring 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.

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 was believed an additional \$6 million to \$7 million dollars was needed to complete the project. The District 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. The District had planned to receive revenue bond proceeds financed by a sewer user charge increase in late 2019, with construction of Phase 2 commencing in the Spring of 2020. To that end the District prepared a cost of service study, adopted amended sewer user charges sufficient to pay bond debt service, and sought the necessary approval from the Common Council in order for the charges to go into effect. The Common Council failed to adopt the ordinance establishing those rates.

CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

In the 2020 session, the General Assembly enacted HB 1131 amending IC 36-9-25-11.3, allowing the District to seek sewer user increases/amendments by filing a rate case with the Indiana Utility Regulatory Commission (IURC) as an alternative to obtaining approval from the local legislative body. The District has employed professional services to seek that remedy from the IURC. In the meantime, the estimated cost of the project has increased to \$13,500,000, requiring \$8,500,000 of financing. A bond anticipation note (BAN) was secured on June 4, 2020, to provide funds for the project. Upon securing the BAN proceeds, ECSD entered into an Agreement for the construction of the LTCP Phase II Project on July 23, 2020, with Kokosing Industrial and the Notice to Proceed for the project was issued on September 8, 2020. Kokosing Industrial has 725 days from Notice to Proceed placing completion of this phase in September 2022.

On May 28, 2021 the District submitted a request to amend its Long-Term CSO Control Plan (LTCP) to IDEM by December 31, 2021

*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 Carrie Gosch Elementary School was dedicated in 1959. The West Calumet Housing Complex was constructed between 1970 and 1973. The USS Lead ceased operation in 1992.

The 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 West Calumet Housing Complex has been closed and residents relocated. The Carrie Gosch 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 14<sup>th</sup> 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 one hundred (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. As of this writing, there have been no notable developments in the status of the pending cases.

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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, 2020

	General	Motor Vehicle Highway	Local Road And Street	MVH Restricted	Park Nonreverting Operating	Health Maintenance
Cash and investments - beginning	\$ 31,326,423	\$ 5,276,754	\$ 1,137,288	\$ 639,117	\$ 13,469	\$ 291,312
Receipts:						
Taxes	32,180,747	-	-	-	-	-
Licenses and permits	776,335	-	-	-	-	-
Intergovernmental receipts	1,093,652	563,665	458,668	563,665	-	36,122
Charges for services	356,766	-	-	-	125	-
Fines and forfeits	52,278	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	424,338	-	-	-	-	-
Total receipts	34,884,116	563,665	458,668	563,665	125	36,122
Disbursements:						
Personal services	20,962,845	-	-	-	-	-
Supplies	342,060	-	2,436	-	-	11,293
Other services and charges	7,295,605	124,435	96,595	-	125	19,540
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,334,267	-	217,378	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,268,681	-	-	-	-	-
Total disbursements	32,203,458	124,435	316,409	-	125	30,833
Excess (deficiency) of receipts over disbursements	2,680,658	439,230	142,259	563,665	-	5,289
Cash and investments - ending	\$ 34,007,081	\$ 5,715,984	\$ 1,279,547	\$ 1,202,782	\$ 13,469	\$ 296,601

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Lakefront TIF (Economic Development)	Building Demolition	Transportation	CDBG	Law Enforcement Continuing Ed	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 1,841,905	\$ 10,196	\$ 2,252,764	\$ (91,510)	\$ 84,188	\$ 23,419
Receipts:						
Taxes	2,201,503	-	210,081	-	-	-
Licenses and permits	-	-	-	-	20,693	-
Intergovernmental receipts	-	990,179	1,249,112	956,670	-	-
Charges for services	-	-	-	-	34,259	-
Fines and forfeits	-	-	-	-	2,732	4,635
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	88	5,087	3,773	144,808	-	-
Total receipts	2,201,591	995,266	1,462,966	1,101,478	57,684	4,635
Disbursements:						
Personal services	-	-	974,213	253,838	-	-
Supplies	-	-	69,403	980	6,086	-
Other services and charges	400,000	744,547	102,053	750,634	44,847	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	274,115	-	27,607	-	5,740	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	991,957	250,000	-	-	-	-
Total disbursements	1,666,072	994,547	1,173,276	1,005,452	56,673	-
Excess (deficiency) of receipts over disbursements	535,519	719	289,690	96,026	1,011	4,635
Cash and investments - ending	\$ 2,377,424	\$ 10,915	\$ 2,542,454	\$ 4,516	\$ 85,199	\$ 28,054

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Unsafe Building	Casino/Riverboat	Parks And Recreation	LOIT Special Distribution	Redevelopment Capital	Fire Equipment (Not Debt Service)
Cash and investments - beginning	\$ 202,944	\$ 11,017,480	\$ 1,786,143	\$ 77,158	\$ 1,542,720	\$ 10,542
Receipts:						
Taxes	-	-	2,643,232	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	9,011,470	75,333	-	-	-
Charges for services	-	-	607,730	-	-	-
Fines and forfeits	37,425	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	784,085	268,913	27,796	-	2,419,330	-
Total receipts	<u>821,510</u>	<u>9,280,383</u>	<u>3,354,091</u>	<u>-</u>	<u>2,419,330</u>	<u>-</u>
Disbursements:						
Personal services	-	-	637,324	-	-	-
Supplies	-	107,544	61,393	-	-	-
Other services and charges	764,867	7,484,977	1,307,101	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	2,488,134	235,908	-	2,357,636	10,542
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,026,372	723,899	-	132,139	-
Total disbursements	<u>764,867</u>	<u>11,107,027</u>	<u>2,965,625</u>	<u>-</u>	<u>2,489,775</u>	<u>10,542</u>
Excess (deficiency) of receipts over disbursements	<u>56,643</u>	<u>(1,826,644)</u>	<u>388,466</u>	<u>-</u>	<u>(70,445)</u>	<u>(10,542)</u>
Cash and investments - ending	\$ 259,587	\$ 9,190,836	\$ 2,174,609	\$ 77,158	\$ 1,472,275	\$ -

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Co Economic Development Income Tax Capital	Cumulative Capital Improvement	Self-Insurance	Police Pension	Fire Pension	City And Town Court Costs
Cash and investments - beginning	\$ 1,913,121	\$ 130,801	\$ 13,176,621	\$ 118,416	\$ 157,629	\$ 3,570
Receipts:						
Taxes	3,413,567	-	-	-	41,327	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	64,393	-	3,401,996	2,230,366	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	10,560,283	2,063	859	15,503
Total receipts	<u>3,413,567</u>	<u>64,393</u>	<u>10,560,283</u>	<u>3,404,059</u>	<u>2,272,552</u>	<u>15,503</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	1,701	11,475	14,111	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	89,906	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,476,578	-	8,787,135	3,309,801	2,250,487	17,045
Total disbursements	<u>2,566,484</u>	<u>-</u>	<u>8,788,836</u>	<u>3,321,276</u>	<u>2,264,598</u>	<u>17,045</u>
Excess (deficiency) of receipts over disbursements	<u>847,083</u>	<u>64,393</u>	<u>1,771,447</u>	<u>82,783</u>	<u>7,954</u>	<u>(1,542)</u>
Cash and investments - ending	\$ 2,760,204	\$ 195,194	\$ 14,948,068	\$ 201,199	\$ 165,583	\$ 2,028

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	LOIT Public Safety	Local Development Agreement	TIF US Gypsum	TIF Riley Plaza	Local Police Forfeitures	Harborside Apartments
Cash and investments - beginning	\$ 3,575,690	\$ 5,699,675	\$ 638,348	\$ 44,540	\$ 38,394	\$ 242,582
Receipts:						
Taxes	-	-	1,270,917	100,002	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	3,724,162	-	-	-	-	-
Charges for services	-	-	-	-	-	1,209,799
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	2,795,458	-	-	6,463	201,657
Total receipts	3,724,162	2,795,458	1,270,917	100,002	6,463	1,411,456
Disbursements:						
Personal services	2,065,526	-	-	-	-	-
Supplies	-	-	-	-	-	82,545
Other services and charges	-	565,454	-	-	-	1,121,239
Debt service - principal and interest	-	-	757,020	94,541	-	-
Capital outlay	599,755	3,486,116	-	-	9,405	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	2,920
Total disbursements	2,665,281	4,051,570	757,020	94,541	9,405	1,206,704
Excess (deficiency) of receipts over disbursements	1,058,881	(1,256,112)	513,897	5,461	(2,942)	204,752
Cash and investments - ending	\$ 4,634,571	\$ 4,443,563	\$ 1,152,245	\$ 50,001	\$ 35,452	\$ 447,334

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	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	\$ 72,465	\$ 81,752	\$ 1,239,094	\$ 678,639	\$ 462,624	\$ -
Receipts:						
Taxes	144,087	-	-	-	338,618	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	97,811	-	-	-	-
Charges for services	-	1,400	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	76,235	2,476,580	-	-	8,953,584
Total receipts	144,087	175,446	2,476,580	-	338,618	8,953,584
Disbursements:						
Personal services	-	22,795	-	-	-	4,995,190
Supplies	-	-	-	-	-	790,818
Other services and charges	-	72,062	1,929	-	220,399	3,167,444
Debt service - principal and interest	-	-	2,475,375	-	-	-
Capital outlay	-	20,446	-	436,878	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	132
Total disbursements	-	115,303	2,477,304	436,878	220,399	8,953,584
Excess (deficiency) of receipts over disbursements	144,087	60,143	(724)	(436,878)	118,219	-
Cash and investments - ending	\$ 216,552	\$ 141,895	\$ 1,238,370	\$ 241,761	\$ 580,843	\$ -

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Local Road and Bridge Grant	TIF Annex Allocation Area	Redevelopment Education	CRF-COVID	LHD-COVID	CDBG-COVID
Cash and investments - beginning	\$ 1,340,000	\$ 328,848	\$ 252,722	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	282,133	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	906,154	-	4,046
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	282,133	-	906,154	-	4,046
Disbursements:						
Personal services	-	-	-	906,154	10,344	1,046
Supplies	-	-	-	-	-	-
Other services and charges	-	2,200	-	-	5,337	3,000
Debt service - principal and interest	-	334,740	-	-	-	-
Capital outlay	1,340,000	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,340,000	336,940	-	906,154	15,681	4,046
Excess (deficiency) of receipts over disbursements	(1,340,000)	(54,807)	-	-	(15,681)	-
Cash and investments - ending	\$ -	\$ 274,041	\$ 252,722	\$ -	\$ (15,681)	\$ -

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	General Adult Probation	Federal Grants	State Grant	Grant Misc	Police Federal Forfeitures	Damage To City Property
Cash and investments - beginning	\$ 124,923	\$ 2,753	\$ 246,783	\$ 630,171	\$ 109,296	\$ 72,987
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	62,246	33,377	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	7,422	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	419	-	101,130	553	-
Total receipts	7,422	62,665	33,377	101,130	553	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	5,465	-	-	946	-	-
Other services and charges	15,198	12,230	-	75,681	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	17,356	-	-	26,239	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	5,000	-
Total disbursements	20,663	29,586	-	76,627	31,239	-
Excess (deficiency) of receipts over disbursements	(13,241)	33,079	33,377	24,503	(30,686)	-
Cash and investments - ending	\$ 111,682	\$ 35,832	\$ 280,160	\$ 654,674	\$ 78,610	\$ 72,987

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Vital Records	City Court Programs	EC Petty Cash Accts	Redevelopment Rehab Escrow	Lease Rental Payment	Communications Revolving
Cash and investments - beginning	\$ 365,600	\$ 37,724	\$ 2,000	\$ 17,575	\$ 935,488	\$ (7,361)
Receipts:						
Taxes	-	-	-	-	1,833,904	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	44,395	-
Charges for services	51,318	-	-	-	-	-
Fines and forfeits	-	22,141	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	4,583	37,528	280	83,871	-	211,787
Total receipts	55,901	59,669	280	83,871	1,878,299	211,787
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	5,242	1,576	-	-	-	-
Other services and charges	5,705	16,885	280	-	14,395	216,247
Debt service - principal and interest	-	-	-	-	1,980,606	-
Capital outlay	-	221	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,999	12,878	-	101,446	-	-
Total disbursements	14,946	31,560	280	101,446	1,995,001	216,247
Excess (deficiency) of receipts over disbursements	40,955	28,109	-	(17,575)	(116,702)	(4,460)
Cash and investments - ending	\$ 406,555	\$ 65,833	\$ 2,000	\$ -	\$ 818,786	\$ (11,821)

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Gasoline Revolving	EC Redevelopment	Payroll Withholding	Health Insurance	Misc Employee Ins	Worker's Compensation
Cash and investments - beginning	\$ (43,501)	\$ 471,595	\$ 2,426	\$ 10,976	\$ 65,485	\$ 6,497
Receipts:						
Taxes	-	418,440	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	11,595	-	-	-	-
Charges for services	-	35,420	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	457,435	596,415	64,495,076	5,947,115	10,805	283,694
Total receipts	457,435	1,061,870	64,495,076	5,947,115	10,805	283,694
Disbursements:						
Personal services	-	354,623	-	-	-	-
Supplies	417,129	2,516	-	-	-	-
Other services and charges	-	146,030	-	299,882	36	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	468,490	64,493,522	5,643,812	-	281,963
Total disbursements	417,129	971,659	64,493,522	5,943,694	36	281,963
Excess (deficiency) of receipts over disbursements	40,306	90,211	1,554	3,421	10,769	1,731
Cash and investments - ending	\$ (3,195)	\$ 561,806	\$ 3,980	\$ 14,397	\$ 76,254	\$ 8,228

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	City Clerk	ECSDWW Petty Cash	Sewage Utility Construction	Sewage Utility Bond and Interest	Sewage Debt Service Reserve	Sanitary District Rainy Day
Cash and investments - beginning	\$ 497,658	\$ 5,001	\$ 5,227,260	\$ 472,306	\$ 977,187	\$ 123,145
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	495,466	257	8,328,743	1,037,310	4,812	-
Total receipts	495,466	257	8,328,743	1,037,310	4,812	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	258	165,350	750	-	-
Debt service - principal and interest	-	-	-	945,563	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	423,508	-	-	-	-	-
Total disbursements	423,508	258	165,350	946,313	-	-
Excess (deficiency) of receipts over disbursements	71,958	(1)	8,163,393	90,997	4,812	-
Cash and investments - ending	\$ 569,616	\$ 5,000	\$ 13,390,653	\$ 563,303	\$ 981,999	\$ 123,145

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Wastewater Utility-Operating	Wastewater Replacement Reserve	Storm Water Utility-Operating	Solid Waste-Operating	Sanitary District Revolving	Utilities Revolving
Cash and investments - beginning	\$ 1,272,369	\$ 1,852,244	\$ 1,215,442	\$ 10,902,249	\$ 1,682,703	\$ -
Receipts:						
Taxes	-	-	-	10,337,777	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	65,798	-	-
Charges for services	6,912,512	-	1,498,788	269,174	-	-
Fines and forfeits	25,500	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	33,150	-	-	-	-	-
Other receipts	21,456	410,000	2,005,409	74,969	153,847	1,181,955
Total receipts	6,992,618	410,000	3,504,197	10,747,718	153,847	1,181,955
Disbursements:						
Personal services	2,065,535	-	708,822	27,711	-	1,181,955
Supplies	158,368	-	7,095	17,940	-	-
Other services and charges	1,946,859	-	266,833	462,354	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	239	554,483	-	1,799,755	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,141,738	-	2,000,000	8,022,180	-	-
Total disbursements	6,312,739	554,483	2,982,750	10,329,940	-	1,181,955
Excess (deficiency) of receipts over disbursements	679,879	(144,483)	521,447	417,778	153,847	-
Cash and investments - ending	\$ 1,952,248	\$ 1,707,761	\$ 1,736,889	\$ 11,320,027	\$ 1,836,550	\$ -

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Water Utility Meter Deposit	Water Utility-Operating	Water Tank Refurbishment	Water Utility-Construction	Change Fund
Cash and investments - beginning	\$ 294,163	\$ 519,288	\$ 126,499	\$ 4,939,977	\$ 1,000
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	5,970,554	-	-	-
Penalties	-	21,512	-	-	-
Other receipts	18,091	5,367,887	1,066,560	287,950	-
Total receipts	18,091	11,359,953	1,066,560	287,950	-
Disbursements:					
Personal services	-	960,916	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	59,019	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	153,786	-	2,472,685	-
Utility operating expenses	-	4,091,866	8,921	-	-
Other disbursements	16,210	5,595,260	1,000,000	-	-
Total disbursements	16,210	10,860,847	1,008,921	2,472,685	-
Excess (deficiency) of receipts over disbursements	1,881	499,106	57,639	(2,184,735)	-
Cash and investments - ending	\$ 296,044	\$ 1,018,394	\$ 184,138	\$ 2,755,242	\$ 1,000

CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2020

	Water Utility-Debt Reserve	Water Utility-Bond and Interest	EC Marina	EC Marina Petty Cash Accts	Totals
Cash and investments - beginning	\$ 1,682,821	\$ 3,113,079	\$ 344,799	\$ 1,210	\$ 125,939,660
Receipts:					
Taxes	-	-	-	-	55,416,335
Licenses and permits	-	-	-	-	797,028
Intergovernmental receipts	-	-	-	-	25,644,875
Charges for services	-	-	967,409	-	11,944,700
Fines and forfeits	-	-	-	-	152,133
Utility fees	-	-	-	-	5,970,554
Penalties	-	-	-	-	54,662
Other receipts	8,343	3,513,467	9,291	572	125,383,979
Total receipts	8,343	3,513,467	976,700	572	225,364,266
Disbursements:					
Personal services	-	-	499,418	-	36,628,255
Supplies	-	-	67,243	-	2,158,078
Other services and charges	-	-	274,504	332	28,300,505
Debt service - principal and interest	-	3,372,885	-	-	9,960,730
Capital outlay	-	-	-	-	17,958,597
Utility operating expenses	-	-	-	-	4,100,787
Other disbursements	-	-	4,162	-	112,451,314
Total disbursements	-	3,372,885	845,327	332	211,558,266
Excess (deficiency) of receipts over disbursements	8,343	140,582	131,373	240	13,806,000
Cash and investments - ending	\$ 1,691,164	\$ 3,253,661	\$ 476,172	\$ 1,450	\$ 139,745,660

CITY OF EAST CHICAGO  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2020

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 4,048,699	\$ 2,635,169
Sanitary District	1,018,745	572,737
Water	419,542	625,252
Marina	<u>23,947</u>	<u>-</u>
Totals	<u>\$ 5,510,933</u>	<u>\$ 3,833,158</u>

CITY OF EAST CHICAGO  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2020

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: East Chicago Municipal Building Corporation	Public Safety Facility	\$ 1,745,000	1/5/2017	1/5/2024
Total of annual lease payments		<u>\$ 1,745,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Redevelopment Tax Increment Financing Bonds 1999 USG Project	\$ 536,711	\$ 3,019,000
Revenue bonds	Taxable Economic Development Revenue Bond Series 2007A Riley Plaza Project	955,000	134,400
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015 (Hoist Lift Mfg.)	2,360,000	339,098
Revenue bonds	EC General Obligation Bonds Series 2015 Community Centers	1,220,000	1,238,300
Revenue bonds	Economic Development Bonds Series 2020 (Chrome LLC Project)	1,640,000	-
Total governmental activities		<u>6,711,711</u>	<u>4,730,798</u>
Sanitary District:			
Revenue bonds	Sanitary District Revenue Bonds Series 2015 Improvements to Wastewater Plant	10,750,000	949,063
Revenue bonds	Sanitary District Revenue Bond Anticipation Notes of 2020 To Finance Construction and Non-Construction Costs	<u>8,300,000</u>	<u>89,167</u>
Total Sanitary District		<u>19,050,000</u>	<u>1,038,230</u>
Water:			
Revenue bonds	State Revolving Fund (SRF) Loan 2002 Water Utility Improvements	385,000	134,353
Revenue bonds	State Revolving Fund (SRF) Loan 2006 New Water Filtration Plant	7,535,000	1,253,686
Revenue bonds	State Revolving Fund (SRF) Loan 2009 New Water Filtration Plant	14,730,000	1,853,400
Revenue bonds	State Revolving Fund (SRF) Loan 2017 Meter Replacement Modeling Software Engineering Costs	3,848,000	84,784
Revenue bonds	State Revolving Fund (SRF) Loan 2018A Lead Replacement Costs Bond Issuance Costs	3,100,000	28,059
Revenue bonds	State Revolving Fund (SRF) Loan 2018B Two Water Storage Tanks Meter Installation Fire Hydrants Water Filling Station	<u>11,050,000</u>	<u>99,984</u>
Total Water		<u>40,648,000</u>	<u>3,454,266</u>
Totals		<u>\$ 66,409,711</u>	<u>\$ 9,223,294</u>

CITY OF EAST CHICAGO  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2020

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

	Ending Balance
Governmental activities:	
Land	\$ 5,402,094
Infrastructure	40,475,326
Buildings	32,980,761
Improvements other than buildings	3,058,146
Machinery, equipment, and vehicles	4,868,221
Construction in progress	<u>54,506,763</u>
Total governmental activities	<u>141,291,311</u>
Water:	
Land	249,859
Buildings	98,560
Improvements other than buildings	8,125,315
Machinery, equipment, and vehicles	128,354
Construction in progress	<u>70,397,502</u>
Total Water	<u>78,999,590</u>
Sanitary District:	
Land	885,268
Buildings	11,839,908
Improvements other than buildings	8,094,441
Machinery, equipment, and vehicles	5,724,391
Construction in progress	<u>6,798,687</u>
Total Sanitary District	<u>33,342,695</u>
Marina:	
Land	1,020,000
Buildings	4,581,865
Improvements other than buildings	226,915
Machinery, equipment, and vehicles	9,075
Construction in progress	<u>1,487,146</u>
Total Marina	<u>7,325,001</u>
Total capital assets	<u>\$ 260,958,597</u>

## 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/>.