

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF GARY
LAKE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
01/13/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	M. Celita Green	01-01-15 to 12-31-16
Mayor	Karen Freeman-Wilson	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Niquelle Allen	01-01-15 to 12-31-16
President of the Common Council	Kyle W. Allen, Sr. Ronald G. Brewer, Sr.	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Executive Director of the Sanitary and Storm Water Management Districts	Daniel F. Vicari	01-01-15 to 12-31-16
President of the Boards of Sanitary and Storm Water Commissioners	Richard J. Comer Charles Jackson	01-01-15 to 04-03-16 04-04-16 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Gary (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 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, 2015.

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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2016, 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.


Paul D. Joyce, CPA
State Examiner

December 15, 2016



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Gary (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated December 15, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be material weaknesses.

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

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)


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 2015-001.

City of Gary'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

December 15, 2016

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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 GARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ (6,166,940)	\$ 68,059,928	\$ 68,555,763	\$ (6,662,775)
Motor Vehicle Highway	408,665	2,942,656	2,682,039	669,282
Local Road And Street	171,514	945,414	896,020	220,908
Law Enforcement Continuing Ed	129,786	106,210	154,898	81,098
Unsafe Building	74,690	21,930	89,252	7,368
Riverboat	1,016,885	15,930,071	16,919,656	27,300
Parks And Recreation	432,291	1,918,373	1,637,869	712,795
Cumulative Capital Development	191,544	65,545	211,484	45,605
Cumulative Capital Improvement	41,805	203,445	100,779	144,471
Self-Insurance	233,638	9,187,457	9,993,321	(572,226)
Police Pension	1,003,666	6,005,714	6,271,503	737,877
Fire Pension	2,263,675	4,307,273	4,432,672	2,138,276
J-Pit/Landfill Management	261,434	66,450	65,025	262,859
Geminus Grant	10,117	14,250	15,301	9,066
FireFighter Safer Grant	15,857	-	-	15,857
Note Reserve (8.5 Million)	10	-	-	10
GSD Bond Revenue	10,398,018	832	7,680,797	2,718,053
Metro Center	4,069	44,375	46,634	1,810
Regional Development Authority	-	3,101,457	3,101,457	-
ARRA Public Works	1	-	-	1
2012 Genesis Center Renovation	49,802	-	24,580	25,222
Equipment Fund	-	384,564	384,564	-
Equipment Lease Reserve	384,564	-	-	384,564
Lets Move Project	4,278	-	-	4,278
Fire Department Equipment	261	-	-	261
Department of Commerce	11,793	-	-	11,793
Note Repayment	-	192,282	192,282	-
Narcotics Vice	9,180	-	-	9,180
Health Radon Gas	4,011	-	-	4,011
Gun Buy Back	3,500	-	-	3,500
Law Non-reverting	384	100,205	99,339	1,250
Fair Housing	8,720	47,800	46,637	9,883
TIF Bond Reserve	860,000	-	-	860,000
2012 Note Payment	-	888,463	888,463	-
Equipment Lease	29,427	1	72	29,356
Casino Capital	-	42,964	-	42,964
Inspection Program	438,925	88,225	91,203	435,947
WCI/UCI Benefit	4,483	784,800	789,283	-
Public Health Program	-	5,006	2,860	2,146
Safe Route Plan	(14,100)	27,154	27,700	(14,646)
Unsafe Building	120,377	529,048	649,425	-
Green Urbanism	13,661	-	-	13,661
Metro Center Fund 846	2,189	-	-	2,189
Fire Watch	65,352	113,172	81,355	97,169
Out of School Time Grant	24,054	-	15,440	8,614
KirkYard TIF	474,458	1,179,132	1,345,228	308,362
Blight Elimination Program	11,755	1,039,423	759,368	291,810
US Conference of Mayors	15,000	-	-	15,000
Nat League of Cities	64,541	-	41,000	23,541
6th & Broadway	-	153,398	153,398	-
Maternal Child Health Infant Mortality	49,238	94,062	142,326	974
City Pmt- Lieu of Tax	81,960	42,210	-	124,170
Healthy Start Donation	1,700	700	700	1,700
YSB Donations	1,042	3,000	2,505	1,537
CEDIT	6,792	4,432,085	4,400,813	38,064
Public Safety Income Tax	15,536	4,792,493	4,603,564	204,465
2013A Casino RB	12,444	121	12,269	296
Marquette Park Lagoon	119,861	-	119,861	-
Operation Pull Over	(1,100)	68,157	-	67,057
OCRA Grant	-	636,081	559,160	76,921
DOIT Non-Revert	-	17,216	-	17,216
Choice Neiborhd	-	115,458	118,157	(2,699)
COG Youth Council	-	928	713	215
Grey Green VV	-	18,190	6,090	12,100
DOC Retrofit	-	9,857	9,857	-
Gary 4 Jobs	-	119,200	101,427	17,773
New Vehicle Maintenance	-	155,000	155,000	-
Elimination of Disparities	(6,029)	713,738	732,124	(24,415)

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

CITY OF GARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Tobacco	(39,166)	120,721	95,142	(13,587)
Building Community Trust	-	-	9,896	(9,896)
CLC-CDBG	-	-	112,301	(112,301)
Workforce Development	-	119,200	119,200	-
Ambulance/EMS Nonreverting	944,908	1,881,561	1,172,256	1,654,213
Protective Services Grant I	(1,033,929)	-	-	(1,033,929)
Protective Services Grant II	65,148	111,179	135,956	40,371
Equal Opportunity Commission Hr	5,064	47,400	52,038	426
Tourism Project	76,591	47,501	89,711	34,381
Youth Services Bureau	(2,797)	132,105	129,000	308
Home Program	16,725	1,205,417	1,217,143	4,999
Emergency Shelter Grant	1,242	367,154	367,576	820
Brownfield	5,501	345,348	350,299	550
Healthy Families	12,570	8,084	2,648	18,006
Marquette Park	6,464	218,055	220,295	4,224
Gleason Golf Course	2,460	99,922	102,221	161
Emergency Shelter	(558,859)	351,469	410,007	(617,397)
Comprehensive Community Program	10,143	40,834	47,723	3,254
Landfill Closure	41,037	-	12,602	28,435
Landfill Trust	1,192,220	36,121	62,500	1,165,841
Solid Waste Recycling Project	109,092	450,974	441,287	118,779
Environmental Management	13,586	-	-	13,586
Health And Human Services	(505,079)	369,110	340,518	(476,487)
Supplemental Adult Probation Svcs	36,863	81,723	105,702	12,884
Gary Health Department Rental	8,820	7,470	1,377	14,913
Park Nonreverting	6,249	128,743	132,237	2,755
Vehicle Auction	225,784	2,707	118,200	110,291
Bioterrorism	(16,698)	70,996	68,016	(13,718)
Community Development Block Grant	193,075	3,308,799	3,236,632	265,242
Redevelopment Operating	12,930	210,038	123,868	99,100
Summer Jobs Training Program	320	12,030	10,161	2,189
Fair Housing Project	36,656	57,400	53,997	40,059
Genesis Civic Center	11,376	145,000	156,219	157
Media	364,613	462,562	470,739	356,436
Clerk Perpetuation	9,794	22,993	865	31,922
Genesis Center Operating	6,166	609,508	613,349	2,325
Leased Properties - Gary Bldg Corp.	(338,994)	62,373	-	(276,621)
State Air Grant	651	-	-	651
Hazardous Material	2,708	-	1,998	710
Economic Development Bond Comm	17,686	2	16,325	1,363
Alcohol And Drug Treatment	28	65,000	60,914	4,114
New Birth Grant	22	-	-	22
Remote Encoding Center	1,271	5,889	374	6,786
Mayor Donations	84	37,735	32,118	5,701
Lakefront Development	1,082,441	-	-	1,082,441
Social Services	2,897	5,172	951	7,118
Special Events	44,507	143,750	184,008	4,249
City Council Donations	43	-	-	43
Special Project Donations	75	-	-	75
Economic Development Trust	21,641	2	17,708	3,935
Community Development Loan Program	15,638	-	180	15,458
Police Donations	11,348	5,000	218	16,130
Weed And Seed	9,203	-	-	9,203
Welfare Excess	6,272	-	-	6,272
Human Relations	2,000	10,895	12,895	-
CMAQ Vehicles	11,716	9,785	1	21,500
Hope VI Pilot	209,904	106,308	-	316,212
Energy Efficient	1,098	-	-	1,098
Filming Fees	10,138	-	-	10,138
CHRP	63,198	-	-	63,198
Neighborhood Stabilization Program	152,276	76,705	34,958	194,023
Lead Base Paint Hazzard Control G	76,463	103,965	27,175	153,253
Grand Trunk Corp	-	76,263	76,263	-
Redevelopment Bond	22	-	-	22
2007 Multi Purpose Revenue Bonds	21,184	8	21,192	-
2007 GO Judgment Funding Bonds	508,199	91,100	566,233	33,066
Baseball Maintenance	1	-	-	1
Grant/Buchanan Street Project	42,989	-	-	42,989
Park Construction	9,988	125,000	13,562	121,426

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

CITY OF GARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Clean Up/Beautification	294	-	-	294
911 Equipment	494	-	-	494
Small Farms TIF District	-	89,000	89,000	-
Consolidated Area TIF District	917,829	1,995,942	1,762,437	1,151,334
Lakefront TIF District	3,597,325	1,905,230	3,584,438	1,918,117
Marquette Renovation	983	-	-	983
Lady Liberty Restoration	442	-	-	442
GUEA Properties	2,642	547,000	-	549,642
Madison Avenue TIF District	550,462	172,218	154,392	568,288
Consolidated Area Exp TIF District	-	815,126	815,126	-
Midwest Center TIF District	463,778	344,002	319,040	488,740
Lancaster Dusable TIF District	35,580	55,901	72,847	18,634
FEMA Grant - Fire Department	1,371	256,223	257,594	-
Joint Public Safety Training	63	4,858	640	4,281
Dalton Arms TIF District	19,324	347,658	326,288	40,694
County Market TIF District	84,402	405,067	310,117	179,352
Kenney's Ribs TIF District	8,481	-	-	8,481
Fire Capital Equipment	49,147	40,148	31,956	57,339
Truck City Of Gary Allocation Area	91,319	294,750	217,114	168,955
Payroll	59,986	2,492	-	62,478
County Health	1,826	6,744	6,858	1,712
Empowerment Zone	24,297	115,533	130,560	9,270
Empowerment Zone Revolving	150,395	391,594	479,430	62,559
Microloan	923	-	-	923
Empowerment Zone SBA Microloan	7,079	7	7,086	-
Empowerment Zone SBA Loss Reserve	476	-	476	-
City Clerk - Civil Division	11,463	101,085	99,200	13,348
City Clerk - Criminal Division	814,581	1,374,641	1,403,831	785,391
Miscellaneous Refunds	16,248	-	-	16,248
Redevelopment Depository Trust	76,980	22	-	77,002
Withholdings	149,421	23,049,367	23,197,469	1,319
Supplemental Public Defender	57,440	28,927	52,633	33,734
LEDC - Empowerment Zone	996	-	996	-
Confiscated Property	159,399	20,804	33,125	147,078
Salary Fee Judicial	18,188	34,404	26,544	26,048
Gary Storm Water Management District (GSWMD)	3,617,564	2,744,754	1,842,406	4,519,912
GSDWM E. Ridge Road Project	42,921	-	-	42,921
GSD Long Lake Water	56,633	-	56,633	-
GSD WWTP General Operating	2,646,861	28,064,143	29,652,267	1,058,737
GSD Bond And Interest	1,980,518	2,852,033	2,768,584	2,063,967
GSD Sewer Construction	27,257	42	-	27,299
GSD Sewer Operating	145,272	673,609	118,540	700,341
GSD Solid Waste Disposal	636,278	4,825,018	5,450,701	10,595
GSD Debt Service	3,500,139	1,088,902	8,949	4,580,092
GSD Grand Calumet Sedimentation	2,926,784	2,614	121,491	2,807,907
GSD Debt Service Reserve	2,382,302	240,465	-	2,622,767
GSD Equipment Replacement	10,458,330	1,712,557	943,817	11,227,070
GSD/WREP Economic Development	1,981	-	-	1,981
GSD Beach Sampling	97,944	42,439	-	140,383
GSD E Coli	126,628	-	-	126,628
Totals	<u>\$ 52,625,396</u>	<u>\$ 216,357,908</u>	<u>\$ 225,402,572</u>	<u>\$ 43,580,732</u>

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

CITY OF GARY
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, 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 tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits, 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF GARY
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 these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services, 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 including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes 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 GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay, which includes 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 GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF GARY
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 GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants that have made expenditures but not yet been reimbursed from the grant.

In addition, the General fund may carry a deficit cash balance for expenses that have been incurred, but transfers not yet made due to the cash not being available. General fund deficit balances are related to property taxes or Casino revenues not collected as anticipated.

Note 8. Subsequent Events

In 2016, the City issued \$13,000,000 in bonds to the RDA (Regional Development Authority) for the repayment of the 2015 \$13,000,000 BAN (Bond Anticipation Note).

The City approved a wheel tax in 2016 that will generate approximately \$1,200,000 in annual revenue, beginning in 2017.

The City was approved by HUD (U.S. Department of Housing and Urban Development) for a Section 108 Loan from the Community Development Block Grant (CDBG) in the amount of \$6,000,000. Of that amount, \$2,200,000 will be used to renovate the Hudson Campbell Fitness Center; no drawdowns have been received as of November 2016. The City is expected to soon close on the balance of the loan requested for a new fire station.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Other Postemployment Benefits*

The City provides to eligible retirees and their spouses the following benefits: Health, dental, vision, and life insurance to the age of 65, when they are eligible for Medicare. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Unsafe Building	Riverboat	Parks And Recreation
Cash and investments - beginning	\$ (6,166,940)	\$ 408,665	\$ 171,514	\$ 129,786	\$ 74,690	\$ 1,016,885	\$ 432,291
Receipts:							
Taxes	29,026,153	-	-	-	-	-	1,284,783
Licenses and permits	1,356,982	-	-	27,010	-	-	-
Intergovernmental receipts	2,071,928	2,942,654	942,682	-	-	15,927,613	89,570
Charges for services	26,589	-	-	53,966	-	-	7,606
Fines and forfeits	1,048,487	-	-	25,028	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	34,529,789	2	2,732	206	21,930	2,458	536,414
Total receipts	68,059,928	2,942,656	945,414	106,210	21,930	15,930,071	1,918,373
Disbursements:							
Personal services	38,848,130	743,857	38,520	-	-	-	592,624
Supplies	915,170	141,150	805,501	19,183	-	60,000	32,993
Other services and charges	8,777,807	1,746,914	37,999	133,720	89,252	11,804,980	472,782
Debt service - principal and interest	17,745,917	21,393	14,000	-	-	613,091	512,415
Capital outlay	52,637	28,625	-	1,995	-	1,868,585	27,013
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,216,102	100	-	-	-	2,573,000	42
Total disbursements	68,555,763	2,682,039	896,020	154,898	89,252	16,919,656	1,637,869
Excess (deficiency) of receipts over disbursements	(495,835)	260,617	49,394	(48,688)	(67,322)	(989,585)	280,504
Cash and investments - ending	<u>\$ (6,662,775)</u>	<u>\$ 669,282</u>	<u>\$ 220,908</u>	<u>\$ 81,098</u>	<u>\$ 7,368</u>	<u>\$ 27,300</u>	<u>\$ 712,795</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Cumulative Capital Development	Cumulative Capital Improvement	Self-Insurance	Police Pension	Fire Pension	J-Pit/Landfill Management	Geminus Grant
Cash and investments - beginning	\$ 191,544	\$ 41,805	\$ 233,638	\$ 1,003,666	\$ 2,263,675	\$ 261,434	\$ 10,117
Receipts:							
Taxes	61,273	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	4,272	201,677	-	4,605,714	4,307,273	-	14,250
Charges for services	-	-	-	-	-	66,450	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	1,768	9,187,457	1,400,000	-	-	-
Total receipts	65,545	203,445	9,187,457	6,005,714	4,307,273	66,450	14,250
Disbursements:							
Personal services	-	-	9,989,339	-	-	-	7,373
Supplies	51,596	10,600	-	-	119	-	2,928
Other services and charges	45,403	81,529	3,822	4,845,953	4,432,553	65,025	5,000
Debt service - principal and interest	-	-	-	25,550	-	-	-
Capital outlay	114,485	8,650	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	160	1,400,000	-	-	-
Total disbursements	211,484	100,779	9,993,321	6,271,503	4,432,672	65,025	15,301
Excess (deficiency) of receipts over disbursements	(145,939)	102,666	(805,864)	(265,789)	(125,399)	1,425	(1,051)
Cash and investments - ending	\$ 45,605	\$ 144,471	\$ (572,226)	\$ 737,877	\$ 2,138,276	\$ 262,859	\$ 9,066

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	FireFighter Safer Grant	Note Reserve (8.5 Million)	GSD Bond Revenue	Metro Center	Regional Development Authority	ARRA Public Works	2012 Genesis Center Renovation
Cash and investments - beginning	\$ 15,857	\$ 10	\$ 10,398,018	\$ 4,069	\$ -	\$ 1	\$ 49,802
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	832	44,375	3,101,457	-	-
Total receipts	-	-	832	44,375	3,101,457	-	-
Disbursements:							
Personal services	-	-	-	9,801	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	7,115	-	-	-	(1)
Debt service - principal and interest	-	-	-	-	3,101,457	-	-
Capital outlay	-	-	7,673,682	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	36,833	-	-	24,581
Total disbursements	-	-	7,680,797	46,634	3,101,457	-	24,580
Excess (deficiency) of receipts over disbursements	-	-	(7,679,965)	(2,259)	-	-	(24,580)
Cash and investments - ending	<u>\$ 15,857</u>	<u>\$ 10</u>	<u>\$ 2,718,053</u>	<u>\$ 1,810</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 25,222</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Equipment Fund	Equipment Lease Reserve	Lets Move Project	Fire Department Equipment	Department of Commerce	Note Repayment	Narcotics Vice
Cash and investments - beginning	\$ -	\$ 384,564	\$ 4,278	\$ 261	\$ 11,793	\$ -	\$ 9,180
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	192,282	-
Utility fees	-	-	-	-	-	-	-
Other receipts	384,564	-	-	-	-	-	-
Total receipts	384,564	-	-	-	-	192,282	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	384,564	-	-	-	-	192,282	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	384,564	-	-	-	-	192,282	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 384,564	\$ 4,278	\$ 261	\$ 11,793	\$ -	\$ 9,180

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Health Radon Gas	Gun Buy Back	Law Non-reverting	Fair Housing	TIF Bond Reserve	2012 Note Payment	Equipment Lease
Cash and investments - beginning	\$ 4,011	\$ 3,500	\$ 384	\$ 8,720	\$ 860,000	\$ -	\$ 29,427
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	47,800	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	100,205	-	-	888,463	1
Total receipts	-	-	100,205	47,800	-	888,463	1
Disbursements:							
Personal services	-	-	-	6,414	-	-	-
Supplies	-	-	515	1,193	-	-	-
Other services and charges	-	-	98,824	39,030	-	-	72
Debt service - principal and interest	-	-	-	-	-	888,463	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	99,339	46,637	-	888,463	72
Excess (deficiency) of receipts over disbursements	-	-	866	1,163	-	-	(71)
Cash and investments - ending	<u>\$ 4,011</u>	<u>\$ 3,500</u>	<u>\$ 1,250</u>	<u>\$ 9,883</u>	<u>\$ 860,000</u>	<u>\$ -</u>	<u>\$ 29,356</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Casino Capital	Inspection Program	WCI/UCI Benefit	Public Health Program	Safe Route Plan	Unsafe Building	Green Urbanism
Cash and investments - beginning	\$ -	\$ 438,925	\$ 4,483	\$ -	\$ (14,100)	\$ 120,377	\$ 13,661
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	42,964	-	-	-	27,154	-	-
Charges for services	-	15,035	-	-	-	-	-
Fines and forfeits	-	73,190	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	784,800	5,006	-	529,048	-
Total receipts	42,964	88,225	784,800	5,006	27,154	529,048	-
Disbursements:							
Personal services	-	72,300	789,283	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	18,903	-	2,860	27,700	615,575	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	33,850	-
Total disbursements	-	91,203	789,283	2,860	27,700	649,425	-
Excess (deficiency) of receipts over disbursements	42,964	(2,978)	(4,483)	2,146	(546)	(120,377)	-
Cash and investments - ending	\$ 42,964	\$ 435,947	\$ -	\$ 2,146	\$ (14,646)	\$ -	\$ 13,661

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Metro Center Fund 846	Fire Watch	Out of School Time Grant	KirkYard TIF	Blight Elimination Program	US Conference of Mayors	Nat League of Cities
Cash and investments - beginning	\$ 2,189	\$ 65,352	\$ 24,054	\$ 474,458	\$ 11,755	\$ 15,000	\$ 64,541
Receipts:							
Taxes	-	-	-	1,179,132	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	113,172	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,039,423	-	-
Total receipts	-	113,172	-	1,179,132	1,039,423	-	-
Disbursements:							
Personal services	-	-	1,148	-	6,253	-	-
Supplies	-	51,568	-	-	-	-	-
Other services and charges	-	13,223	-	-	753,115	-	41,000
Debt service - principal and interest	-	-	-	782,820	-	-	-
Capital outlay	-	16,564	14,292	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	562,408	-	-	-
Total disbursements	-	81,355	15,440	1,345,228	759,368	-	41,000
Excess (deficiency) of receipts over disbursements	-	31,817	(15,440)	(166,096)	280,055	-	(41,000)
Cash and investments - ending	\$ 2,189	\$ 97,169	\$ 8,614	\$ 308,362	\$ 291,810	\$ 15,000	\$ 23,541

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	6th & Broadway	Maternal Child Health Infant Mortality	City Pmt- Lieu of Tax	Healthy Start Donation	YSB Donations	CEDIT	Public Safety Income Tax
Cash and investments - beginning	\$ -	\$ 49,238	\$ 81,960	\$ 1,700	\$ 1,042	\$ 6,792	\$ 15,536
Receipts:							
Taxes	153,398	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	42,210	-	-	4,432,085	4,792,493
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	35,248	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	58,814	-	700	3,000	-	-
Total receipts	153,398	94,062	42,210	700	3,000	4,432,085	4,792,493
Disbursements:							
Personal services	-	86,447	-	-	-	-	3,646,259
Supplies	-	-	-	-	-	-	-
Other services and charges	153,398	55,879	-	700	2,505	3,388,794	-
Debt service - principal and interest	-	-	-	-	-	-	427,305
Capital outlay	-	-	-	-	-	358,804	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	653,215	530,000
Total disbursements	153,398	142,326	-	700	2,505	4,400,813	4,603,564
Excess (deficiency) of receipts over disbursements	-	(48,264)	42,210	-	495	31,272	188,929
Cash and investments - ending	<u>\$ -</u>	<u>\$ 974</u>	<u>\$ 124,170</u>	<u>\$ 1,700</u>	<u>\$ 1,537</u>	<u>\$ 38,064</u>	<u>\$ 204,465</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	2013A Casino RB	Marquette Park Lagoon	Operation Pull Over	OCRA Grant	DOIT Non-Revert	Choice Neiborhd	COG Youth Council
Cash and investments - beginning	\$ 12,444	\$ 119,861	\$ (1,100)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	636,081	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	121	-	68,157	-	17,216	115,458	928
Total receipts	<u>121</u>	<u>-</u>	<u>68,157</u>	<u>636,081</u>	<u>17,216</u>	<u>115,458</u>	<u>928</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	117,708	-
Other services and charges	12,269	-	-	559,160	-	449	713
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	119,861	-	-	-	-	-
Total disbursements	<u>12,269</u>	<u>119,861</u>	<u>-</u>	<u>559,160</u>	<u>-</u>	<u>118,157</u>	<u>713</u>
Excess (deficiency) of receipts over disbursements	<u>(12,148)</u>	<u>(119,861)</u>	<u>68,157</u>	<u>76,921</u>	<u>17,216</u>	<u>(2,699)</u>	<u>215</u>
Cash and investments - ending	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 67,057</u>	<u>\$ 76,921</u>	<u>\$ 17,216</u>	<u>\$ (2,699)</u>	<u>\$ 215</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Grey Green VV	DOC Retrofit	Gary 4 Jobs	New Vehicle Maintenance	Elimination of Disparities	Tobacco	Building Community Trust
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (6,029)	\$ (39,166)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	9,857	-	-	713,738	120,721	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	18,190	-	119,200	155,000	-	-	-
Total receipts	18,190	9,857	119,200	155,000	713,738	120,721	-
Disbursements:							
Personal services	-	-	-	-	618,657	77,267	9,896
Supplies	-	-	3,447	-	2,804	325	-
Other services and charges	6,090	9,857	97,980	-	110,663	17,550	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	155,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	6,090	9,857	101,427	155,000	732,124	95,142	9,896
Excess (deficiency) of receipts over disbursements	12,100	-	17,773	-	(18,386)	25,579	(9,896)
Cash and investments - ending	<u>\$ 12,100</u>	<u>\$ -</u>	<u>\$ 17,773</u>	<u>\$ -</u>	<u>\$ (24,415)</u>	<u>\$ (13,587)</u>	<u>\$ (9,896)</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	CLC-CDBG	Workforce Development	Ambulance/EMS Nonreverting	Protective Services Grant I	Protective Services Grant II	Equal Opportunity Commission Hr	Tourism Project
Cash and investments - beginning	\$ -	\$ -	\$ 944,908	\$ (1,033,929)	\$ 65,148	\$ 5,064	\$ 76,591
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	47,400	47,501
Charges for services	-	-	1,880,295	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	119,200	1,266	-	111,179	-	-
Total receipts	-	119,200	1,881,561	-	111,179	47,400	47,501
Disbursements:							
Personal services	-	-	221,417	-	-	50,485	45,641
Supplies	-	-	84,093	-	1,489	-	-
Other services and charges	112,301	-	323,868	-	77,509	1,553	44,070
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	542,878	-	56,958	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	119,200	-	-	-	-	-
Total disbursements	112,301	119,200	1,172,256	-	135,956	52,038	89,711
Excess (deficiency) of receipts over disbursements	(112,301)	-	709,305	-	(24,777)	(4,638)	(42,210)
Cash and investments - ending	\$ (112,301)	\$ -	\$ 1,654,213	\$ (1,033,929)	\$ 40,371	\$ 426	\$ 34,381

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Youth Services Bureau	Home Program	Emergency Shelter Grant	Brownfield	Healthy Families	Marquette Park
Cash and investments - beginning	\$ (2,797)	\$ 16,725	\$ 1,242	\$ 5,501	\$ 12,570	\$ 6,464
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	132,105	1,205,417	367,096	345,348	-	-
Charges for services	-	-	-	-	8,084	218,055
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	58	-	-	-
Total receipts	<u>132,105</u>	<u>1,205,417</u>	<u>367,154</u>	<u>345,348</u>	<u>8,084</u>	<u>218,055</u>
Disbursements:						
Personal services	65,960	42,167	18,976	-	-	93,770
Supplies	62,603	-	1,010	-	1	9,375
Other services and charges	437	1,174,976	347,590	350,299	2,647	117,150
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>129,000</u>	<u>1,217,143</u>	<u>367,576</u>	<u>350,299</u>	<u>2,648</u>	<u>220,295</u>
Excess (deficiency) of receipts over disbursements	<u>3,105</u>	<u>(11,726)</u>	<u>(422)</u>	<u>(4,951)</u>	<u>5,436</u>	<u>(2,240)</u>
Cash and investments - ending	<u>\$ 308</u>	<u>\$ 4,999</u>	<u>\$ 820</u>	<u>\$ 550</u>	<u>\$ 18,006</u>	<u>\$ 4,224</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Gleason Golf Course	Emergency Shelter	Comprehensive Community Program	Landfill Closure	Landfill Trust	Solid Waste Recycling Project	Environmental Management
Cash and investments - beginning	\$ 2,460	\$ (558,859)	\$ 10,143	\$ 41,037	\$ 1,192,220	\$ 109,092	\$ 13,586
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	295,542	-	-	-	-	-
Charges for services	99,922	3,723	-	-	-	450,974	-
Fines and forfeits	-	-	40,834	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	52,204	-	-	36,121	-	-
Total receipts	99,922	351,469	40,834	-	36,121	450,974	-
Disbursements:							
Personal services	98,791	335,625	-	-	-	380,837	-
Supplies	650	35,431	270	-	-	16,268	-
Other services and charges	2,780	38,951	32,453	12,602	-	44,080	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	15,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	62,500	102	-
Total disbursements	102,221	410,007	47,723	12,602	62,500	441,287	-
Excess (deficiency) of receipts over disbursements	(2,299)	(58,538)	(6,889)	(12,602)	(26,379)	9,687	-
Cash and investments - ending	\$ 161	\$ (617,397)	\$ 3,254	\$ 28,435	\$ 1,165,841	\$ 118,779	\$ 13,586

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Health And Human Services	Supplemental Adult Probation Svcs	Gary Health Department Rental	Park Nonreverting	Vehicle Auction	Bioterrorism	Community Development Block Grant
Cash and investments - beginning	\$ (505,079)	\$ 36,863	\$ 8,820	\$ 6,249	\$ 225,784	\$ (16,698)	\$ 193,075
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	252,266	-	-	-	-	70,996	3,308,326
Charges for services	27,380	-	7,470	128,693	-	-	-
Fines and forfeits	-	81,723	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	89,464	-	-	50	2,707	-	473
Total receipts	<u>369,110</u>	<u>81,723</u>	<u>7,470</u>	<u>128,743</u>	<u>2,707</u>	<u>70,996</u>	<u>3,308,799</u>
Disbursements:							
Personal services	274,382	105,702	-	122,230	-	10,682	1,514,873
Supplies	18,847	-	-	4,701	4,745	1,381	14,106
Other services and charges	44,886	-	1,377	5,306	11,893	55,953	1,707,653
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,403	-	-	-	101,562	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>340,518</u>	<u>105,702</u>	<u>1,377</u>	<u>132,237</u>	<u>118,200</u>	<u>68,016</u>	<u>3,236,632</u>
Excess (deficiency) of receipts over disbursements	<u>28,592</u>	<u>(23,979)</u>	<u>6,093</u>	<u>(3,494)</u>	<u>(115,493)</u>	<u>2,980</u>	<u>72,167</u>
Cash and investments - ending	<u>\$ (476,487)</u>	<u>\$ 12,884</u>	<u>\$ 14,913</u>	<u>\$ 2,755</u>	<u>\$ 110,291</u>	<u>\$ (13,718)</u>	<u>\$ 265,242</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Redevelopment Operating	Summer Jobs Training Program	Fair Housing Project	Genesis Civic Center	Media	Clerk Perpetuation	Genesis Center Operating
Cash and investments - beginning	\$ 12,930	\$ 320	\$ 36,656	\$ 11,376	\$ 364,613	\$ 9,794	\$ 6,166
Receipts:							
Taxes	119,628	-	-	-	-	-	16,020
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	8,068	-	57,400	-	-	-	-
Charges for services	-	-	-	-	-	22,993	-
Fines and forfeits	-	-	-	-	462,562	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	82,342	12,030	-	145,000	-	-	593,488
Total receipts	210,038	12,030	57,400	145,000	462,562	22,993	609,508
Disbursements:							
Personal services	94,868	10,161	48,276	152,386	352,577	865	298,597
Supplies	-	-	-	1,901	8,110	-	220,156
Other services and charges	-	-	5,721	1,932	83,626	-	94,546
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	26,426	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,000	-	-	-	-	-	50
Total disbursements	123,868	10,161	53,997	156,219	470,739	865	613,349
Excess (deficiency) of receipts over disbursements	86,170	1,869	3,403	(11,219)	(8,177)	22,128	(3,841)
Cash and investments - ending	\$ 99,100	\$ 2,189	\$ 40,059	\$ 157	\$ 356,436	\$ 31,922	\$ 2,325

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Leased Properties - Gary Bldg Corp.	State Air Grant	Hazardous Material	Economic Development Bond Comm	Alcohol And Drug Treatment	New Birth Grant	Remote Encoding Center
Cash and investments - beginning	\$ (338,994)	\$ 651	\$ 2,708	\$ 17,686	\$ 28	\$ 22	\$ 1,271
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	62,373	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	2	65,000	-	5,889
Total receipts	62,373	-	-	2	65,000	-	5,889
Disbursements:							
Personal services	-	-	-	-	60,914	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,957	16,325	-	-	374
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	41	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	1,998	16,325	60,914	-	374
Excess (deficiency) of receipts over disbursements	62,373	-	(1,998)	(16,323)	4,086	-	5,515
Cash and investments - ending	<u>\$ (276,621)</u>	<u>\$ 651</u>	<u>\$ 710</u>	<u>\$ 1,363</u>	<u>\$ 4,114</u>	<u>\$ 22</u>	<u>\$ 6,786</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Mayor Donations	Lakefront Development	Social Services	Special Events	City Council Donations	Special Project Donations	Economic Development Trust
Cash and investments - beginning	\$ 84	\$ 1,082,441	\$ 2,897	\$ 44,507	\$ 43	\$ 75	\$ 21,641
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	37,735	-	5,172	143,750	-	-	2
Total receipts	37,735	-	5,172	143,750	-	-	2
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	32,118	-	951	184,008	-	-	7,208
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	10,500
Total disbursements	32,118	-	951	184,008	-	-	17,708
Excess (deficiency) of receipts over disbursements	5,617	-	4,221	(40,258)	-	-	(17,706)
Cash and investments - ending	\$ 5,701	\$ 1,082,441	\$ 7,118	\$ 4,249	\$ 43	\$ 75	\$ 3,935

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Community Development Loan Program	Police Donations	Weed And Seed	Welfare Excess	Human Relations	CMAQ Vehicles	Hope VI Pilot
Cash and investments - beginning	\$ 15,638	\$ 11,348	\$ 9,203	\$ 6,272	\$ 2,000	\$ 11,716	\$ 209,904
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	9,785	106,308
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	5,000	-	-	10,895	-	-
Total receipts	-	5,000	-	-	10,895	9,785	106,308
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	1	-
Other services and charges	180	218	-	-	12,895	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	180	218	-	-	12,895	1	-
Excess (deficiency) of receipts over disbursements	(180)	4,782	-	-	(2,000)	9,784	106,308
Cash and investments - ending	<u>\$ 15,458</u>	<u>\$ 16,130</u>	<u>\$ 9,203</u>	<u>\$ 6,272</u>	<u>\$ -</u>	<u>\$ 21,500</u>	<u>\$ 316,212</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Energy Efficient	Filming Fees	CHRP	Neighborhood Stabilization Program	Lead Base Paint Hazzard Control G	Grand Trunk Corp	Redevelopment Bond
Cash and investments - beginning	\$ 1,098	\$ 10,138	\$ 63,198	\$ 152,276	\$ 76,463	\$ -	\$ 22
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	103,965	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	76,705	-	76,263	-
Total receipts	-	-	-	76,705	103,965	76,263	-
Disbursements:							
Personal services	-	-	-	595	-	-	-
Supplies	-	-	-	-	20,577	-	-
Other services and charges	-	-	-	34,363	6,598	-	-
Debt service - principal and interest	-	-	-	-	-	76,263	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	34,958	27,175	76,263	-
Excess (deficiency) of receipts over disbursements	-	-	-	41,747	76,790	-	-
Cash and investments - ending	<u>\$ 1,098</u>	<u>\$ 10,138</u>	<u>\$ 63,198</u>	<u>\$ 194,023</u>	<u>\$ 153,253</u>	<u>\$ -</u>	<u>\$ 22</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	2007 Multi Purpose Revenue Bonds	2007 GO Judgment Funding Bonds	Baseball Maintenance	Grant/Buchanan Street Project	Park Construction	Clean Up/Beautification	911 Equipment
Cash and investments - beginning	\$ 21,184	\$ 508,199	\$ 1	\$ 42,989	\$ 9,988	\$ 294	\$ 494
Receipts:							
Taxes	-	87,232	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	3,865	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	8	3	-	-	125,000	-	-
Total receipts	<u>8</u>	<u>91,100</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	13,562	-	-
Debt service - principal and interest	-	566,233	-	-	-	-	-
Capital outlay	21,184	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8	-	-	-	-	-	-
Total disbursements	<u>21,192</u>	<u>566,233</u>	<u>-</u>	<u>-</u>	<u>13,562</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(21,184)</u>	<u>(475,133)</u>	<u>-</u>	<u>-</u>	<u>111,438</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 33,066</u>	<u>\$ 1</u>	<u>\$ 42,989</u>	<u>\$ 121,426</u>	<u>\$ 294</u>	<u>\$ 494</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Small Farms TIF District	Consolidated Area TIF District	Lakefront TIF District	Marquette Renovation	Lady Liberty Restoration	GUEA Properties	Madison Avenue TIF District
Cash and investments - beginning	\$ -	\$ 917,829	\$ 3,597,325	\$ 983	\$ 442	\$ 2,642	\$ 550,462
Receipts:							
Taxes	-	1,695,942	305,230	-	-	-	172,218
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	89,000	300,000	1,600,000	-	-	547,000	-
Total receipts	<u>89,000</u>	<u>1,995,942</u>	<u>1,905,230</u>	<u>-</u>	<u>-</u>	<u>547,000</u>	<u>172,218</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	247,339	933,304	-	-	-	-
Debt service - principal and interest	-	138,500	-	-	-	-	78,595
Capital outlay	-	488,135	105,793	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	89,000	888,463	2,545,341	-	-	-	75,797
Total disbursements	<u>89,000</u>	<u>1,762,437</u>	<u>3,584,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,392</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>233,505</u>	<u>(1,679,208)</u>	<u>-</u>	<u>-</u>	<u>547,000</u>	<u>17,826</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,151,334</u>	<u>\$ 1,918,117</u>	<u>\$ 983</u>	<u>\$ 442</u>	<u>\$ 549,642</u>	<u>\$ 568,288</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Consolidated Area Exp TIF District	Midwest Center TIF District	Lancaster Dusable TIF District	FEMA Grant - Fire Department	Joint Public Safety Training	Dalton Arms TIF District	County Market TIF District
Cash and investments - beginning	\$ -	\$ 463,778	\$ 35,580	\$ 1,371	\$ 63	\$ 19,324	\$ 84,402
Receipts:							
Taxes	815,126	344,002	55,901	-	-	122,082	405,067
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	256,223	4,858	225,576	-
Total receipts	815,126	344,002	55,901	256,223	4,858	347,658	405,067
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	257,594	640	-	-
Debt service - principal and interest	-	-	54,213	-	-	285,594	215,167
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	815,126	319,040	18,634	-	-	40,694	94,950
Total disbursements	815,126	319,040	72,847	257,594	640	326,288	310,117
Excess (deficiency) of receipts over disbursements	-	24,962	(16,946)	(1,371)	4,218	21,370	94,950
Cash and investments - ending	\$ -	\$ 488,740	\$ 18,634	\$ -	\$ 4,281	\$ 40,694	\$ 179,352

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Kenney's Ribs TIF District	Fire Capital Equipment	Truck City Of Gary Allocation Area	Payroll	County Health	Empowerment Zone	Empowerment Zone Revolving
Cash and investments - beginning	\$ 8,481	\$ 49,147	\$ 91,319	\$ 59,986	\$ 1,826	\$ 24,297	\$ 150,395
Receipts:							
Taxes	-	-	294,750	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	6,744	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	40,148	-	2,492	-	115,533	391,594
Total receipts	-	40,148	294,750	2,492	6,744	115,533	391,594
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	6,858	109,060	371,424
Debt service - principal and interest	-	-	118,864	-	-	-	-
Capital outlay	-	31,956	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	98,250	-	-	21,500	108,006
Total disbursements	-	31,956	217,114	-	6,858	130,560	479,430
Excess (deficiency) of receipts over disbursements	-	8,192	77,636	2,492	(114)	(15,027)	(87,836)
Cash and investments - ending	<u>\$ 8,481</u>	<u>\$ 57,339</u>	<u>\$ 168,955</u>	<u>\$ 62,478</u>	<u>\$ 1,712</u>	<u>\$ 9,270</u>	<u>\$ 62,559</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Microloan	Empowerment Zone SBA Microloan	Empowerment Zone SBA Loss Reserve	City Clerk - Civil Division	City Clerk - Criminal Division	Miscellaneous Refunds	Redevelopment Depository Trust
Cash and investments - beginning	\$ 923	\$ 7,079	\$ 476	\$ 11,463	\$ 814,581	\$ 16,248	\$ 76,980
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	7	-	101,085	1,374,641	-	22
Total receipts	-	7	-	101,085	1,374,641	-	22
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	7,085	476	99,200	1,403,831	-	-
Total disbursements	-	7,086	476	99,200	1,403,831	-	-
Excess (deficiency) of receipts over disbursements	-	(7,079)	(476)	1,885	(29,190)	-	22
Cash and investments - ending	\$ 923	\$ -	\$ -	\$ 13,348	\$ 785,391	\$ 16,248	\$ 77,002

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Withholdings	Supplemental Public Defender	LEDC - Empowerment Zone	Confiscated Property	Salary Fee Judicial	Gary Storm Water Management District (GSWMD)	GSDWM E. Ridge Road Project
Cash and investments - beginning	\$ 149,421	\$ 57,440	\$ 996	\$ 159,399	\$ 18,188	\$ 3,617,564	\$ 42,921
Receipts:							
Taxes	-	-	-	-	-	2,548,446	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	20,804	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	28,927	-	-	34,404	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	23,049,367	-	-	-	-	196,308	-
Total receipts	<u>23,049,367</u>	<u>28,927</u>	<u>-</u>	<u>20,804</u>	<u>34,404</u>	<u>2,744,754</u>	<u>-</u>
Disbursements:							
Personal services	-	52,633	-	-	26,544	212,613	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	33,125	-	11,890	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	238,767	-
Utility operating expenses	-	-	-	-	-	901,683	-
Other disbursements	23,197,469	-	996	-	-	477,453	-
Total disbursements	<u>23,197,469</u>	<u>52,633</u>	<u>996</u>	<u>33,125</u>	<u>26,544</u>	<u>1,842,406</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(148,102)</u>	<u>(23,706)</u>	<u>(996)</u>	<u>(12,321)</u>	<u>7,860</u>	<u>902,348</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,319</u>	<u>\$ 33,734</u>	<u>\$ -</u>	<u>\$ 147,078</u>	<u>\$ 26,048</u>	<u>\$ 4,519,912</u>	<u>\$ 42,921</u>

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	GSD Long Lake Water	GSD WWTP General Operating	GSD Bond And Interest	GSD Sewer Construction	GSD Sewer Operating	GSD Solid Waste Disposal	GSD Debt Service
Cash and investments - beginning	\$ 56,633	\$ 2,646,861	\$ 1,980,518	\$ 27,257	\$ 145,272	\$ 636,278	\$ 3,500,139
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	52,671	-	53,517
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	15,271,873	-	-	-	-	-
Other receipts	-	12,792,270	2,852,033	42	620,938	4,825,018	1,035,385
Total receipts	-	28,064,143	2,852,033	42	673,609	4,825,018	1,088,902
Disbursements:							
Personal services	-	6,004,819	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	673,496	-	-	-	-	-
Debt service - principal and interest	-	-	2,768,584	-	-	-	-
Capital outlay	-	194,761	-	-	-	-	-
Utility operating expenses	-	13,168,440	-	-	118,540	5,450,701	-
Other disbursements	56,633	9,610,751	-	-	-	-	8,949
Total disbursements	56,633	29,652,267	2,768,584	-	118,540	5,450,701	8,949
Excess (deficiency) of receipts over disbursements	(56,633)	(1,588,124)	83,449	42	555,069	(625,683)	1,079,953
Cash and investments - ending	\$ -	\$ 1,058,737	\$ 2,063,967	\$ 27,299	\$ 700,341	\$ 10,595	\$ 4,580,092

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	GSD Grand Calumet Sedimentation	GSD Debt Service Reserve	GSD Equipment Replacement	GSD/WREP Economic Development	GSD Beach Sampling	GSD E Coli	Totals
Cash and investments - beginning	\$ 2,926,784	\$ 2,382,302	\$ 10,458,330	\$ 1,981	\$ 97,944	\$ 126,628	\$ 52,625,396
Receipts:							
Taxes	-	-	-	-	-	-	38,686,383
Licenses and permits	-	-	-	-	-	-	1,383,992
Intergovernmental receipts	-	-	-	-	42,439	-	48,503,555
Charges for services	-	-	-	-	-	-	3,199,524
Fines and forfeits	-	-	-	-	-	-	2,022,685
Utility fees	-	-	-	-	-	-	15,271,873
Other receipts	2,614	240,465	1,712,557	-	-	-	107,289,896
Total receipts	2,614	240,465	1,712,557	-	42,439	-	216,357,908
Disbursements:							
Personal services	-	-	-	-	-	-	66,240,954
Supplies	-	-	-	-	-	-	2,722,515
Other services and charges	-	-	-	-	-	-	46,227,809
Debt service - principal and interest	-	-	-	-	-	-	29,011,270
Capital outlay	-	-	943,817	-	-	-	13,090,013
Utility operating expenses	121,491	-	-	-	-	-	19,760,855
Other disbursements	-	-	-	-	-	-	48,349,156
Total disbursements	121,491	-	943,817	-	-	-	225,402,572
Excess (deficiency) of receipts over disbursements	(118,877)	240,465	768,740	-	42,439	-	(9,044,664)
Cash and investments - ending	\$ 2,807,907	\$ 2,622,767	\$ 11,227,070	\$ 1,981	\$ 140,383	\$ 126,628	\$ 43,580,732

CITY OF GARY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water Management District	\$ 3,512	\$ -
Gary Sanitary District	511,692	14,847,904
Governmental activities	1,580,176	2,448,540
Totals	\$ 2,095,380	\$ 17,296,444

CITY OF GARY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fifth Third Bank	Fire Truck and Equipment	\$ 417,043	06/08/2015	01/15/2023
Fifth Third Bank	Vehicle Maintenance building renovation	184,969	06/08/2015	01/15/2023
Motorola Credit Corporation	Radio Equipment	<u>427,305</u>	10/01/2014	10/01/2019
Total of annual lease payments		<u>\$ 1,029,317</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Tax Increment Revenue Bond Series 2012 - Genesis Center/City Hall Projects	\$ 2,130,000	\$ 890,176
Notes and loans payable	Hammond Local Public Improvement Bond Bank Bond Anticipation Notes Series 2015B - Judgments and Improvements	<u>13,565,000</u>	<u>13,785,431</u>
Total governmental activities		<u>15,695,000</u>	<u>14,675,607</u>
Gary Sanitary District:			
Revenue bonds	Sewage Works Revenue Bonds of 2011 Series A - Improvements	21,225,000	1,259,660
Revenue bonds	Sanitary District Refunding Revenue Bonds Series 2013	<u>9,815,000</u>	<u>1,499,438</u>
Total Gary Sanitary District		<u>31,040,000</u>	<u>2,759,098</u>
Totals		<u>\$ 46,735,000</u>	<u>\$ 17,434,705</u>

CITY OF GARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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	\$ 33,050,487
Infrastructure	142,396,618
Buildings	176,594,366
Improvements other than buildings	12,225,664
Machinery, equipment, and vehicles	41,097,412
Construction in progress	1,305,976
Total governmental activities	406,670,523
Storm Water Management District:	
Land	320,084
Buildings	4,003,564
Improvements other than buildings	11,487,644
Machinery, equipment, and vehicles	2,026,159
Construction in progress	1,190,009
Total Storm Water Management District	19,027,460
Gary Sanitary District:	
Land	1,558,886
Buildings	104,934,590
Improvements other than buildings	204,018,619
Machinery, equipment, and vehicles	65,028,391
Construction in progress	12,752,376
Books and other	3,684,913
Total Gary Sanitary District	391,977,775
Total capital assets	\$ 817,675,758

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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 GARY, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Gary's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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


Report on Internal Control over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

December 15, 2016

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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 GARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2015	\$ -	\$ 38,817
Total - Child Nutrition Cluster				-	38,817
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2015	-	28,194
Total - Department of Agriculture				-	67,011
<u>Department of Housing and Urban Development</u>					
Community Development Block Grant/Entitlement Grants	Direct	14.218			
Community Development Block Grant			B-08-MN-180005	-	57,919
Community Development Block Grant			B-11-MN-180005	-	18,786
Community Development Block Grant			B13-MC-180005	26,147	678,731
Community Development Block Grant			B14-MC-180005	54,625	2,491,268
Community Development Block Grant			B15-MC-180005	11,926	138,421
Total - Community Development Block Grant/Entitlement Grants				92,698	3,385,125
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Office of Community and Rural Affairs	14.228			
Disaster Recovery Funds			DR-09-264	-	537,567
Disaster Recovery Funds			DR-09-265	-	98,514
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				-	636,081
Emergency Solutions Grant Program	Direct	14.231			
Emergency Solutions Grant Program			E-11-MC-180005	3,330	3,330
Emergency Solutions Grant Program			E-12-MC-180005	48,870	48,870
Emergency Solutions Grant Program			E-13-MC-180005	106,391	121,712
Emergency Solutions Grant Program			E-14-MC-180005	189,000	195,270
Total - Emergency Solutions Grants Program				347,590	369,182
HOME Investment Partnerships Program	Direct	14.239			
HOME Investment Partnerships Program			M-08-MC-180203	-	41,732
HOME Investment Partnerships Program			M-09-MC-180203	-	349,336
HOME Investment Partnerships Program			M-12-MC-180203	-	377,135
HOME Investment Partnerships Program			M-13-MC-180203	-	192,865
HOME Investment Partnerships Program			M-14-MC-180203	-	228,617
HOME Investment Partnerships Program			M-15-MC-180203	-	13,054
Total - HOME Investment Partnerships Program				-	1,202,739
Fair Housing Assistance Program _State and Local	Direct	14.401	FF205K1550	-	39,400
Total - Department of Housing and Urban Development				440,288	5,632,527
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	2014-VAGX0062	-	110,822
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	03213WFAX004703	-	19,493
Equitable Sharing Program	Direct	16.922	2015-DEA	-	71,691
Total - Department of Justice				-	202,006
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Highway Planning and Construction/SR912			DES#1173424	-	42,964
Highway Planning and Construction/CMAQ E-85 Fuel			DES#1173715	-	9,785
Highway Planning and Construction/City Wide Safer Routes to School Plan			DES#1173663	-	22,559
Total - Highway Planning and Construction Cluster				-	75,308

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

CITY OF GARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>					
Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Highway Safety Grant/Operation Pull Over	Indiana Criminal Justice Institute	20.601	FY2015-92040IN15	-	68,157
Total - Highway Safety Cluster				-	68,157
Total - Department of Transportation				-	143,465
<u>Equal Employment Opportunity Commission</u>					
Employment Discrimination-State and Local Fair Employment Practices Agency Contracts	Direct	30.002	EECIN140007	-	52,038
Total - Equal Employment Opportunity Commission				-	52,038
<u>Environmental Protection Agency</u>					
Great Lakes Program Great Lakes Initiative and the Great Lakes Water Quality Agreement	Direct	66.469	00E01272	-	18,190
Brownfields Assessment and Clean-Up Cooperative Agreements EPA Brownfield Revolving loan	Direct	66.818	BF965222-01-8	-	345,198
Total - Environmental Protection Agency				-	363,388
<u>Department of Health and Human Services</u>					
Immunization Cooperative Agreements	Indiana State Department of Health	93.268	A-70-4-073148	-	46,671
Hospital Preparedness(HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Hospital Preparedness(HPP) and Public Health Emergency/Bioterrorism	Indiana State Department of Health	93.074	A-70-5-0532361	-	70,995
Social Services Block Grant	Indiana Criminal Justice Institute	93.667	D3-15-9226	-	12,260
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Battered Women's Shelters/Family Violence	Indiana Criminal Justice Institute	93.671	1301NFVPS	-	20,800
Preventive Health Services-Sexually Transmitted Diseases Control Grants Sexually Transmitted Disease	Indiana State Department of Health	93.977	STD-196-4	-	186,603
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994	a-70-069749	-	58,814
Total - Department of Health and Human Services				-	396,143
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	DR-1795-089-2700	-	623,406
Total - Department of Homeland Security				-	623,406
Total federal awards expended				\$ 440,288	\$ 7,479,984

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

CITY OF GARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

CITY OF GARY
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?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.218	Community Development Block Grants/Entitlement Grants	Unmodified
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2015-001 - INTERNAL CONTROLS OVER DISBURSEMENT TRANSACTIONS

Condition

Several deficiencies in the internal control system of the City related to disbursement transactions were identified.

Processing or Auditing APVs

Part of the internal control process used by the Finance Department to audit a claim or accounts payable voucher (APV) included verifying the date of the invoice and invoice number listed on the APV to the invoice attached to the APV.

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

Multiple instances were noted where the invoices attached to the APVs did not agree to the invoice dates, invoice numbers and amounts listed on the APV for those that were prepared by an IT Department employee. The APVs or claims were not audited in accordance with the controls established by the City Controller. Therefore, the internal controls were not properly implemented.

Purchasing

Departments that requisitioned goods or services were also responsible for requesting quotes, submitting quotes to the Finance Department for the issuance of a purchase order, receiving the goods, receiving the vendor invoices, preparing the APV, attaching the invoices to the APV, and submitting the information to the Finance Department for processing. Each department was also responsible for monitoring when a purchase order was complete, and attaching the completed purchase order to the APV.

The City frequently issued "Open" purchase order to vendors with whom the City expected to make several purchases. These included, but were not limited to, utility and phone bills. They were also used for electronic device purchases. Once the final purchase was made on an open purchase order, the department attached a copy of that purchase order to the APV to inform the Finance Department that they could "close" the purchase order.

Because the departments that requisitioned were responsible for so many related activities, an IT employee was able to prevent certain invoices from being paid, attach invoices previously paid to falsified APVs, and submit incomplete documentation. The use of "Open" purchase orders also allowed for extensive purchasing of items not found in the possession of the City without detection by City officials.

Criteria

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and . . ."

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)

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

Cause

Management of the City had not established an effective system of internal controls over disbursement transactions. Management also had not conducted a risk assessment related to the City's disbursement transactions.

Effect

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

Due to these deficiencies, vendor disbursement transactions in the financial statement were considered high risk and audited as such.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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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.



KAREN M. FREEMAN-WILSON
Mayor

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www.gary.in.us

M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001-INTERNAL CONTROLS OVER FINANCIAL REPORTING

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: M. CELITA GREEN
Contact Phone Number: 219-881-1363

Status of Audit Finding:

The Finance Department created a form that is forwarded to the Clerks' office for verification of accuracy and approval, after entering into Gateway the Financial report provided by the Clerk's office. A copy of the Gateway report, and the original report submitted to Finance from the Clerk's Office accompanies the form.

The Finance department signs off for the entry, and after review by the Clerk's office, the form was signed by the Clerk for approval. This process was used in the 2015 year-end closing.

M. Celita Green
(Signature)

Controller
(Title)

Oct. 20, 2016
(Date)



City Of Gary

KAREN M. FREEMAN-WILSON

Mayor

Department of Finance

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M. CELITA GREEN

Director of Finance

MICHELE ROBY

Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 –INTERNAL CONTROLS OVER DISBURSEMENT OF FINANCIAL TRANSACTIONS

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: M. CELITA GREEN

Contact Phone Number: 219-881-1363

Status of Audit Finding:

Open purchase orders have been eliminated, except for Utilities, Insurance, Telephone, and Gasoline or other such expenses (similar in nature) deemed necessary by the Controller to have an open purchase order. New Automated requisitioning software has been installed to supplement the accounting automated purchase order system. The system requires departmental supervisors automated sign off, the Purchasing Agent to verify, and the Controller to approve the requisition, before a purchase order can be established. Employees have been trained on the new software, and it should be fully implemented by November 1, 2016. Currently, the Purchasing Agent is notifying the Internal Auditor of any purchases made that require tagging and logging, until the new program is fully implemented.

Vendors were sent notification of the new automatic process, which includes the ability to email the purchase orders to the vendor. Vendors have also been notified that purchase orders are required prior to honoring purchase requests or performing any service. To do so without an official purchase order, may result in non-payment.

The General Accountant now reviews the AP voucher claim, invoices, and necessary documentation prior to Accounts Payable entry by the Staff Accountant. The General Accountant also reviews the Accounts Payable report after entry by Accounts Payable Staff Accountant., and compares the report to the claims for accuracy of entry.

With the assistance of a Consultant and the Internal Controls Team, the City of Gary's Total Quality Management Purchasing Document has been updated. The City has established a Central Receiving Department to be staffed by a Central Receiving Manager. Departments will no longer be allowed to receive delivery of items ordered unless authorized by the Purchasing agent or Central Receiving Manager. Otherwise, all orders will be delivered to the central receiving department for entry of receipt into the computer system, and tagging of all items. Extraordinary large items will be delivered to departments upon authorization of the Central Receiving Manager. The Central Receiving Manager has been hired and is in training. Police and Fire department have begun to use The automatic system, and the other departments will be phased in. We expect to be fully implemented by November 30, 2016.

An Uniform Internal Control Policies and Procedures Ordinance was adopted by the City Council in June 2016 which governs the policies and procedures for financial information and records. The Council members, board members, department heads, and relative staff that handles any financial Processes throughout the City Administration was trained on these policies and procedures which was State mandate for all governmental entities. Although it is not required to train staff that handles assets, we will be training those staff members during the month of November.

M. Celita Green

(Signature)

Controller

(Title)

Oct. 20, 2016

(Date)



KAREN M. FREEMAN-WILSON
Mayor

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M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 -INTERNAL CONTROLS OVER CASH FINANCIAL TRANSACTIONS

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: M. CELITA GREEN

Contact Phone Number: 219-881-1363

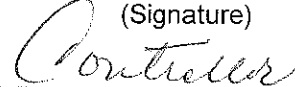
Status of Audit Finding:

A bank reconciliation checklist form was developed that reflects the signature for completion by preparer, corrections, and for approval by the reviewer. This checklist provides a quick glance of any bank reconciliations that are still outstanding for final review and was placed in to effect in September of 2016.

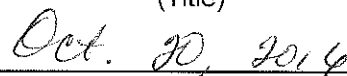
The Controller does not exercise authorization of the GSD bank reconciliations. The Gary Sanitary District uses a Consultant to prepare its bank reconciliation and the Deputy Director provides final review. However, we will provide our checklist to GSD for suggested usage.



(Signature)



(Title)



(Date)



Mayor Karen Freeman-Wilson
Special Administrator

Daniel F. Vicari, P.E., BCEE
Executive Director

Main Office
3600 West 3rd Avenue
Gary, IN 46406
Telephone: 219-944-0595
Fax: 219-977-8318

Customer Service
839 Broadway
Gary, IN 46402
Telephone: 219-883-1027
Fax: 219-883-1029

Gary Sanitary District
Board of Commissioners
&
Gary Storm Water
Management District
Board of Directors

Charles W. Jackson, Jr.
President

Tramel R. Raggs
Vice President

Ola V. Morris
Secretary/Treasurer

Richard J. Comer
Member

Jewell Harris, Jr., Attorney

Website:
www.garysanitary.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 – Internal Controls Over Cash Financial Transactions

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Ms. Vern E. White

Contact Phone Number: 219.944.0595 Ext. 1813

Status of Audit Finding:

All 2015 bank reconciliations have been reviewed and signed off on by the preparer(s) and the approver. The 2016 bank reconciliations have been reviewed and signed off on by the preparer(s) and the approver.

Ms. Vern E. White

Director of Administration

November 3, 2016

An Equal Opportunity Employer

“Producing Living Water for a Quality Environment”



KAREN FREEMAN-WILSON
Mayor

CITY OF GARY
DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY DEVELOPMENT

839 Broadway, Suite 302N
Gary, IN 46402
(219) 881-5075- FAX: (219) 881-5085

ARLENE D. COLVIN
Director

E. NIKOLE RUMPH
Deputy Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004: REPORTING

Original Assigned SBA Audit Report Number: B47027

Report Period: January 1, 2014 to December 31, 2014

Pass-Through Entity or Federal Grantor Agency: Department of Housing and Urban Development

Contact Person Responsible for Corrective Action: Arlene Colvin, Director

Contact Phone Number: (219) 881-5075

Status of Audit Finding:

With a standard operating procedure under our sub-grantee award process having previously been established, the responsibility for reporting CDBG awards is being handled by the Department's Fiscal Division and ESG awards is being handled by the Special Programs Division. The Department's Fiscal and Monitoring policies and procedures were revised to ensure that awards are properly reported in compliance with FFATA.

Arlene Colvin

(Signature)

Director

(Title)

10/20/16

(Date)



KAREN FREEMAN-WILSON
Mayor

CITY OF GARY
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ARLENE D. COLVIN
Director

E. NIKOLE RUMPH
Deputy Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005: MATCHING

Original Assigned SBA Audit Report Number: B47027

Report Period: January 1, 2014 to December 31, 2014

Pass-Through Entity or Federal Grantor Agency: Department of Housing and Urban Development

Contact Person Responsible for Corrective Action: Arlene Colvin, Director

Contact Phone Number: (219) 881-5075

Status of Audit Finding:

All ESG sub-recipients are required to submit an Emergency Solutions Grant Match Document and Tracking Form to the Department's Compliance Division on a quarterly basis. The ESG sub-recipient agreement has been amended to reflect this requirement.

Arlene Colvin
(Signature)

Director
(Title)

10/20/16
(Date)



CITY OF GARY

KAREN M. FREEMAN-WILSON
Mayor

DEPARTMENT OF PLANNING & REDEVELOPMENT
GARY REDEVELOPMENT COMMISSION
839 BROADWAY, SUITE S200
GARY, INDIANA 46402
DIRECT: (219) 886-1531
WWW.GARY.IN.US

JOSEPH A. VAN DYK
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-006

Contact Person Responsible for Corrective Action: Joe van Dyk, Director of Planning & Redevelopment

Contact Phone Number: (219) 886-1531

Status: Going forward, the following internal controls will be in place regarding grant payments. These will be adopted by the Redevelopment Commission as a section in our Policies and Procedures via a formal resolution of the Commission:

- 1) Drawdown requests for any federal or state funded grant program and subsequent claims will be reviewed independently by both the Deputy Director of Planning and the Deputy Director of Redevelopment, or their respective designees, prior to submittal for payment to the Fiscal Secretary of the department.
- 2) Invoices associated with federal or state funded grants, will be submitted for payment within fifteen (15) days of receipt, to ensure timely payments in advance of reimbursements.
- 3) For invoices concerning federal or state reimbursement grants, no reimbursement requests can be made until vendor invoices are paid for the corresponding request. Any such request will be reviewed independently by both the Deputy Director of Planning and the Deputy Director of Redevelopment, or their respective designees, prior to submittal to Fiscal Secretary.
- 4) The Deputy Director Planning and the Deputy Director of Redevelopment, will each initial the bottom right-hand corner of each claim prior to submittal to document their review of the invoice.

Anticipated Completion Date: 12/7/2016 (for adoption of updated policies and procedures)

FINDING 2014-007

Contact Person Responsible for Corrective Action: Joe van Dyk, Director of Planning & Redevelopment

Contact Phone Number: (219) 886-1531

Status: This finding results from a lack of documentation concerning a 2011 procurement award. In January 2015, the Gary Redevelopment Commission adopted via resolution Policies and Procedures that prescribe internal controls and compliance for procurement. The relevant section, "Article III – Procurement" is attached.

Anticipated Completion Date: Complete

ARTICLE III – PROCUREMENT

The following lists the processes employed by the Gary Redevelopment Commission for procurement of services to the commission by vendors and contractors. These processes are governed by Indiana state statutes (IC 36-1-12, IC 36-1-9, IC 36-7-14)

1. SEALED BID PROCESS

Competitive sealed bids are solicited through print advertising, per state statute (IC 36-7-14). A fixed price contract shall be awarded to the lowest responsible bidder whose bid conforms to all the material terms and conditions of the bid invitation and technical specifications. The contract award may be a fixed sum, or a unit price with a ceiling. All sealed bids are opened at a public meeting per statute (IC 36-7-14) and directed to staff for review and subsequent recommendation.

The following procedures apply:

1. **Prepare bid specifications:** Specifications include complete and accurate descriptions including technical requirements, and services provided.
2. **Obtain Davis-Bacon wage decision:** If the project has been determined to require Davis-Bacon wages, secure the application.
3. **Prepare the project bid terms and contracts:** Standard contract language is used as a template to ensure all necessary statutory requirements are observed.
4. **Request to advertise:** The Redevelopment Commission approves the staff's request to publicly procure bids for the project.
5. **Publication:** Per statute, each bid is published in two newspapers of record in addition to being posted on the City of Gary's website. The advertisement is subject to the relevant statute to determine the frequency of publication and the time frame it must run. The advertisement should:
 - a. Include the place and date where bid packages are available
 - b. Include the place, date, and time fixed for receiving bids
 - c. Include bonding, certification, licensing requirements
 - d. For Davis-Bacon projects, specify the project is subject to prevailing wages
6. **Amendments to bid documents (including revisions to wage rates):** Amendments to the bid documents must be sent to all potential bidders who obtained the original bid documents via e-mail and Standard Mail.

7. Bid opening: Per statute (IC 36-7-14) all bids are opened at a public meeting held by the Gary Redevelopment Commission. A bid tabulation sheet is completed showing the name and bid price of each bidder, and whether the bid was responsive. The bids are then referred to staff for further review and recommendation

8: Review: Staff reviews each packet to ensure all licensing requirements are met and the bid is responsive to the specifications set forth in the bid package. The Redevelopment Commission's counsel reviews all recommendations made by staff prior to a formal recommendation going before the Commission for a vote at the next regular meeting.

9. Bids exceeding project budget: If all bids exceed the amount budgeted for a project, the Commission can negotiate with the lowest bidder to bring the contract within the budget limits. A recommendation can be made to reject all bids, provide needed funds from other sources, or re-allocate award funds. If the Commission has reason to believe that available funds are likely to be inadequate for the full scope of work proposed, the Commission may request deductible alternatives so the project can proceed without a second bid solicitation. If deductible alternatives are requested, the document must specify the method and order in which deductible alternatives will be applied in determining the low bid.

10. License and bonding requirements: The successful bidder must meet all bonding and licensing requirements prescribed by state and local law.

2. COMPETITIVE PROPOSAL (RFP) PROCESS

The competitive negotiation method should be used for all procurement of professional services and select demolition procurement. Under this scenario, the Commission prepares a formal Request for Proposals (RFP) and requests proposals from at least three (3) or more qualified firms or individuals.

The following procedures apply:

1. Prepare the RFP: The RFP must not be prepared or solicited by those firms or individuals submitting proposals, rather, a letter of request will be sent by staff. The RFP will include:

- a. Scope of services
- b. Time requirements/term of service
- c. Proposal instructions
- d. Federal, state, and local regulations applicable to the award
- e. Further considerations not pertaining to scope of work that should be considered when submitting a proposal

2. Solicit for proposals: Proposals must be solicited from at least three (3) qualified sources to allow reasonable competition in the form of a written letter. This letter may be emailed in addition to mailed in hard copy for more expedient responses.

3. Evaluation: When proposals are received, each shall be evaluated by the Commission staff based on the following criteria:

- a. Experience or technical expertise of the firm and its personnel in connection with the type of services to be provided
- b. Past record of performance on similar contracts within the State of Indiana
- c. Capacity of the firm to perform the work within deadlines, taking into account workload
- d. Price
- e. Status as a Gary-owned business pursuant to local ordinance
- f. Eligibility as MBE/WBE (contingent upon funding source requirements)
- g. Compliance with debarment requirements pursuant to State Board of Accounts

The review process is conducted by the Commission staff having the appropriate technical expertise to make assessments and evaluations. No staff members with conflicts of interest such as family relationships, close friendships, or business partnerships outside of the appropriate course of government work shall participate in the evaluation process. Award recommendation will be to the responsible firm whose proposal is most advantageous to the project, considering the established criteria. When award is made to a responsible bidder not having the lowest price, the Commission shall document its reasons for not selecting the lowest proposed price.

4. Award: Staff prepares a memo recommending award to the Commission. The Commission accepts or defers award at a public meeting by vote, pursuant to Commission by-laws.

5. Establish a professional contract file: The Commission shall maintain a contract file containing the following:

- a. Copy of all documents associated with public procurement including any meeting minutes or resolutions of the Commission, correspondence with bidders, and any proposals or responses to the RFQ/RFP.
- b. Contract

3. SOLE SOURCE PURCHASES:

Non-competitive proposals may be used only when the other two (2) methods are not feasible, and award files must document such a determination. When utilizing this method of procurement a written scope of services is required. Non-competitive negotiation may only be used in one (1) of the following circumstances:

1. Public urgency will not permit delay for competitive solicitation;
2. The item or service is available from only one (1) source;
3. After solicitation of a number of sources, competition is determined inadequate.

4. CONTRACTOR VERIFICATION

Suspended or debarred contractors are prohibited from participating in Redevelopment Commission work. Prior to any bid award, Commission staff shall verify that no debarred or suspended contractor receives a contract award. This verification shall be accomplished by performing a search at www.sam.gov to determine if the

apparent bid awardee is debarred or suspended. Search results shall be attached to all contracts. No contract shall be executed without this verification.

5. INSURANCE, LICENSES, AND BONDING

Successful bidders shall be required to provide proof of adequate insurance and a license with the City of Gary. The value of property insurance must be, at a minimum, for the replacement value of the property. For any construction or demolition contracts, a bid bond is also established, commensurate with the scope of services indicated in bid specifications.

6. CONFLICT OF INTEREST

No employee, officer or agent of the award recipient may participate in selection, awarding, or administration of a contract. Such a conflict would arise when one (1) of the following has a financial or other interest in the firm selected for an award:

- a. An employee, officer or agent;
- b. Any member of his or her immediate family;
- c. His or her partner; or
- d. An organization that employs, or is about to employ, any of the above.

The award recipient's officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-recipients.

7. ADDITIONAL REQUIREMENTS

All procurement procedures adhere to Indiana statutory guidelines. To the extent any procurement should deviate from the written procedures contained herein, all Commission decisions default to statutory requirements set forth in IC 36-7-14.

FINDING 2014-008

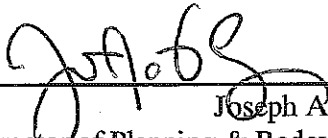
Contact Person Responsible for Corrective Action: Joe van Dyk, Director of Planning & Redevelopment
Contact Phone Number: (219) 886-1531

Status: This finding results from a lack of documentation concerning a 2011 contract. The Gary Redevelopment Commission has adopted procedures to ensure contractors and in good standing via sam.gov. In addition, all contracts used by the Department of Planning & Redevelopment, or the Gary Redevelopment Commission, include a clause entitled "Suspension and Debarment" that reads as follows:

DEBARMENT AND SUSPENSION. The CONTRACTOR certifies by entering this Contract that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from entering into this Contract by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Contract means an officer, director, owner, partner, key employee or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the CONTRACTOR.

8.1 The CONTRACTOR certifies that it has verified the state and federal suspension and debarment status for all subcontractors receiving funds under this Contract and shall be solely responsible for any recoupment, penalties and costs that might arise from use of a suspended or debarred subcontractor. The CONTRACTOR shall immediately notify the **Law Department of the City of Gary** if any subcontractor becomes debarred or suspended, and shall, at the CITY's request, take all steps required by the CITY to terminate its contractual relationship with the subcontractor for work performed under this contract.

Anticipated Completion Date: Complete



Joseph A. van Dyk
Director of Planning & Redevelopment
November 9, 2016



KAREN M. FREEMAN-WILSON
Mayor

City Of Gary
Department of Finance
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M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2015-001 – INTERNAL CONTROLS OVER DISBURSEMENT TRANSACTION

Contact Person Responsible for Corrective Action: M. Celita Green
Contact Phone Number: - 219 – 881-1363

Views of Responsible Official: We concur

Description of Corrective Action Plan:

We understand that this finding for 2015 is a repeat of last year's audit, as the Information Technology fraudulent purchases occurred in 2015. However, since August 2015, the City has established an Internal Controls Team, and made major changes in internal controls by reviewing and establishing policies and procedures, and providing training.

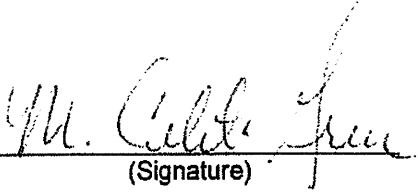
The City Council has approved ordinances on Internal Control Policies and Procedures, and Materiality. We have trained the City Council, Board Members, and relative staff on the new internal control policies and procedures mandated by legislation. Additionally, we have purchased an automatic requisitioning module as an add –on to the automated purchase order processing system to assist in reducing the risk of fraudulent purchase orders.

We have also contacted our vendors and informed them of the new purchasing processes, which includes emailing the purchase order to vendors and staff, and additionally informed vendors that they are not to do business with the City without a valid purchase order. These processes have been established to strengthen internal controls and reduce risk.

We are currently centralizing the receiving of goods and have hired a central receiving manager responsible for receiving, and tagging. We are working to automate the tagging numbering process within the financial system and have begun to train staff on asset management. In addition, we have hired an employee to review claims and invoices prior to AP entry, and to review after AP entry. We feel that these new processes will strengthen internal controls and reduce risk.

We continue to work on improving all areas of the disbursement processes including fully automating the claim process.

Anticipated Completion Date: June 2017



(Signature)

City Controller
(Title)

December 6, 2016
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.