

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF MICHIGAN CITY  
LAPORTE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
12/04/2014



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Donna Pappas	01-01-13 to 12-31-14
Mayor	Ron Meer	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Steve Janus	01-01-13 to 12-31-14
President of the Common Council	Duane Parry	01-01-13 to 12-31-14
Superintendent of Water Utility	Randall E. Russell	01-01-13 to 12-31-14
Sanitary District Manager	Michael Kuss	01-01-13 to 12-31-14



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF MICHIGAN CITY, LAPORTE COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Michigan City (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of 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 of 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, 2013.

***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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2014, 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 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 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.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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.

  
Paul D. Joyce, CPA  
State Examiner

October 23, 2014



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF MICHIGAN CITY, LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Michigan City (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 23, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

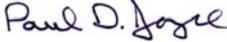
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***City of Michigan City's Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

October 23, 2014

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF MICHIGAN CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General Fund	\$ 1,381,597	\$ 41,559,401	\$ 42,824,912	\$ 116,086
Motor Vehicle Highway	153,930	2,118,210	2,179,873	92,267
Local Road And Street	118,321	290,231	312,109	96,443
M C Unsafe Building Fund	-	3,850	443	3,407
Animal Control	-	5,668	1,605	4,063
Riverboat Gaming	3,558,493	22,746,596	23,618,248	2,686,841
Park And Recreation	826,231	4,210,294	4,918,907	117,618
Levy Excess	326,706	-	-	326,706
DEA Forfeiture	27,463	17,576	30,751	14,288
Major Moves	1,603,211	2,200,000	3,375,248	427,963
Cumulative Capital Development	173,191	680,331	791,465	62,057
Cumulative Channel Maintenance	627,178	1,094,971	1,000,000	722,149
Cumulative Capital Improvement	105,297	84,505	144,700	45,102
CEDIT	451,178	3,739,064	3,163,199	1,027,043
Police Pension	1,848,048	1,234,922	1,719,306	1,363,664
Fire Pension	1,022,007	1,016,364	1,403,248	635,123
MCRD BONDS 2010 SINKING	377,501	377,042	753,332	1,211
MCRD BONDS 2011 RESERVE	494,860	72	72	494,860
MCRD BONDS 2011 CONSTRUCTION	77	72	-	149
MCRD BONDS 2011 BOND INTEREST	88,806	6	88,744	68
CDBG 2011 B-11-MC-180022	-	654,509	654,509	-
City Donation Fund - EOC Activity	33,420	3,800	26,026	11,194
MC Economic Dev Revolving Loan Fund	650,000	-	-	650,000
Lake Michigan Costal Prog Grant	27,975	28,365	54,990	1,350
CZ 115 - MC Esplande Plan	(15,000)	20,000	-	5,000
AIP 15 Grant	50,933	7	11,598	39,342
MCRD BONDS 2010 OPER & RESERVE	5,378	4,053	8,099	1,332
MCRD BONDS 2011 SINKING	-	336,746	336,746	-
Commission For Women Fund	75	780	547	308
Security Deposit Fund	10,150	19,525	19,635	10,040
2010 JAG Grant	17,147	-	17,147	-
AIP 16 Grant	28,190	309,166	331,209	6,147
MCRD Bonds 2011 Oper & Reserve	-	4,258	1,000	3,258
CDBG 2012B 12MC180022	-	132,216	132,216	-
EPA Beach Act Grant	-	28,357	15,890	12,467
CZM Plan Development Fedder's Alley	-	13,500	-	13,500
CZM Fedder Alley Marram Grass	-	25,000	-	25,000
CZM Kayak Launch Hanson Park	-	34,232	24	34,208
CZM Lighthouse Museum Restoration	-	77,200	259	76,941
CMAQ IN950045 Vehicle Replacement	-	102,000	396,813	(294,813)
AIP 17 Grant	-	39,402	-	39,402
Cemetery Operating	83,240	496,032	579,178	94
Zoo Donation	95,339	43	15,610	79,772
Controlled Substance Excise	1,927	-	-	1,927
Fire Donation	3,669	21,665	16,881	8,453
Park Gift And Donation	43,364	87,101	49,987	80,478
Police Donation	6,776	55,464	56,802	5,438
Golf	117,433	655,022	688,296	84,159
Park Concession	111,718	227,682	220,136	119,264
MCPA Receiving	-	2,730	2,730	-
Zoo Education Nonreverting	5,854	9,514	12,314	3,054
Senior Center Nonreverting	14,562	15,130	11,566	18,126
Park And Recreation Nonreverting	71,387	114,156	135,738	49,805
Patriot Park Nonreverting	13,366	-	-	13,366
Michigan City Tree Fund	3,088	5,999	8,430	657
Michigan City Youth Council	212	-	-	212
Millennium Park Brick	79,566	-	11,673	67,893
Mayor's Special Events	90	16,668	15,793	965
Demolition Recovery	14,059	7	-	14,066
Barker Civic Center	85,225	303,963	389,009	179
Police Continuing Education	107,029	53,853	40,110	120,772
Aviation Operating	188,584	464,357	652,390	551
Aviation Fuel	40,893	267,407	286,154	22,146
Cemetery Extension	35,744	33,279	34,164	34,859

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

CITY OF MICHIGAN CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Cemetery Merchandise And Commission	22,741	137,935	140,504	20,172
Singing Sands Bike Trail Grant	49,998	4,900	2,100	52,798
Brownsfield Redevelopment	14,747	-	6,366	8,381
Redevelopment Operating	192,615	206,215	216,449	182,381
Refunding Bonds 2011 Operating And Reserve	1,258	3,227	2,800	1,685
Refunding Bonds 2011 Reserve	212,000	31	31	212,000
Northside TIF Investment	742,920	358	600	742,678
INDOT Traffic Study Grant	57,550	3,310	30,626	30,234
Pawloske/Linn See Property	-	39,995	34,859	5,136
MCPD Seizure Fund	29,998	19,305	1,354	47,949
2009 Cops Grant	-	173,528	-	173,528
Refunding Bonds 2011 Sinking	129,685	129,535	255,196	4,024
SSTIF Bond 2007 Reserve	364,461	40	2,399	362,102
MCRD Bonds 2010 Debt Svc Rsv	754,694	7,384	-	762,078
Park And Recreation Capital Improve	9,155	476	-	9,631
Blue Chip Development	1,959,901	8,307,410	9,236,837	1,030,474
Coolspring Ave Reconstruction Grant	660,495	-	-	660,495
AIP 12 Grant	852	12,469	12,789	532
Northeast TIF	529,225	477,813	497,491	509,547
Southside TIF	5,378,071	4,364,705	1,723,912	8,018,864
Northside TIF	13,107,894	5,996,570	10,359,113	8,745,351
Michigan Blvd Reconstruction Grant	4,367	-	-	4,367
AIP 14 Grant	6,259	-	-	6,259
MCRD Bonds 2010 Construction	4	-	4	-
CDBG 2010 B-10-MC-180022	-	88,003	88,003	-
CDBG NSP1-009-017	-	275,639	275,639	-
Employee Health & Life Insurance	46,925	51,446	51,163	47,208
Cemetery Blanket And Wreath	26,962	9,429	9,582	26,809
Cemetery Flower Fund	27,346	58	428	26,976
Cemetery Dabbert Vault	2,318	5	-	2,323
Cemetery Lutz Vault	4,401	7	-	4,408
Cemetery PM GW Trust	1,039,898	16,200	19,847	1,036,251
Cemetery PM SL Trust	501,228	19,411	8,945	511,694
Cemetery Extension Trust	513,374	36,520	10,722	539,172
Cemetery Mds And Comm Trust	34,221	72,469	68,881	37,809
MC Employee Medical Trust	1,249,442	5,482,476	5,204,042	1,527,876
MC Employee Benefit Trust	107,066	776,642	554,430	329,278
Intergovernmental Wagering Tax	64	2,189,412	2,189,413	63
SRF Debt Reserve Fund	-	816,957	-	816,957
SRF Construction Fund	-	2,720,101	1,936,779	783,322
SRF Bond and Interest Fund	-	35,004	-	35,004
Sewage Works Operating	440,029	9,812,226	8,575,556	1,676,699
Sewage Works Sinking	1,275,546	977,969	1,726,140	527,375
Sewage Works Improvement	436,905	1,397,923	977,081	857,747
Sewage Works - Indian Springs Proj	163	51,451	51,614	-
Sewage Works - Whippoorwill Proj	-	3,587	3,587	-
Sanitary District Operating	390,577	651,927	858,740	183,764
Sanitary District Bond	177,679	1,303,149	1,466,021	14,807
Sanitary District Refuse	199,706	4,212,379	4,408,768	3,317
Sanitary District Capital	64,200	7,314	38,156	33,358
Sanitary District Levy Excess	26,680	-	15,000	11,680
Water Dept Operating	818,426	6,467,751	6,491,988	794,189
Water Dept Bond And Interest	403,240	1,213,432	1,210,571	406,101
Water Dept Improvement	1,487,475	530,459	946,945	1,070,989
Water Dept Customer Deposit	510,637	110,902	90,264	531,275
Water Dept Contingencies	754,921	3,307	135,284	622,944
Water Utility - Imprest Funds	5,350	-	-	5,350
MCPA Operating	419,528	2,804,914	1,917,971	1,306,471
MCPA Security Deposit	9,821	-	-	9,821
MCPA Receiving	465,614	-	465,614	-
MCPA Surplus - Fifth Third	771,668	4,720	726,388	50,000
MCPA Suplus - Horizon	2,621,840	730,348	-	3,352,188
Totals	<u>\$ 54,177,628</u>	<u>\$ 148,801,106</u>	<u>\$ 154,606,823</u>	<u>\$ 48,371,911</u>

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, 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 which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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 which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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 MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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, transfer money 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 money 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 money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF MICHIGAN CITY  
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, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

*E. Water Utility Pension Plan*

*Plan Description*

The Water Works has a defined contribution pension plan administered by McKready and Keene, Inc., as authorized by Indiana Code 8-1.5-3-7. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the governing board of the Water Works and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

McKready and Keene, Inc.  
7941 Castleway Drive  
P.O. Box 50460  
Indianapolis, IN 46250-0460  
Ph. (317) 849-4333

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of plan members are established by the written agreement between the governing board of the Water Works and the Plan Administrator. Plan members are required to contribute 3 percent of the annual covered salary. The Water Works is required to contribute at an actuarially determined rate.

**Note 7. Loans Between Funds**

On December 31, 2013, the City Council approved the delay of repayment of the following loans between funds until June 30, 2014:

Fund From	Fund To	2013
Riverboat Gaming	General Fund	\$ 20,800,000
Riverboat Gaming	Motor Vehicle Highway	500,000
Blue Chip Development	General Fund	1,200,000
Blue Chip Development	Park and Recreation	2,200,000
Riverboat Gaming	Cumulative Capital Development	650,000
Riverboat Gaming	Barker Civic Center	200,000
Blue Chip Development	Barker Civic Center	30,000
Blue Chip Development	Aviation Operating	200,000
Blue Chip Development	Aviation Operating	70,000
Blue Chip Development	Cemetery Operating	12,000

These loans were repaid on June 29, 2014. These temporary loans are to avoid negative cash balances in the funds noted.

**Note 8. Cash Balance Deficit**

The financial statement contained one fund with a deficit in cash. This is a result of the reimbursement for expenditures made by the City not being received by December 31, 2013.

**Note 9. Subsequent Events**

On May 20, 2014, the Common Council adopted Ordinance #4281 "APPROVING AND AUTHORIZING THE TRANSFER OF FUNDS PURSUANT TO HOME RULE," which authorized permanent transfers between the following funds:

Fund From	Fund To	2014
Blue Chip Development	General Fund	\$ 4,251,500
Riverboat Gaming	General Fund	7,248,500
Riverboat Gaming	Motor Vehicle Highway	130,000
Riverboat Gaming	Park and Recreation	700,000
Riverboat Gaming	Cumulative Capital Development	60,000
Riverboat Gaming	Barker Civic Center	80,000
Riverboat Gaming	Aviation Operating	80,000

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

In April 2014, LaPorte County completed settlement to local units of government of the 2012 payable 2013 property tax bills. Property tax bills for 2013 payable 2014 were mailed in April 2014 with payments due by May 2014 (Spring) portion and November 2014 for the (Fall) portion. The County anticipates that final settlement of 2013 payable 2014 property tax bills to local units of government will occur by June 30, 2014, and December 31, 2014. Prior year delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the County. It is undeterminable how much property tax collections the City will receive once all the collections from the reconciliation bills have been received.

On May 7, 2014, the Common Council adopted Ordinance #4279 "AN ORDINANCE CONCERNING THE CURRENT REFUNDING BY THE CITY OF MICHIGAN CITY, INDIANA, OF ITS WATERWORKS REVENUE BONDS OF 2000 AND ITS WATERWORKS REFUNDING REVENUE BONDS OF 2004; AUTHORIZING THE ISSUANCE OF WATERWORKS REFUNDING REVENUE BONDS FOR SUCH PURPOSE; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE WATERWORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID WATERWORKS REFUNDING REVENUE BONDS; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HEREWITH." Waterworks Refunding Revenue Bonds, Series 2014 are in the amount of: \$8,575,000.

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway 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 Annual Report of the City which is 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 supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General Fund	Motor Vehicle Highway	Local Road And Street	M C Unsafe Building Fund	Animal Control	Riverboat Gaming	Park And Recreation	Levy Excess
Cash and investments - beginning	\$ 1,381,597	\$ 153,930	\$ 118,321	\$ -	\$ -	\$ 3,558,493	\$ 826,231	\$ 326,706
Receipts:								
Taxes	4,712,375	500,901	-	-	-	-	553,026	-
Licenses and permits	276,348	-	-	3,850	-	-	-	-
Intergovernmental	2,749,685	934,751	290,156	-	-	10,410,531	54,109	-
Charges for services	929,006	4,650	75	-	-	-	832,110	-
Fines and forfeits	47,505	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	32,844,482	677,908	-	-	5,668	12,336,065	2,771,049	-
Total receipts	<u>41,559,401</u>	<u>2,118,210</u>	<u>290,231</u>	<u>3,850</u>	<u>5,668</u>	<u>22,746,596</u>	<u>4,210,294</u>	<u>-</u>
Disbursements:								
Personal services	19,370,201	1,142,026	-	-	-	-	1,887,743	-
Supplies	1,112,584	140,464	312,109	118	-	-	264,661	-
Other services and charges	3,136,409	297,383	-	325	1,605	11,421	466,503	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	5,923,027	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	19,205,718	600,000	-	-	-	17,683,800	2,300,000	-
Total disbursements	<u>42,824,912</u>	<u>2,179,873</u>	<u>312,109</u>	<u>443</u>	<u>1,605</u>	<u>23,618,248</u>	<u>4,918,907</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,265,511)</u>	<u>(61,663)</u>	<u>(21,878)</u>	<u>3,407</u>	<u>4,063</u>	<u>(871,652)</u>	<u>(708,613)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 116,086</u>	<u>\$ 92,267</u>	<u>\$ 96,443</u>	<u>\$ 3,407</u>	<u>\$ 4,063</u>	<u>\$ 2,686,841</u>	<u>\$ 117,618</u>	<u>\$ 326,706</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	DEA Forfeiture	Major Moves	Cumulative Capital Development	Cumulative Channel Maintenance	Cumulative Capital Improvement	CEDIT	Police Pension	Fire Pension
Cash and investments - beginning	\$ 27,463	\$ 1,603,211	\$ 173,191	\$ 627,178	\$ 105,297	\$ 451,178	\$ 1,848,048	\$ 1,022,007
Receipts:								
Taxes	-	-	17,383	62,232	-	-	-	-
Licenses and permits	-	-	-	24,419	-	-	-	-
Intergovernmental	17,564	-	12,948	8,320	84,505	2,733,492	1,232,009	1,009,743
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	12	2,200,000	650,000	1,000,000	-	1,005,572	2,913	6,621
Total receipts	17,576	2,200,000	680,331	1,094,971	84,505	3,739,064	1,234,922	1,016,364
Disbursements:								
Personal services	-	-	-	-	-	-	2,584	2,584
Supplies	4,000	-	-	-	-	28,850	-	55
Other services and charges	26,751	-	-	-	39,712	1,224,981	4,171	2,108
Debt service - principal and interest	-	-	-	-	-	343,375	-	-
Capital outlay	-	2,175,248	51,465	-	104,988	290,593	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	1,200,000	740,000	1,000,000	-	1,275,400	1,712,551	1,398,501
Total disbursements	30,751	3,375,248	791,465	1,000,000	144,700	3,163,199	1,719,306	1,403,248
Excess (deficiency) of receipts over disbursements	(13,175)	(1,175,248)	(111,134)	94,971	(60,195)	575,865	(484,384)	(386,884)
Cash and investments - ending	\$ 14,288	\$ 427,963	\$ 62,057	\$ 722,149	\$ 45,102	\$ 1,027,043	\$ 1,363,664	\$ 635,123

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	MCRD BONDS 2010 SINKING	MCRD BONDS 2011 RESERVE	MCRD BONDS 2011 CONSTRUCTION	MCRD BONDS 2011 BOND INTEREST	CDBG 2011 B-11-MC-180022	City Donation Fund - EOC Activity	MC Economic Dev Revolving Loan Fund	Lake Michigan Costal Prog Grant
Cash and investments - beginning	\$ 377,501	\$ 494,860	\$ 77	\$ 88,806	\$ -	\$ 33,420	\$ 650,000	\$ 27,975
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	654,509	-	-	28,125
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	377,042	72	72	6	-	3,800	-	240
Total receipts	377,042	72	72	6	654,509	3,800	-	28,365
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	654,509	581	-	240
Debt service - principal and interest	749,280	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	25,445	-	54,750
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	4,052	72	-	88,744	-	-	-	-
Total disbursements	753,332	72	-	88,744	654,509	26,026	-	54,990
Excess (deficiency) of receipts over disbursements	(376,290)	-	72	(88,738)	-	(22,226)	-	(26,625)
Cash and investments - ending	\$ 1,211	\$ 494,860	\$ 149	\$ 68	\$ -	\$ 11,194	\$ 650,000	\$ 1,350

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	CZ 115 - MC Esplande Plan	AIP 15 Grant	MCRD BONDS 2010 OPER & RESERVE	MCRD BONDS 2011 SINKING	Commission For Women Fund	Security Deposit Fund	2010 JAG Grant	AIP 16 Grant
Cash and investments - beginning	\$ (15,000)	\$ 50,933	\$ 5,378	\$ -	\$ 75	\$ 10,150	\$ 17,147	\$ 28,190
Receipts:								
Taxes	20,000	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	7	-	-	-	-	-	309,166
Charges for services	-	-	-	-	-	19,525	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	4,053	336,746	780	-	-	-
Total receipts	<u>20,000</u>	<u>7</u>	<u>4,053</u>	<u>336,746</u>	<u>780</u>	<u>19,525</u>	<u>-</u>	<u>309,166</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	50	-	-	-
Other services and charges	-	-	-	-	497	19,635	-	-
Debt service - principal and interest	-	-	-	332,488	-	-	-	-
Capital outlay	-	9,015	-	-	-	-	17,147	331,209
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	2,583	8,099	4,258	-	-	-	-
Total disbursements	<u>-</u>	<u>11,598</u>	<u>8,099</u>	<u>336,746</u>	<u>547</u>	<u>19,635</u>	<u>17,147</u>	<u>331,209</u>
Excess (deficiency) of receipts over disbursements	<u>20,000</u>	<u>(11,591)</u>	<u>(4,046)</u>	<u>-</u>	<u>233</u>	<u>(110)</u>	<u>(17,147)</u>	<u>(22,043)</u>
Cash and investments - ending	<u>\$ 5,000</u>	<u>\$ 39,342</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 10,040</u>	<u>\$ -</u>	<u>\$ 6,147</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	MCRD Bonds 2011 Oper & Reserve	CDBG 2012B 12MC180022	EPA Beach Act Grant	CZM Plan Development Fedder's Alley	CZM Fedder Alley Marram Grass	CZM Kayak Launch Hanson Park	CZM Lighthouse Museum Restoration	CMAQ IN950045 Vehicle Replacement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	132,216	28,357	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	4,258	-	-	13,500	25,000	34,232	77,200	102,000
Total receipts	4,258	132,216	28,357	13,500	25,000	34,232	77,200	102,000
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	132,216	15,890	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	24	259	396,813
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,000	-	-	-	-	-	-	-
Total disbursements	1,000	132,216	15,890	-	-	24	259	396,813
Excess (deficiency) of receipts over disbursements	3,258	-	12,467	13,500	25,000	34,208	76,941	(294,813)
Cash and investments - ending	\$ 3,258	\$ -	\$ 12,467	\$ 13,500	\$ 25,000	\$ 34,208	\$ 76,941	\$ (294,813)

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	AIP 17 Grant	Cemetery Operating	Zoo Donation	Controlled Substance Excise	Fire Donation	Park Gift And Donation	Police Donation	Golf
Cash and investments - beginning	\$ -	\$ 83,240	\$ 95,339	\$ 1,927	\$ 3,669	\$ 43,364	\$ 6,776	\$ 117,433
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	351,471	-	-	-	-	-	653,113
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	39,402	144,561	43	-	21,665	87,101	55,464	1,909
Total receipts	39,402	496,032	43	-	21,665	87,101	55,464	655,022
Disbursements:								
Personal services	-	399,025	-	-	-	-	-	481,577
Supplies	-	23,022	15,297	-	16,881	30,143	56,802	128,790
Other services and charges	-	38,212	313	-	-	19,844	-	77,929
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	118,919	-	-	-	-	-	-
Total disbursements	-	579,178	15,610	-	16,881	49,987	56,802	688,296
Excess (deficiency) of receipts over disbursements	39,402	(83,146)	(15,567)	-	4,784	37,114	(1,338)	(33,274)
Cash and investments - ending	\$ 39,402	\$ 94	\$ 79,772	\$ 1,927	\$ 8,453	\$ 80,478	\$ 5,438	\$ 84,159

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Park Concession	MCPA Receiving	Zoo Education Nonreverting	Senior Center Nonreverting	Park And Recreation Nonreverting	Patriot Park Nonreverting	Michigan City Tree Fund	Michigan City Youth Council
Cash and investments - beginning	\$ 111,718	\$ -	\$ 5,854	\$ 14,562	\$ 71,387	\$ 13,366	\$ 3,088	\$ 212
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	5,682	-
Charges for services	226,627	2,730	-	14,750	101,543	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,055	-	9,514	380	12,613	-	317	-
Total receipts	<u>227,682</u>	<u>2,730</u>	<u>9,514</u>	<u>15,130</u>	<u>114,156</u>	<u>-</u>	<u>5,999</u>	<u>-</u>
Disbursements:								
Personal services	62,306	-	-	-	-	-	-	-
Supplies	134,669	-	3,364	2,997	31,569	-	8,325	-
Other services and charges	19,161	822	555	2,569	104,169	-	105	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	4,000	1,908	8,395	6,000	-	-	-	-
Total disbursements	<u>220,136</u>	<u>2,730</u>	<u>12,314</u>	<u>11,566</u>	<u>135,738</u>	<u>-</u>	<u>8,430</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>7,546</u>	<u>-</u>	<u>(2,800)</u>	<u>3,564</u>	<u>(21,582)</u>	<u>-</u>	<u>(2,431)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 119,264</u>	<u>\$ -</u>	<u>\$ 3,054</u>	<u>\$ 18,126</u>	<u>\$ 49,805</u>	<u>\$ 13,366</u>	<u>\$ 657</u>	<u>\$ 212</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Millennium Park Brick	Mayor's Special Events	Demolition Recovery	Barker Civic Center	Police Continuing Education	Aviation Operating	Aviation Fuel	Cemetery Extension
Cash and investments - beginning	\$ 79,566	\$ 90	\$ 14,059	\$ 85,225	\$ 107,029	\$ 188,584	\$ 40,893	\$ 35,744
Receipts:								
Taxes	-	-	-	55,398	-	137,407	-	-
Licenses and permits	-	-	-	-	12,462	-	-	-
Intergovernmental	-	-	-	4,515	-	5,876	-	-
Charges for services	-	-	-	-	13,916	18,162	267,407	33,279
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	16,668	7	244,050	27,475	302,912	-	-
Total receipts	-	16,668	7	303,963	53,853	464,357	267,407	33,279
Disbursements:								
Personal services	-	-	-	131,538	-	207,851	-	-
Supplies	887	-	-	2,835	15,139	11,457	252,130	-
Other services and charges	10,786	-	-	39,636	24,971	57,952	4,024	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	15,793	-	215,000	-	375,130	30,000	34,164
Total disbursements	11,673	15,793	-	389,009	40,110	652,390	286,154	34,164
Excess (deficiency) of receipts over disbursements	(11,673)	875	7	(85,046)	13,743	(188,033)	(18,747)	(885)
Cash and investments - ending	\$ 67,893	\$ 965	\$ 14,066	\$ 179	\$ 120,772	\$ 551	\$ 22,146	\$ 34,859

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Cemetery Merchandise And Commission	Singing Sands Bike Trail Grant	Brownsfield Redevelopment	Redevelopment Operating	Refunding Bonds 2011 Operating And Reserve	Refunding Bonds 2011 Reserve	Northside TIF Investment	INDOT Traffic Study Grant
Cash and investments - beginning	\$ 22,741	\$ 49,998	\$ 14,747	\$ 192,615	\$ 1,258	\$ 212,000	\$ 742,920	\$ 57,550
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	3,310
Charges for services	137,935	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	4,900	-	206,215	3,227	31	358	-
Total receipts	<u>137,935</u>	<u>4,900</u>	<u>-</u>	<u>206,215</u>	<u>3,227</u>	<u>31</u>	<u>358</u>	<u>3,310</u>
Disbursements:								
Personal services	-	-	-	204,525	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	6,366	11,904	-	-	-	30,626
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	2,100	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	140,504	-	-	20	2,800	31	600	-
Total disbursements	<u>140,504</u>	<u>2,100</u>	<u>6,366</u>	<u>216,449</u>	<u>2,800</u>	<u>31</u>	<u>600</u>	<u>30,626</u>
Excess (deficiency) of receipts over disbursements	<u>(2,569)</u>	<u>2,800</u>	<u>(6,366)</u>	<u>(10,234)</u>	<u>427</u>	<u>-</u>	<u>(242)</u>	<u>(27,316)</u>
Cash and investments - ending	<u>\$ 20,172</u>	<u>\$ 52,798</u>	<u>\$ 8,381</u>	<u>\$ 182,381</u>	<u>\$ 1,685</u>	<u>\$ 212,000</u>	<u>\$ 742,678</u>	<u>\$ 30,234</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Pawloske/Linn See Property	MCPD Seizure Fund	2009 Cops Grant	Refunding Bonds 2011 Sinking	SSTIF Bond 2007 Reserve	MCRD Bonds 2010 Debt Svc Rsv	Park And Recreation Capital Improve	Blue Chip Development
Cash and investments - beginning	\$ -	\$ 29,998	\$ -	\$ 129,685	\$ 364,461	\$ 754,694	\$ 9,155	\$ 1,959,901
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	19,305	173,528	-	-	-	-	-
Charges for services	-	-	-	-	-	-	476	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	39,995	-	-	129,535	40	7,384	-	8,307,410
Total receipts	39,995	19,305	173,528	129,535	40	7,384	476	8,307,410
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	251,969	-	-	-	-
Capital outlay	34,859	-	-	-	-	-	-	924,837
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	1,354	-	3,227	2,399	-	-	8,312,000
Total disbursements	34,859	1,354	-	255,196	2,399	-	-	9,236,837
Excess (deficiency) of receipts over disbursements	5,136	17,951	173,528	(125,661)	(2,359)	7,384	476	(929,427)
Cash and investments - ending	\$ 5,136	\$ 47,949	\$ 173,528	\$ 4,024	\$ 362,102	\$ 762,078	\$ 9,631	\$ 1,030,474

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Coolspring Ave Reconstruction Grant	AIP 12 Grant	Northeast TIF	Southside TIF	Northside TIF	Michigan Blvd Reconstruction Grant	AIP 14 Grant	MCRD Bonds 2010 Construction
Cash and investments - beginning	\$ 660,495	\$ 852	\$ 529,225	\$ 5,378,071	\$ 13,107,894	\$ 4,367	\$ 6,259	\$ 4
Receipts:								
Taxes	-	-	477,397	4,326,145	5,969,732	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	12,469	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	416	38,560	26,838	-	-	-
Total receipts	-	12,469	477,813	4,364,705	5,996,570	-	-	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	1,060,717	1,634,311	-	-	-
Debt service - principal and interest	-	-	497,491	662,473	625,000	-	-	-
Capital outlay	-	12,789	-	-	499,280	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	722	7,600,522	-	-	4
Total disbursements	-	12,789	497,491	1,723,912	10,359,113	-	-	4
Excess (deficiency) of receipts over disbursements	-	(320)	(19,678)	2,640,793	(4,362,543)	-	-	(4)
Cash and investments - ending	\$ 660,495	\$ 532	\$ 509,547	\$ 8,018,864	\$ 8,745,351	\$ 4,367	\$ 6,259	\$ -

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	CDBG 2010 B-10-MC-180022	CDBG NSP1-009-017	Employee Health & Life Insurance	Cemetery Blanket And Wreath	Cemetery Flower Fund	Cemetery Dabbert Vault	Cemetery Lutz Vault	Cemetery PM GW Trust
Cash and investments - beginning	\$ -	\$ -	\$ 46,925	\$ 26,962	\$ 27,346	\$ 2,318	\$ 4,401	\$ 1,039,898
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	88,003	275,639	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	51,446	9,429	58	5	7	16,200
<b>Total receipts</b>	<b>88,003</b>	<b>275,639</b>	<b>51,446</b>	<b>9,429</b>	<b>58</b>	<b>5</b>	<b>7</b>	<b>16,200</b>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	88,003	275,639	-	-	-	-	-	3,616
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	51,163	9,582	428	-	-	16,231
<b>Total disbursements</b>	<b>88,003</b>	<b>275,639</b>	<b>51,163</b>	<b>9,582</b>	<b>428</b>	<b>-</b>	<b>-</b>	<b>19,847</b>
Excess (deficiency) of receipts over disbursements	-	-	283	(153)	(370)	5	7	(3,647)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,208</u>	<u>\$ 26,809</u>	<u>\$ 26,976</u>	<u>\$ 2,323</u>	<u>\$ 4,408</u>	<u>\$ 1,036,251</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Cemetery PM SL Trust	Cemetery Extension Trust	Cemetery Mds And Comm Trust	MC Employee Medical Trust	MC Employee Benefit Trust	Intergovernmental Wagering Tax	SRF Debt Reserve Fund	SRF Construction Fund
Cash and investments - beginning	\$ 501,228	\$ 513,374	\$ 34,221	\$ 1,249,442	\$ 107,066	\$ 64	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,189,412	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	19,411	36,520	72,469	5,482,476	776,642	-	816,957	2,720,101
Total receipts	<u>19,411</u>	<u>36,520</u>	<u>72,469</u>	<u>5,482,476</u>	<u>776,642</u>	<u>2,189,412</u>	<u>816,957</u>	<u>2,720,101</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	1,767	1,853	232	-	3,082	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	1,380,982
Utility operating expenses	-	-	-	-	-	-	-	555,797
Other disbursements	7,178	8,869	68,649	5,204,042	551,348	2,189,413	-	-
Total disbursements	<u>8,945</u>	<u>10,722</u>	<u>68,881</u>	<u>5,204,042</u>	<u>554,430</u>	<u>2,189,413</u>	<u>-</u>	<u>1,936,779</u>
Excess (deficiency) of receipts over disbursements	<u>10,466</u>	<u>25,798</u>	<u>3,588</u>	<u>278,434</u>	<u>222,212</u>	<u>(1)</u>	<u>816,957</u>	<u>783,322</u>
Cash and investments - ending	<u>\$ 511,694</u>	<u>\$ 539,172</u>	<u>\$ 37,809</u>	<u>\$ 1,527,876</u>	<u>\$ 329,278</u>	<u>\$ 63</u>	<u>\$ 816,957</u>	<u>\$ 783,322</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	SRF Bond and Interest Fund	Sewage Works Operating	Sewage Works Sinking	Sewage Works Improvement	Sewage Works - Indian Springs Proj	Dept Works - Whippoorwill Proj	Sanitary District Operating	Sanitary District Bond
Cash and investments - beginning	\$ -	\$ 440,029	\$ 1,275,546	\$ 436,905	\$ 163	\$ -	\$ 390,577	\$ 177,679
Receipts:								
Taxes	-	-	-	-	-	-	34,696	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	217,231	3,149
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	9,057,014	-	-	-	-	-	-
Other receipts	35,004	755,212	977,969	1,397,923	51,451	3,587	400,000	1,300,000
Total receipts	35,004	9,812,226	977,969	1,397,923	51,451	3,587	651,927	1,303,149
Disbursements:								
Personal services	-	2,089,058	-	-	-	-	164,684	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	210,288	-	-	-	-	3,816	-
Debt service - principal and interest	-	-	918,483	-	51,614	3,587	-	-
Capital outlay	-	217,188	-	277,081	-	-	5,927	-
Utility operating expenses	-	3,975,689	-	-	-	-	204,027	-
Other disbursements	-	2,083,333	807,657	700,000	-	-	480,286	1,466,021
Total disbursements	-	8,575,556	1,726,140	977,081	51,614	3,587	858,740	1,466,021
Excess (deficiency) of receipts over disbursements	35,004	1,236,670	(748,171)	420,842	(163)	-	(206,813)	(162,872)
Cash and investments - ending	\$ 35,004	\$ 1,676,699	\$ 527,375	\$ 857,747	\$ -	\$ -	\$ 183,764	\$ 14,807

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sanitary District Refuse	Sanitary District Capital	Sanitary District Levy Excess	Water Dept Operating	Water Dept Bond And Interest	Water Dept Improvement	Water Dept Customer Deposit	Water Dept Contingencies
Cash and investments - beginning	\$ 199,706	\$ 64,200	\$ 26,680	\$ 818,426	\$ 403,240	\$ 1,487,475	\$ 510,637	\$ 754,921
Receipts:								
Taxes	456,220	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	454,955	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	1,100	3,400	-	6,208,083	-	-	-	-
Other receipts	3,300,104	3,914	-	259,668	1,213,432	530,459	110,902	3,307
Total receipts	<u>4,212,379</u>	<u>7,314</u>	<u>-</u>	<u>6,467,751</u>	<u>1,213,432</u>	<u>530,459</u>	<u>110,902</u>	<u>3,307</u>
Disbursements:								
Personal services	1,055,464	-	-	1,736,127	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	78,042	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,210,471	-	-	-
Capital outlay	78,445	38,156	-	251,005	-	946,945	-	-
Utility operating expenses	1,596,817	-	-	2,598,442	-	-	-	135,284
Other disbursements	1,600,000	-	15,000	1,906,414	100	-	90,264	-
Total disbursements	<u>4,408,768</u>	<u>38,156</u>	<u>15,000</u>	<u>6,491,988</u>	<u>1,210,571</u>	<u>946,945</u>	<u>90,264</u>	<u>135,284</u>
Excess (deficiency) of receipts over disbursements	<u>(196,389)</u>	<u>(30,842)</u>	<u>(15,000)</u>	<u>(24,237)</u>	<u>2,861</u>	<u>(416,486)</u>	<u>20,638</u>	<u>(131,977)</u>
Cash and investments - ending	<u>\$ 3,317</u>	<u>\$ 33,358</u>	<u>\$ 11,680</u>	<u>\$ 794,189</u>	<u>\$ 406,101</u>	<u>\$ 1,070,989</u>	<u>\$ 531,275</u>	<u>\$ 622,944</u>

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Utility - Imprest Funds	MCPA Operating	MCPA Security Deposit	MCPA Receiving	MCPA Surplus - Fifth Third	MCPA Surplus - Horizon	Totals
Cash and investments - beginning	\$ 5,350	\$ 419,528	\$ 9,821	\$ 465,614	\$ 771,668	\$ 2,621,840	\$ 54,177,628
Receipts:							
Taxes	-	-	-	-	-	-	17,322,912
Licenses and permits	-	-	-	-	-	-	317,079
Intergovernmental	-	-	-	-	-	-	24,143,267
Charges for services	-	2,318,828	-	-	-	-	5,925,603
Fines and forfeits	-	-	-	-	-	-	47,505
Utility fees	-	-	-	-	-	-	15,269,597
Other receipts	-	486,086	-	-	4,720	730,348	85,775,143
Total receipts	-	2,804,914	-	-	4,720	730,348	148,801,106
Disbursements:							
Personal services	-	602,383	-	-	-	-	29,539,676
Supplies	-	459,981	-	-	-	-	3,057,179
Other services and charges	-	715,167	-	-	-	-	10,561,414
Debt service - principal and interest	-	-	-	-	-	-	5,646,231
Capital outlay	-	116,214	-	-	-	-	14,165,791
Utility operating expenses	-	-	-	-	-	-	9,066,056
Other disbursements	-	24,226	-	465,614	726,388	-	82,570,476
Total disbursements	-	1,917,971	-	465,614	726,388	-	154,606,823
Excess (deficiency) of receipts over disbursements	-	886,943	-	(465,614)	(721,668)	730,348	(5,805,717)
Cash and investments - ending	\$ 5,350	\$ 1,306,471	\$ 9,821	\$ -	\$ 50,000	\$ 3,352,188	\$ 48,371,911

CITY OF MICHIGAN CITY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater Utility	\$ 607,453	\$ 823,030
Water Utility	93,908	440,711
Port Authority	20,350	-
Governmental activities	193,421	51,225
Totals	\$ 915,132	\$ 1,314,966

CITY OF MICHIGAN CITY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Wastewater Utility:				
Crossroads Bank	Equipment	\$ 57,801	12/19/2013	12/19/2017
Crossroads Bank	Equipment	216,405	12/19/2013	9/1/2018
Crossroads Bank	Equipment	<u>66,735</u>	12/19/2013	9/1/2018
Total of annual lease payments		<u>\$ 340,941</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Redevelopment Auth NE Roeske Ave Bonds of 1999	\$ 613,570	\$ 498,521
General obligation bonds	Redevelopment Auth Refunding Bonds 2011 (Cleveland Ave)	1,645,000	258,119
General obligation bonds	Redevelopment Auth Special Taxing Dist Bonds 2007 (400N)	3,815,000	354,409
General obligation bonds	Redevelopment Auth Lafayette/Barker Bonds of 2010	8,830,000	743,555
General obligation bonds	Redevelopment Auth Elston Grove Bonds of 2011	<u>5,580,000</u>	<u>492,788</u>
Total governmental activities		<u>20,483,570</u>	<u>2,347,392</u>
Wastewater Utility:			
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2005	1,750,000	918,223
Notes and loans payable	Sewage Works Revenue Bonds Series 2013 (SRF Loan)	<u>2,720,000</u>	<u>70,000</u>
Total Wastewater Utility		<u>4,470,000</u>	<u>988,223</u>
Water Utility:			
Revenue bonds	Waterworks REfunding Revenue Bonds of 2004	3,100,000	1,011,794
Notes and loans payable	SRF Laon	<u>5,934,916</u>	<u>201,895</u>
Total Water Utility		<u>9,034,916</u>	<u>1,213,689</u>
Totals		<u>\$ 33,988,486</u>	<u>\$ 4,549,304</u>

CITY OF MICHIGAN CITY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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	\$ 6,628,416
Infrastructure	107,283,799
Buildings	21,346,436
Improvements other than buildings	16,501,759
Machinery, equipment, and vehicles	23,630,175
Construction in progress	5,127,984
Total governmental activities	180,518,569
Wastewater Utility:	
Land	845,166
Infrastructure	70,409,296
Buildings	23,565,401
Improvements other than buildings	829,450
Machinery, equipment, and vehicles	10,675,457
Construction in progress	2,178,615
Total Wastewater Utility	108,503,385
Water Utility:	
Land	91,291
Infrastructure	29,223,189
Buildings	10,226,007
Improvements other than buildings	21,625,510
Machinery, equipment, and vehicles	2,685,249
Total Water Utility	63,851,246
Port Authority:	
Land	2,038,751
Infrastructure	2,515,542
Buildings	5,975,101
Improvements other than buildings	992,285
Machinery, equipment, and vehicles	850,765
Total Port Authority	12,372,444
Total capital assets	\$ 365,245,644

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF MICHIGAN CITY, LAPORTE COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of Michigan City's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

***Report on Internal Control Over Compliance***

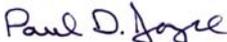
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

October 23, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF MICHIGAN CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Urban and Community Forestry Program Southgate Street Tree Neighborhood Planting Project	Indiana Department of Natural Resources	10.675	EDS# E9-13-UTC14	\$ 5,682
<u>Department of Commerce</u>				
Coastal Zone Management Administration Awards Property Acquisition Along Trail Creek MC Esplanade Plan	Indiana Department of Natural Resources	11.419 11.419	CZM025 NA11NOS4190094	28,125 20,000
Total - Department of Commerce				48,125
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants CDBG 2010 CDBG 2011 CDBG 2012	Direct	14.218 14.218 14.218	B-10-MC-180022 B-11-MC-180022 B-12-MC-180022	88,003 654,509 128,239
Total - CDBG - Entitlement Grants Cluster				870,751
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii NSP	Indiana Housing and Community Development Authority	14.228	NSP1-009-017	275,639
Total - Department of Housing and Urban Development				1,146,390
<u>Department of Justice</u>				
Public Safety Partnership and Community Policing Grants COPS Grant	Direct	16.710	2009RKWX0348	173,528
Equitable Sharing Program	Direct	16.922	FY 2013	30,751
Total - Department of Justice				204,279
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Singing Sands Lighthouse Trail Phase I Barker Rd/Woodland Ave Intersection Improvement	Indiana Department of Transportation	20.205 20.205	DES #0301165 DES #0810302	4,900 3,310
Total - Highway Planning and Construction Cluster				8,210
Federal Transit Cluster				
Federal Transit - Formula Grants Transit Operating Transit Operating	Direct	20.507 20.507	IN-90-4637 IN-90-4660	319,524 175,997
Total - Federal Transit Cluster				495,521
Highway Safety Cluster				
State and Community Highway Safety Dangerous Driving 2012 Operation Pull Over	Indiana Criminal Justice Institute	20.600 20.600	18X92040201IN13 18X92040201IN13	1,298 18,758
Total - Highway Safety Cluster				20,056
Airport Improvement Program				
AIP 12 AIP 15 AIP 16	Direct - FAA	20.106 20.106 20.106	3-18-0055-012-2008 3-18-0055-015-2011 3-18-0055-016-2012	12,149 2,583 300,595
Total - Airport Improvement Program				315,327
Total - Department of Transportation				839,114
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds SD SRF A	Indiana Finance Authority	66.458	WW131148	645,335
Beach Monitoring and Notification Program				
Implementation Grants Beach Act Grant Beach Act Grant	Indiana Department of Environmental Management	66.472 66.472	305-3-96 A305-2-64	12,467 15,890
Total - Beach Monitoring and Notification Program Implementation Grants				28,357
Total - Environmental Protection Agency				673,692
Total federal awards expended				\$ 2,917,282

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

CITY OF MICHIGAN CITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/Entitlement Grants	14.218	\$ 80,599

CITY OF MICHIGAN CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	CDBG - Entitlement Grants Cluster
66.458	Airport Improvement Program Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place for the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

The Deputy Controller independently prepares the SEFA for inclusion in the financial report without oversight, review, or approval. A lack of segregation of duties within an internal control system could allow material misstatements of the SEFA to remain undetected.

During the audit of the SEFA, we noted the following material errors:

1. The SEFA did not include federal expenditures of \$808,302. Federal expenditures omitted included Community Development Block Grants/Entitlement Grants of \$132,216, Equitable Sharing Program of \$30,751, and the Capitalization Grants for Clean Water State Revolving Funds of \$645,335.
2. The program titles for six grants listed were not reported correctly.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

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

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

We noted deficiencies in the internal control system of the City and the Water Utility related to financial transactions. We believe the following deficiencies constitute material weaknesses:

1. Bank reconcilements were completed on a consistent basis. However, City and Water Utility officials failed to properly document that the reconcilements had been reviewed by someone other than the preparers to ensure that identified reconciling items were appropriate, supportable, and recorded timely.
2. The Water Utility lacks proper segregation of duties between the bank reconciling process and the vendor disbursement process. One individual is responsible for preparing the accounts payable vouchers, writing the checks, maintaining custody of the signature plate, and performing the bank reconcilements.

Control activities should be selected and developed at various levels to reduce risks to the achievement of financial reporting objectives. The Water Utility has not separated incompatible activities related to disbursements and reconciling. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2013-003 - INTERNAL CONTROLS - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS***

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number: WW131148  
Pass-Through Entity: Indiana Finance Authority

Management of the City has not established an effective internal control system, which would include monitoring activities of paid consultants, related to the grant agreement and the Davis-Bacon Act (prevailing wages). The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. This lack of an effective internal control system could allow the misuse and mismanagement of federal funds and assets by not having proper oversight, and reviews over the activities of the grant.

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

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

In order to have an effective internal control system, it is important to ensure that the activities of paid consultants are monitored. This is accomplished by making sure proper oversight, reviews, and approvals take place, as well as ensuring the governing board is informed about any deficiencies to allow appropriate follow up action to be taken. The City did not have a system in place to ensure the work product provided by the consultant employed by the Indiana Finance Authority to ensure compliance with the Davis-Bacon Act was adequate, complete, and accurate.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls to effectively monitor the activities of consultants employed to ensure compliance related to the grant agreement and compliance requirements that have a direct and material effect on the program.

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#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



# MICHIGAN CITY INDIANA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Original Assigned SBA Audit Report Number:  
Report Period: 2012  
Pass-Through Entity or Federal Grantor Agency: HUD  
Contact Person Responsible for Corrective Action: Judith Pinkston  
Contact Phone Number: 219-873-1419

### **FINDING 2012-2**

Status of Audit Finding:

**Corrective Action Implemented:** Attachment B, Claims Docket for Vouchers, illustrates the implementation of the approval of all claims by the City's Governing Board for approval prior to payment being made. There have been no wire transfers for purchases since the audit finding – if there is a wire transfer we will need to receive prior approval from the Redevelopment Commission before wiring the funds.

### **FINDING 2012-3**

Status of Audit Finding: **Closed.** HUD is designated as the Cognizant Agency for the Audit of Michigan City, IN. As Cognizant Agency for the Audit they have reviewed the Findings contained in the audit report. HUD is only required to make management decisions for HUD program Findings and they determined that the corrective action taken by the City on this finding was acceptable. Therefore, HUD closed this finding.

### **FINDING 2012-4**

Status of Audit Finding: **Closed.** HUD is designated as the Cognizant Agency for the Audit of Michigan City, IN. As Cognizant Agency for the Audit they have reviewed the Findings contained in the audit report. HUD is only required to make management decisions for HUD program Findings and they determined that the corrective action taken by the City on this finding was acceptable. Therefore, HUD closed this finding.

### **FINDING 2012-5**

Status of Audit Finding:

**Corrective Action Implemented:** Attachment C, Claims Docket for Vouchers, illustrates the implementation of the approval of all claims by the City's Governing Board for approval prior to payment being made.

  
(Signature)

  
(Title)

  
(Date)

RON MEER – MAYOR

City of Michigan City ~ City Hall ~ 100 East Michigan Boulevard, Michigan City, IN 46360 ~ 219.873.1400 ~ fax 219.873.1515  
web ~ emichigancity.com e-mail ~ mayormeer@emichigancity.com



CITY OF MICHIGAN CITY

GRANT IDENTIFICATION WORKSHEET

DEPARTMENT: \_\_\_\_\_

FUND NUMBER: \_\_\_\_\_

1. GRANT TITLE:

\_\_\_\_\_

2. FEDERAL PROGRAM NAME:

\_\_\_\_\_

3. AWARD NUMBER:

\_\_\_\_\_

4. FEDERAL AGENCY:

\_\_\_\_\_

5. CFDA:

\_\_\_\_\_

6. AWARD PERIOD:

\_\_\_\_\_

7. PASS-THROUGH AGENCY (if applicable)

\_\_\_\_\_

8. AMOUNT AWARDED:

\_\_\_\_\_

ATTACHMENT B

Run date: 01/03/2014 @ 15:56  
 Bus date: 01/06/2014

CLAIMS DOCKET ALLOWANCE FOR VOUCHERS  
 Michigan City Dept of Redevelop

FILED

Page 1

JAN 03 2014

CAITIA NEULIEB  
 CITY CLERK  
 CITY OF MICHIGAN CITY

Obligation Number	Vendor Number	Vendor Name	Description	Check No	Amount
4,253	904,720	Housing Opportunitiles Inc	One on One Counseling #26 OOR	2,286	4,432.72
4,251	904,780	City of Michigan City	Reimburse Audit Costs	2,287	7,733.00
4,252	904,866	LaPorte Cnly Child Abuse Preven	Community Partners	2,288	1,750.00
4,250	904,900	OfficeMax Incorporated	Calendar, post-it	2,289	46.68
4,248	904,927	NIPSCO	1512 Tennessee ST	2,290	157.22
4,249	904,938	Department of Water Works	1512 Tennessee ST	2,291	31.84
** Report Total **					14,151.46

(Payable voucher register in lieu of signing each claim (the governing body is allowing))

I have examined the vouchers listed on the foregoing accounts payable register, consisting of the following pages, except for vouchers not allowed as shown on the register, such vouchers are allowed in the total amount shown. I hereby certify that each of the listed vouchers and the invoices or bills attached thereto are true and correct and I have audited same in accordance with IC 5-11-10-1.6.

Deanna Payson  
 Signature

Authorized Signature(s)	Date
<u>[Signature]</u>	1/13/14
<u>[Signature]</u>	1/13/14
<u>[Signature]</u>	1/13/14

Approved by State Board of Accounts for City of Michigan City, 2006





# MICHIGAN CITY INDIANA

Office of City Controller - Donna Pappas, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: dpappas@emichigancity.com

## CORRECTIVE ACTION PLAN

Contact Person Responsible for Corrective Action: Donna Pappas, City Controller  
Contact Phone Number: 219 873-1404 ext.361

### ***FINDING 2013-001 – Internal Controls and compliance over the schedule of expenditures of federal awards***

Description of Corrective Action Plan: A policy has been developed to track grants from inception to award. Also, within the Controller's Office, the Internal Auditor will double check the data input into Gateway to insure that all data entered has been accepted by Gateway. In the future, all CFDA numbers will be googled and the exact name of each program will be reported on the SEFA.

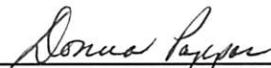
Now that the Controller's staff has been made aware that the SEFA is not just grants but all federal expenditures, including loans and forfeitures, these will be included on all future reports.

Anticipated Completion Date: The policy has been distributed to all City departments and the oversight and review process has been implemented.

### ***FINDING 2013-002 – Internal Controls over financial transactions***

Description of Corrective Action Plan: The Internal Auditor will prepare the monthly bank reconciliations and forward to the Assistant Controller for review.

Anticipated Completion Date: This process has been implemented.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
City Controller  
(Title)

\_\_\_\_\_  
October 23, 2014  
(Date)

RON MEER – MAYOR

City of Michigan City ~ City Hall ~ 100 East Michigan Boulevard, Michigan City, IN 46360 ~ 219.873.1400 ~ fax 219.873.1515  
web ~ emichigancity.com e-mail ~ mayormeer@emichigancity.com



# MICHIGAN CITY INDIANA

Office of City Controller - Donna Pappas, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: dpappas@emichigancity.com

## CORRECTIVE ACTION PLAN

### ***Finding 2013-003 – Internal Controls – Capitalization Grants for Clean Water State Revolving Funds***

Contact Person Responsible for Corrective Action: Donna Pappas, City Controller  
Contact Phone Number: 219 873-1404 ext. 361

Description of Corrective Action Plan: As required by the conditions of the SRF loans, the certified payrolls are submitted directly to Mendenhall & Associates and copied to the City's Human Rights Director. The Human Rights Director will review for compliance. On a quarterly basis, the records will be forwarded to the City Controller's Office and reviewed and initialed by a staff member of the Controller's Office.

Anticipated Completion Date: This procedure is being written and will be implemented in October 2014.

A handwritten signature in cursive script that reads 'Donna Pappas'.

Signature

City Controller

Title

October 23, 2014

RON MEER – MAYOR

City of Michigan City ~ City Hall ~ 100 East Michigan Boulevard, Michigan City, IN 46360 ~ 219.873.1400 ~ fax 219.873.1515  
web ~ emichigancity.com e-mail ~ mayormeer@emichigancity.com



# DEPARTMENT OF WATER WORKS

*Pure Filtered Water*

DISTRIBUTION CENTER  
701 GRAND STREET  
MICHIGAN CITY, INDIANA 46360  
219/874-6683  
FAX: 219/874-8064

MAIN OFFICE  
532 FRANKLIN SQUARE  
P.O. BOX 888  
MICHIGAN CITY, INDIANA 46361  
219/874-3228  
FAX: 219/874-1433

FILTRATION PLANT  
111 LAKE SHORE DRIVE  
MICHIGAN CITY, INDIANA 46360  
219/872-4430  
FAX: 219/873-9323

September 23, 2014

State Board of Accounts  
302 Washington Street, Room E418  
Indianapolis, Indiana 46204-2765

RE: Audit - Corrective Action Plan

Gentlemen:

Please find attached, the Corrective Action Plan for the Michigan City Department of Water Works.

If any further information is needed, please contact our office.

Very truly yours,

DEPARTMENT OF WATER WORKS

Randall E. Russell  
Superintendent

Attachment



# DEPARTMENT OF WATER WORKS

*Pure Filtered Water*

DISTRIBUTION CENTER  
701 GRAND STREET  
MICHIGAN CITY, INDIANA 46360  
219/874-6683  
FAX: 219/874-8064

MAIN OFFICE  
532 FRANKLIN SQUARE  
P.O. BOX 888  
MICHIGAN CITY, INDIANA 46361  
219/874-3228  
FAX: 219/874-1433

FILTRATION PLANT  
111 LAKE SHORE DRIVE  
MICHIGAN CITY, INDIANA 46360  
219/872-4430  
FAX: 219/873-9323

## CORRECTIVE ACTION PLAN

### ***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Ron Plamowski  
Contact Phone Number: (219) 874-3228

#### Description of Corrective Action Plan:

The Management team of The Department of Water Works adopted the following changes after field work for the audit was completed, beginning on July 15, 2014. These new procedures are in place and provide the necessary controls called for in the finding.

To improve segregation of duties we have transferred custody of the signature plate to the Head Cashier. The Head Cashier has custody of the plate and is responsible for using the plate on the disbursement checks. The Head Cashier has no other conflicting disbursement responsibilities. The Office Manager - Accountant reviews all Bank reconcilements and indicates he has reviewed them by his initials.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

(Title)

\_\_\_\_\_  
September 23, 2014

(Date)

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.