

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, 2021 to December 31, 2021



FILED
08/19/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Valeriano Gomez	01-01-21 to 12-31-22
Mayor	Anthony Copeland	01-01-21 to 12-31-22
President of the Board of Public Works	Valeriano Gomez	01-01-21 to 12-31-22
President of the Common Council	Emiliano Perez (Vacant) Robert Garcia Monica G. Gonzalez	01-01-21 to 09-03-21 09-04-21 to 09-07-21 09-08-21 to 12-31-21 01-01-22 to 12-31-22



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the City of East Chicago (City), which comprises the financial position and results of operations as of and for the year ended December 31, 2021, and the related notes to the financial statement as listed in the Table of Contents.

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 and Unmodified Opinions* section of our report, the financial statement referred to above does not present fairly, the financial position and results of operations of the City as of December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the respective financial position and results of operations of the City, as of December 31, 2021, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial auditors contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Management's Responsibilities for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

Financial reporting requirements established by the Indiana State Board of Accounts, as described in Note 1, require that the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis be presented to supplement the basic financial statement. Such information is the responsibility of management and, although not a part of the basic financial statement, is required by reporting requirements established by the Indiana State Board of Accounts, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, but does not include the basic financial statement and our auditor's report thereon. Our opinions on the basic financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.


Beth Kelley, CPA, CFE
Deputy State Examiner

August 2, 2022

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES; REQUIRED SUPPLEMENTARY
INFORAMTION; AND OTHER INFORMATION

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.

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
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2021

Fund	Cash and Investments		Cash and Investments	
	01-01-21	Receipts	Disbursements	12-31-21
General	\$ 34,007,081	\$ 35,845,377	\$ 32,922,986	\$ 36,929,472
Motor Vehicle Highway	5,715,984	622,953	1,588,432	4,750,505
Local Road And Street	1,279,547	497,991	381,211	1,396,327
MVH Restricted	1,202,782	622,953	-	1,825,735
Park Nonreverting Operating	13,469	-	-	13,469
Health Maintenance	296,601	220,853	37,568	479,886
Lakefront TIF (Economic Development)	2,377,424	2,228,806	1,240,325	3,365,905
Building Demolition	10,915	5	-	10,920
Transportation	2,542,454	1,328,474	1,073,545	2,797,383
CDBG	4,516	823,516	894,544	(66,512)
Law Enforcement Continuing Ed	85,199	66,109	63,287	88,021
Clerk's Records Perpetuation	28,054	4,304	-	32,358
Unsafe Building	259,587	174,636	31,960	402,263
Casino/Riverboat	9,190,836	14,208,252	10,897,724	12,501,364
Parks And Recreation	2,174,609	3,280,392	2,594,687	2,860,314
LOIT Special Distribution	77,158	-	-	77,158
Redevelopment Capital	1,472,275	5,924,424	5,394,440	2,002,259
Co Economic Development Income Tax Capital	2,760,204	3,419,730	1,638,009	4,541,925
Cumulative Capital Improvement	195,194	61,018	-	256,212
Self-Insurance	14,948,068	10,623,825	9,930,806	15,641,087
Police Pension	201,199	3,168,806	3,380,643	(10,638)
Fire Pension	165,583	2,238,750	2,288,181	116,152
City And Town Court Costs	2,028	14,514	13,356	3,186
LOIT Public Safety	4,634,571	3,711,515	2,581,600	5,764,486
Local Development Agreement	4,443,563	4,217,519	1,642,996	7,018,086
TIF US Gypsum	1,152,245	1,313,638	1,809,064	656,819
TIF Riley Plaza	50,001	101,056	100,529	50,528
Local Police Forfeitures	35,452	8,369	-	43,821
Harborside Apartments	447,334	1,573,315	1,450,812	569,837
TIF Northtown Village Townhomes	216,552	95,192	164,090	147,654
Home Investment Partnership Program	141,895	40,384	54,546	127,733
Corporation Bond and Interest	1,238,370	1,689	1,240,059	-
City of EC Construction Account	241,761	-	130,421	111,340
TIF Lakeside Garden	580,843	367,290	211,141	736,992
Public Works Revolving	-	8,647,803	8,647,741	62
Local Road and Bridge Grant	-	1,000,000	-	1,000,000
TIF Annex Allocation Area	274,041	302,348	341,197	235,192
Redevelopment Education	252,722	14,561	-	267,283
LHD-COVID	(15,681)	140,320	115,530	9,109
CDBG-COVID	-	4,566	4,641	(75)
ARP-CV Local Fiscal Recovery	-	15,593,469	1,250,998	14,342,471
General Adult Probation	111,682	7,459	28,993	90,148
Federal Grants	35,832	-	16,823	19,009
State Grant	280,160	360,117	-	640,277
Grant Misc	654,674	146,625	132,032	669,267
Police Federal Forfeitures	78,610	5,021	25,368	58,263
Damage To City Property	72,987	8,476	-	81,463
Vital Records	406,555	64,777	27,452	443,880
City Court Programs	65,833	20,868	38,030	48,671
EC Petty Cash Accts	2,000	30	30	2,000
Lease Rental Payment	818,786	1,705,557	1,745,001	779,342
Communications Revolving	(11,821)	216,180	215,474	(11,115)
Gasoline Revolving	(3,195)	495,389	551,291	(59,097)
EC Redevelopment	561,806	1,091,261	876,095	776,972
Payroll Withholding	3,980	66,365,150	66,364,291	4,839
Health Insurance	14,397	7,082,037	7,070,368	26,066
Misc Employee Ins	76,254	3,839	655	79,438
Worker's Compensation	8,228	192,989	192,982	8,235
City Clerk	569,616	602,543	469,990	702,169
ECSDWW Petty Cash	5,000	-	-	5,000
Sewage Utility Construction	13,390,653	11,122	8,538,593	4,863,182
Sewage Utility Bond and Interest	563,303	1,097,348	1,038,981	621,670
Sewage Debt Service Reserve	981,999	2,458	-	984,457
Sanitary District Rainy Day	123,145	-	-	123,145
Wastewater Utility-Operating	1,952,248	6,302,611	6,178,233	2,076,626
Wastewater Replacement Reserve	1,707,761	410,000	206,371	1,911,390
Storm Water Utility-Operating	1,736,889	3,287,045	3,016,547	2,007,387
Solid Waste-Operating	11,320,027	11,161,502	8,326,341	14,155,188
Sanitary District Revolving	1,836,550	153,846	-	1,990,396
Utilities Revolving	-	805,423	-	-
Water Utility Meter Deposit	296,044	22,618	17,918	300,744
Water Utility-Operating	1,018,394	11,678,739	12,115,428	581,705
Water Tank Refurbishment	184,138	1,066,560	1,002,779	247,919
Water Utility-Construction	2,755,242	269,408	1,466,907	1,557,743
Change Fund	1,000	-	-	1,000
Water Utility-Debt Reserve	1,691,164	485	-	1,691,649
Water Utility-Bond and Interest	3,253,661	3,506,099	3,452,415	3,307,345
EC Marina	476,172	994,932	922,144	548,960
EC Marina Petty Cash Accts	1,450	50	-	1,500
Totals	\$ 139,745,660	\$ 241,647,286	\$ 218,960,024	\$ 162,432,922

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, 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: local income tax, 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, 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.

E. Additional Pension Plan

The City also contributes to an additional pension plan unique to the City. Information regarding this plan may be obtained from the East Chicago Department of Redevelopment.

Note 7. Deficit Fund Balances

The following funds have deficit fund balances on December 31, 2021:

CITY OF EAST CHICAGO
 NOTES TO FINANCIAL STATEMENT
 (Continued)

<u>Fund Name</u>	<u>Prior Year Balance</u>	<u>Current Year Balance</u>
CDBG	\$ 4,516	\$ (66,512)
CDBG - COVID	-	(75)
Communications Revolving	(11,821)	(11,115)
Gasoline Revolving	(3,195)	(59,097)
Police Pension	201,199	(10,638)

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, 2021.

Police Pension relief payments received from the State of Indiana in June and September of 2021 were not sufficient to cover the expenses of the Police Pension fund.

In addition, the Water Utility-Operating fund has outstanding temporary loans due to other City and Water Utility funds, totaling \$5,000,000 at December 31, 2021. Without the temporary loans, the Water Utility-Operating fund would have an overdrawn cash balance of \$4,418,295 at December 31, 2021.

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 2021 totaled \$1,730,358.

Note 9. Subsequent Events

Short-Term Debt - Loans Between Funds

Due to shortfalls in water revenues the City made temporary loans between funds during 2021. These loans were not repaid during 2021. As of December 31, 2021, three loans to the Water Utility fund totaling \$5,000,000 were still outstanding. Two loans were repaid by June 30, 2022; however, one loan totaling \$2,000,000 was not.

Payment in Lieu of Taxes

The Water Utility-Operating fund and the Wastewater Utility Operating fund owe a Payment in Lieu of Taxes (PILOT) to the City's General fund for the years 2020 and 2021. The respective balances owed to the General fund are \$1,200,000 and \$1,712,180. In addition, the 2022 PILOT payments have yet to be received.

American Rescue Plan Act (ARPA)

On June 9, 2022, the City received additional ARPA funds in the amount of \$15,586,455. The City intends to use these funds for Water and Sewer infrastructure improvements.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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 these 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 2021 were not enough to cover the 2021 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 2021 were not enough to cover the 2021 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 2021 tax incremental finance property tax receipts were not enough to cover the 2021 payments due. Hoist Liftruck Manufacturing provided the City with the necessary funds to cover the 2021 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 the 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 2022.

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.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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:

	Balance 01-01-21	Loans	Repayments	Balance 12-31-21	Accrued and Unpaid Interest
Phase I	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000	\$ 435,355
Phase II	<u>2,653,000</u>	<u>-</u>	<u>-</u>	<u>2,653,000</u>	<u>228,309</u>
Totals	<u>\$ 4,453,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,453,000</u>	<u>\$ 663,664</u>

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 14. 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), 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 Plan for Phase 2 and the addition of a number of elements. The 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 Indiana Code 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 17, 2022, the Sanitary District submitted a proposed Order to the IURC containing a settlement reached with the OUCC and the intervening industrial customers. Upon approval, the District's sewer user rates will increase in three phases producing \$2,101,901 in increased revenue which will support accounting for SRF debt in the amount of \$7,945,000.

On May 28, 2021, the District submitted a request to amend its Long-Term CSO Control Plan (LTCP) to the IDEM by December 31, 2021. On December 31, 2021, the District submitted Chapters 3 & 4 of the LTCP with a request to extend the due date for the final submittal to April 30, 2022. On April 29, 2022, the District submitted its 2022 update to its CSO LTCP along with an updated Financial Capability Assessment.

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.

CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	General	Motor Vehicle Highway	Local Road And Street	MVH Restricted	Park Nonreverting Operating	Health Maintenance
Cash and investments - beginning	\$ 34,007,081	\$ 5,715,984	\$ 1,279,547	\$ 1,202,782	\$ 13,469	\$ 296,601
Receipts:						
Taxes	31,134,172	-	-	-	-	-
Licenses and permits	690,303	-	-	-	-	-
Intergovernmental receipts	1,073,654	622,953	497,991	622,953	-	220,853
Charges for services	349,537	-	-	-	-	-
Fines and forfeits	55,624	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,542,087	-	-	-	-	-
Total receipts	<u>35,845,377</u>	<u>622,953</u>	<u>497,991</u>	<u>622,953</u>	<u>-</u>	<u>220,853</u>
Disbursements:						
Personal services	22,214,466	-	-	-	-	-
Supplies	391,697	-	28,492	-	-	-
Other services and charges	6,621,231	261,528	352,719	-	-	37,568
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,436,133	1,326,904	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,259,459	-	-	-	-	-
Total disbursements	<u>32,922,986</u>	<u>1,588,432</u>	<u>381,211</u>	<u>-</u>	<u>-</u>	<u>37,568</u>
Excess (deficiency) of receipts over disbursements	<u>2,922,391</u>	<u>(965,479)</u>	<u>116,780</u>	<u>622,953</u>	<u>-</u>	<u>183,285</u>
Cash and investments - ending	\$ 36,929,472	\$ 4,750,505	\$ 1,396,327	\$ 1,825,735	\$ 13,469	\$ 479,886

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Lakefront TIF (Economic Development)	Building Demolition	Transportation	CDBG	Law Enforcement Continuing Ed	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 2,377,424	\$ 10,915	\$ 2,542,454	\$ 4,516	\$ 85,199	\$ 28,054
Receipts:						
Taxes	2,224,453	-	202,538	-	-	-
Licenses and permits	-	-	-	-	21,661	-
Intergovernmental receipts	-	-	1,119,310	682,998	-	-
Charges for services	-	-	-	-	41,743	-
Fines and forfeits	-	-	-	-	2,705	4,304
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	4,353	5	6,626	140,518	-	-
Total receipts	<u>2,228,806</u>	<u>5</u>	<u>1,328,474</u>	<u>823,516</u>	<u>66,109</u>	<u>4,304</u>
Disbursements:						
Personal services	-	-	893,151	284,473	-	-
Supplies	-	-	79,595	1,649	13,329	-
Other services and charges	24,128	-	100,799	608,422	36,132	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	262,253	-	-	-	13,826	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	953,944	-	-	-	-	-
Total disbursements	<u>1,240,325</u>	<u>-</u>	<u>1,073,545</u>	<u>894,544</u>	<u>63,287</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>988,481</u>	<u>5</u>	<u>254,929</u>	<u>(71,028)</u>	<u>2,822</u>	<u>4,304</u>
Cash and investments - ending	\$ <u>3,365,905</u>	\$ <u>10,920</u>	\$ <u>2,797,383</u>	\$ <u>(66,512)</u>	\$ <u>88,021</u>	\$ <u>32,358</u>

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Unsafe Building	Casino/Riverboat	Parks And Recreation	LOIT Special Distribution	Redevelopment Capital	Co Economic Development Income Tax Capital
Cash and investments - beginning	\$ 259,587	\$ 9,190,836	\$ 2,174,609	\$ 77,158	\$ 1,472,275	\$ 2,760,204
Receipts:						
Taxes	-	-	2,565,484	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	14,010,578	75,908	-	-	3,419,730
Charges for services	-	-	601,885	-	-	-
Fines and forfeits	50,880	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	123,756	197,674	37,115	-	5,924,424	-
Total receipts	174,636	14,208,252	3,280,392	-	5,924,424	3,419,730
Disbursements:						
Personal services	-	-	405,476	-	-	-
Supplies	-	2,892	72,618	-	-	-
Other services and charges	31,960	7,361,393	1,165,395	-	8,600	589,605
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	2,508,061	244,310	-	5,385,840	1,048,404
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,025,378	706,888	-	-	-
Total disbursements	31,960	10,897,724	2,594,687	-	5,394,440	1,638,009
Excess (deficiency) of receipts over disbursements	142,676	3,310,528	685,705	-	529,984	1,781,721
Cash and investments - ending	\$ 402,263	\$ 12,501,364	\$ 2,860,314	\$ 77,158	\$ 2,002,259	\$ 4,541,925

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Cumulative Capital Improvement	Self-Insurance	Police Pension	Fire Pension	City And Town Court Costs	LOIT Public Safety
Cash and investments - beginning	\$ 195,194	\$ 14,948,068	\$ 201,199	\$ 165,583	\$ 2,028	\$ 4,634,571
Receipts:						
Taxes	-	-	-	39,815	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	61,018	-	3,166,094	2,195,020	-	3,701,988
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	10,623,825	2,712	3,915	14,514	9,527
Total receipts	61,018	10,623,825	3,168,806	2,238,750	14,514	3,711,515
Disbursements:						
Personal services	-	-	-	-	-	2,330,039
Supplies	-	-	-	34	-	-
Other services and charges	-	123,124	9,076	8,427	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	251,561
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	9,807,682	3,371,567	2,279,720	13,356	-
Total disbursements	-	9,930,806	3,380,643	2,288,181	13,356	2,581,600
Excess (deficiency) of receipts over disbursements	61,018	693,019	(211,837)	(49,431)	1,158	1,129,915
Cash and investments - ending	\$ 256,212	\$ 15,641,087	\$ (10,638)	\$ 116,152	\$ 3,186	\$ 5,764,486

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Local Development Agreement	TIF US Gypsum	TIF Riley Plaza	Local Police Forfeitures	Harborside Apartments	TIF Northtown Village Townhomes
Cash and investments - beginning	\$ 4,443,563	\$ 1,152,245	\$ 50,001	\$ 35,452	\$ 447,334	\$ 216,552
Receipts:						
Taxes	-	1,313,638	101,056	-	-	95,192
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	1,366,814	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	4,217,519	-	-	8,369	206,501	-
Total receipts	<u>4,217,519</u>	<u>1,313,638</u>	<u>101,056</u>	<u>8,369</u>	<u>1,573,315</u>	<u>95,192</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	67,838	-
Other services and charges	291,450	-	-	-	1,378,170	164,090
Debt service - principal and interest	-	1,809,064	100,529	-	-	-
Capital outlay	1,351,546	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	4,804	-
Total disbursements	<u>1,642,996</u>	<u>1,809,064</u>	<u>100,529</u>	<u>-</u>	<u>1,450,812</u>	<u>164,090</u>
Excess (deficiency) of receipts over disbursements	<u>2,574,523</u>	<u>(495,426)</u>	<u>527</u>	<u>8,369</u>	<u>122,503</u>	<u>(68,898)</u>
Cash and investments - ending	\$ 7,018,086	\$ 656,819	\$ 50,528	\$ 43,821	\$ 569,837	\$ 147,654

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Home Investment Partnership Program	Corporation Bond and Interest	City of EC Construction Account	TIF Lakeside Garden	Public Works Revolving	Local Road and Bridge Grant
Cash and investments - beginning	\$ 141,895	\$ 1,238,370	\$ 241,761	\$ 580,843	\$ -	\$ -
Receipts:						
Taxes	-	-	-	367,290	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	33,835	-	-	-	-	1,000,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,549	1,689	-	-	8,647,803	-
Total receipts	40,384	1,689	-	367,290	8,647,803	1,000,000
Disbursements:						
Personal services	10,091	-	-	-	4,476,641	-
Supplies	-	-	-	-	614,652	-
Other services and charges	41,245	1,759	-	211,141	3,556,448	-
Debt service - principal and interest	-	1,238,300	-	-	-	-
Capital outlay	3,210	-	130,421	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	54,546	1,240,059	130,421	211,141	8,647,741	-
Excess (deficiency) of receipts over disbursements	(14,162)	(1,238,370)	(130,421)	156,149	62	1,000,000
Cash and investments - ending	\$ 127,733	\$ -	\$ 111,340	\$ 736,992	\$ 62	\$ 1,000,000

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	TIF Annex Allocation Area	Redevelopment Education	LHD-COVID	CDBG-COVID	ARP-CV Local Fiscal Recovery	General Adult Probation
Cash and investments - beginning	\$ 274,041	\$ 252,722	\$ (15,681)	\$ -	\$ -	\$ 111,682
Receipts:						
Taxes	302,348	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	140,320	4,566	15,586,455	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	14,561	-	-	-	7,459
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	7,014	-
Total receipts	<u>302,348</u>	<u>14,561</u>	<u>140,320</u>	<u>4,566</u>	<u>15,593,469</u>	<u>7,459</u>
Disbursements:						
Personal services	-	-	21,919	4,515	1,250,998	-
Supplies	-	-	-	-	-	4,676
Other services and charges	2,099	-	93,611	126	-	19,845
Debt service - principal and interest	339,098	-	-	-	-	-
Capital outlay	-	-	-	-	-	4,472
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>341,197</u>	<u>-</u>	<u>115,530</u>	<u>4,641</u>	<u>1,250,998</u>	<u>28,993</u>
Excess (deficiency) of receipts over disbursements	<u>(38,849)</u>	<u>14,561</u>	<u>24,790</u>	<u>(75)</u>	<u>14,342,471</u>	<u>(21,534)</u>
Cash and investments - ending	\$ 235,192	\$ 267,283	\$ 9,109	\$ (75)	\$ 14,342,471	\$ 90,148

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Federal Grants	State Grant	Grant Misc	Police Federal Forfeitures	Damage To City Property	Vital Records
Cash and investments - beginning	\$ 35,832	\$ 280,160	\$ 654,674	\$ 78,610	\$ 72,987	\$ 406,555
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	360,117	-	4,951	-	-
Charges for services	-	-	-	-	-	59,556
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	146,625	70	8,476	5,221
Total receipts	-	360,117	146,625	5,021	8,476	64,777
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	16,500	-	-	13,923
Other services and charges	-	-	108,888	-	-	8,905
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	16,823	-	6,644	20,368	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	5,000	-	4,624
Total disbursements	16,823	-	132,032	25,368	-	27,452
Excess (deficiency) of receipts over disbursements	(16,823)	360,117	14,593	(20,347)	8,476	37,325
Cash and investments - ending	\$ 19,009	\$ 640,277	\$ 669,267	\$ 58,263	\$ 81,463	\$ 443,880

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	City Court Programs	EC Petty Cash Accts	Lease Rental Payment	Communications Revolving	Gasoline Revolving	EC Redevelopment
Cash and investments - beginning	\$ 65,833	\$ 2,000	\$ 818,786	\$ (11,821)	\$ (3,195)	\$ 561,806
Receipts:						
Taxes	-	-	1,663,583	-	-	405,076
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	41,974	-	-	12,007
Charges for services	-	-	-	-	-	33,771
Fines and forfeits	11,777	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	9,091	30	-	216,180	495,389	640,407
Total receipts	20,868	30	1,705,557	216,180	495,389	1,091,261
Disbursements:						
Personal services	-	-	-	-	-	311,743
Supplies	2,754	-	-	-	551,291	1,951
Other services and charges	26,881	30	14,643	215,474	-	183,676
Debt service - principal and interest	-	-	1,730,358	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,395	-	-	-	-	378,725
Total disbursements	38,030	30	1,745,001	215,474	551,291	876,095
Excess (deficiency) of receipts over disbursements	(17,162)	-	(39,444)	706	(55,902)	215,166
Cash and investments - ending	\$ 48,671	\$ 2,000	\$ 779,342	\$ (11,115)	\$ (59,097)	\$ 776,972

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Payroll Withholding	Health Insurance	Misc Employee Ins	Worker's Compensation	City Clerk	ECSDWW Petty Cash
Cash and investments - beginning	\$ 3,980	\$ 14,397	\$ 76,254	\$ 8,228	\$ 569,616	\$ 5,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	66,365,150	7,082,037	3,839	192,989	602,543	-
Total receipts	66,365,150	7,082,037	3,839	192,989	602,543	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	318,820	655	-	35	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	66,364,291	6,751,548	-	192,982	469,955	-
Total disbursements	66,364,291	7,070,368	655	192,982	469,990	-
Excess (deficiency) of receipts over disbursements	859	11,669	3,184	7	132,553	-
Cash and investments - ending	\$ 4,839	\$ 26,066	\$ 79,438	\$ 8,235	\$ 702,169	\$ 5,000

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Sewage Utility Construction	Sewage Utility Bond and Interest	Sewage Debt Service Reserve	Sanitary District Rainy Day	Wastewater Utility-Operating
Cash and investments - beginning	\$ 13,390,653	\$ 563,303	\$ 981,999	\$ 123,145	\$ 1,952,248
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	6,194,281
Fines and forfeits	-	-	-	-	36,450
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	31,803
Other receipts	11,122	1,097,348	2,458	-	40,077
Total receipts	11,122	1,097,348	2,458	-	6,302,611
Disbursements:					
Personal services	-	-	-	-	1,894,432
Supplies	-	-	-	-	155,717
Other services and charges	267,589	751	-	-	2,113,698
Debt service - principal and interest	-	1,038,230	-	-	-
Capital outlay	8,271,004	-	-	-	341
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	2,014,045
Total disbursements	8,538,593	1,038,981	-	-	6,178,233
Excess (deficiency) of receipts over disbursements	(8,527,471)	58,367	2,458	-	124,378
Cash and investments - ending	\$ 4,863,182	\$ 621,670	\$ 984,457	\$ 123,145	\$ 2,076,626

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Wastewater Replacement Reserve	Storm Water Utility-Operating	Solid Waste-Operating	Sanitary District Revolving	Utilities Revolving
Cash and investments - beginning	\$ 1,707,761	\$ 1,736,889	\$ 11,320,027	\$ 1,836,550	\$ -
Receipts:					
Taxes	-	-	10,819,210	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	69,509	-	-
Charges for services	-	1,282,716	203,585	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	410,000	2,004,329	69,198	153,846	805,423
Total receipts	410,000	3,287,045	11,161,502	153,846	805,423
Disbursements:					
Personal services	-	637,058	27,711	-	805,423
Supplies	-	5,570	23,504	-	-
Other services and charges	-	320,982	348,935	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	206,371	52,937	215,224	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	2,000,000	7,710,967	-	-
Total disbursements	206,371	3,016,547	8,326,341	-	805,423
Excess (deficiency) of receipts over disbursements	203,629	270,498	2,835,161	153,846	-
Cash and investments - ending	\$ 1,911,390	\$ 2,007,387	\$ 14,155,188	\$ 1,990,396	\$ -

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Water Utility Meter Deposit	Water Utility-Operating	Water Tank Refurbishment	Water Utility-Construction	Change Fund
Cash and investments - beginning	\$ 296,044	\$ 1,018,394	\$ 184,138	\$ 2,755,242	\$ 1,000
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	6,271,650	-	-	-
Penalties	-	42,959	-	-	-
Other receipts	22,618	5,364,130	1,066,560	269,408	-
Total receipts	22,618	11,678,739	1,066,560	269,408	-
Disbursements:					
Personal services	-	1,460,662	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	57,097	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	173,430	-	1,466,907	-
Utility operating expenses	-	2,956,739	2,779	-	-
Other disbursements	17,918	7,467,500	1,000,000	-	-
Total disbursements	17,918	12,115,428	1,002,779	1,466,907	-
Excess (deficiency) of receipts over disbursements	4,700	(436,689)	63,781	(1,197,499)	-
Cash and investments - ending	\$ 300,744	\$ 581,705	\$ 247,919	\$ 1,557,743	\$ 1,000

CITY OF EAST CHICAGO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Water Utility-Debt Reserve	Water Utility-Bond and Interest	EC Marina	EC Marina Petty Cash Accts	Totals
Cash and investments - beginning	\$ 1,691,164	\$ 3,253,661	\$ 476,172	\$ 1,450	\$ 139,745,660
Receipts:					
Taxes	-	-	-	-	51,233,855
Licenses and permits	-	-	-	-	711,964
Intergovernmental receipts	-	-	-	-	48,724,782
Charges for services	-	-	989,858	-	11,123,746
Fines and forfeits	-	-	-	-	183,760
Utility fees	-	-	-	-	6,271,650
Penalties	-	-	-	-	74,762
Other receipts	485	3,506,099	5,074	50	123,322,767
Total receipts	485	3,506,099	994,932	50	241,647,286
Disbursements:					
Personal services	-	-	442,761	-	37,471,559
Supplies	-	-	90,118	-	2,138,800
Other services and charges	-	-	387,052	-	27,474,202
Debt service - principal and interest	-	3,452,415	-	-	9,707,994
Capital outlay	-	-	-	-	24,396,990
Utility operating expenses	-	-	-	-	2,959,518
Other disbursements	-	-	2,213	-	114,810,961
Total disbursements	-	3,452,415	922,144	-	218,960,024
Excess (deficiency) of receipts over disbursements	485	53,684	72,788	50	22,687,262
Cash and investments - ending	\$ 1,691,649	\$ 3,307,345	\$ 548,960	\$ 1,500	\$ 162,432,922

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OTHER INFORMATION

CITY OF EAST CHICAGO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2021

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 4,150,518	\$ 3,267,510
Sanitary District	2,200,597	770,599
Water	1,409,753	580,170
Marina	<u>45,818</u>	<u>-</u>
Totals	<u>\$ 7,806,686</u>	<u>\$ 4,618,279</u>

CITY OF EAST CHICAGO
SCHEDULE OF LEASES AND DEBT
December 31, 2021

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: East Chicago Municipal Building Corporation	Public Safety Facility	\$ 1,847,000	1/5/2017	1/5/2024
Total of annual lease payments		<u>\$ 1,847,000</u>		

Type	Description of Debt	Ending Principal Balance	Principal Due Within One Year
Governmental activities:			
Revenue bonds	Economic Development Bonds Series 2020 (Chrome LLC Project)	\$ 1,640,000	\$ 20,000
Revenue bonds	Redevelopment Tax Increment Financing Bonds 1999 USG Project	172,013	172,013
Revenue bonds	Taxable Economic Development Revenue Bond Series 2007A Riley Plaza Project	855,000	110,000
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015 (Hoist Lift Mfg.)	<u>2,135,000</u>	<u>255,000</u>
Total governmental activities		<u>4,802,013</u>	<u>557,013</u>
Sanitary District:			
Revenue bonds	Sanitary District Revenue Bond Anticipation Notes of 2020 to Finance Construction and Non-Construction Costs	8,300,000	-
Revenue bonds	Sanitary District Revenue Bonds Series 2015 Improvements to Wastewater Plant	<u>10,185,000</u>	<u>580,000</u>
Total Sanitary District		<u>18,485,000</u>	<u>580,000</u>
Water:			
Revenue bonds	State Revolving Fund (SRF) Loan 2002 Water Utility Improvements	260,000	130,000
Revenue bonds	State Revolving Fund (SRF) Loan 2006 New Water Filtration Plant	6,595,000	980,000
Revenue bonds	State Revolving Fund (SRF) Loan 2009 New Water Filtration Plant	13,270,000	1,505,000
Revenue bonds	State Revolving Fund (SRF) Loan 2017 Meter Replacement Modeling Software Engineering Costs	3,846,000	2,000
Revenue bonds	State Revolving Fund (SRF) Loan 2018A Lead Replacement Costs Bond Issuance Costs	3,084,000	16,000
Revenue bonds	State Revolving Fund (SRF) Loan 2018B Two Water Storage Tanks Meter Installation Fire Hydrants Water Filling Station	<u>10,993,000</u>	<u>58,000</u>
Total Water		<u>38,048,000</u>	<u>2,691,000</u>
Totals		<u>\$ 61,335,013</u>	<u>\$ 3,828,013</u>

CITY OF EAST CHICAGO
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2021

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 5,402,094
Infrastructure	73,724,264
Buildings	56,097,671
Improvements other than buildings	32,783,893
Machinery, equipment, and vehicles	16,342,901
Construction in progress	32,956,194
Other non-depreciable assets	<u>1,730,705</u>
Total governmental activities	<u>219,037,722</u>
Sanitary District:	
Land	885,268
Buildings	25,254,141
Improvements other than buildings	27,488,172
Machinery, equipment, and vehicles	11,220,850
Construction in progress	<u>16,687,162</u>
Total Sanitary District	<u>81,535,593</u>
Water:	
Land	1,749,859
Buildings	63,580,166
Improvements other than buildings	19,297,442
Machinery, equipment, and vehicles	871,253
Construction in progress	<u>18,103,935</u>
Total Water	<u>103,602,655</u>
Marina:	
Land	1,020,000
Buildings	13,476,075
Improvements other than buildings	2,008,684
Machinery, equipment, and vehicles	<u>682,077</u>
Total Marina	<u>17,186,836</u>
Total capital assets	<u>\$ 421,362,806</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/>.