

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, 2014 to December 31, 2014



FILED
05/06/2016

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| Controller | M. Celita Green | 01-01-14 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 | 01-01-14 to 12-31-16 |
| President of the Common Council | Kyle W. Allen, Sr. Ronald G. Brewer, Sr. | 01-01-14 to 12-31-15 01-01-16 to 12-31-16 |
| Executive Director of Sanitary and Storm Water Management Districts | Daniel F. Vicari | 01-01-14 to 12-31-16 |
| President of the Boards of Sanitary and Storm Water Commissioners | Richard J. Comer Nelson Tinsley Richard J. Comer | 01-01-14 to 03-03-14 03-04-14 to 04-07-14 04-08-14 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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2014.

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, 2014, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

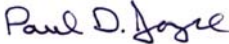
Other Information

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 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 February 22, 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

February 22, 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, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 22, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 to be a significant deficiency.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs items 2014-001, 2014-002, and 2014-003.

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

February 22, 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, 2014

| Fund | Cash and Investments 01-01-14 | Receipts | Disbursements | Cash and Investments 12-31-14 |
|--|-------------------------------------|---------------|---------------|-------------------------------------|
| General | \$ (4,036,043) | \$ 79,037,809 | \$ 81,168,706 | \$ (6,166,940) |
| Motor Vehicle Highway | 213,520 | 2,947,240 | 2,752,095 | 408,665 |
| Local Road And Street | 405 | 929,990 | 758,881 | 171,514 |
| Law Enforcement Continuing Ed | 190,268 | 90,253 | 150,735 | 129,786 |
| Unsafe Building | 100,608 | 41,409 | 67,327 | 74,690 |
| Riverboat | 4,904,742 | 26,123,276 | 30,011,133 | 1,016,885 |
| Parks And Recreation | 569 | 1,809,855 | 1,378,133 | 432,291 |
| Cumulative Capital Development | 451,481 | 147,726 | 407,663 | 191,544 |
| Cumulative Capital Improvement | 75,754 | 213,743 | 247,692 | 41,805 |
| Self-Insurance | (714,593) | 10,031,438 | 9,083,207 | 233,638 |
| Police Pension | 1,021,334 | 6,999,940 | 7,017,608 | 1,003,666 |
| Fire Pension | 2,225,148 | 4,857,431 | 4,818,904 | 2,263,675 |
| J-Pit/Landfill Management | 185,870 | 75,664 | 100 | 261,434 |
| Geminus Grant | 11,504 | 17,417 | 18,804 | 10,117 |
| FireFighter Safer Grant | (250,490) | 266,347 | - | 15,857 |
| Note Reserve (8.5 Million) | 2,000,949 | 306 | 2,001,245 | 10 |
| GSD Bond Revenue | 10,571,817 | 1,045 | 174,844 | 10,398,018 |
| Metro Center | 692 | 47,159 | 43,782 | 4,069 |
| Regional Development Authority | - | 10,375,000 | 10,375,000 | - |
| ARRA Public Works | 2,035 | 1,491 | 3,525 | 1 |
| 2012 Genesis Center Renovation | 329,196 | 15,738 | 295,132 | 49,802 |
| Equipment Fund | 246,579 | 140,869 | 387,448 | - |
| Equipment Lease Reserve | 335,000 | 49,564 | - | 384,564 |
| Lets Move Project | 4,838 | - | 560 | 4,278 |
| Fire Department Equipment | 261 | - | - | 261 |
| Department of Commerce | 11,793 | - | - | 11,793 |
| Cops Technology | 26,875 | 91,995 | 118,870 | - |
| Note Repayment | - | 2,878,426 | 2,878,426 | - |
| Narcotics Vice | 9,180 | - | - | 9,180 |
| Health Radon Gas | 4,011 | - | - | 4,011 |
| Gun Buy Back | 3,500 | - | - | 3,500 |
| Law Non-reverting | 50,134 | 99,432 | 149,182 | 384 |
| Fair Housing | 873 | 47,800 | 39,953 | 8,720 |
| TIF Bond Reserve | 860,000 | - | - | 860,000 |
| 2012 Note Payment | - | 901,423 | 901,423 | - |
| Equipment Lease | 228,234 | 76,905 | 275,712 | 29,427 |
| Casino Capital | 6,345 | 162,571 | 168,916 | - |
| Inspection Program | 361,442 | 272,628 | 195,145 | 438,925 |
| WCI/UCI Benefit | - | 1,125,654 | 1,121,171 | 4,483 |
| Safe Route Plan | 13,395 | 7,755 | 35,250 | (14,100) |
| Unsafe Building | 1,000,000 | 269,802 | 1,149,425 | 120,377 |
| Green Urbanism | 15,621 | - | 1,960 | 13,661 |
| Metro Center Fund 846 | 2,189 | - | - | 2,189 |
| Fire Watch | - | 65,352 | - | 65,352 |
| Domestic Violence Prevention and Treatment | - | 26,729 | 26,729 | - |
| Out of School Time Grant | - | 26,200 | 2,146 | 24,054 |
| KirkYard TIF | - | 474,458 | - | 474,458 |
| Blight Elimination Program | - | 12,000 | 245 | 11,755 |
| US Conference of Mayors | - | 15,000 | - | 15,000 |
| Nat League of Cities | - | 71,000 | 6,459 | 64,541 |
| 6th & Broadway | - | 163,431 | 163,431 | - |
| Maternal Child Health Infant Mortality | - | 126,751 | 77,513 | 49,238 |
| City Pmt- Lieu of Tax | - | 81,960 | - | 81,960 |
| Healthy Start Donation | - | 1,700 | - | 1,700 |
| YSB Donations | - | 3,717 | 2,675 | 1,042 |
| CEDIT | - | 3,969,504 | 3,962,712 | 6,792 |
| Public Safety Income Tax | - | 4,251,567 | 4,236,031 | 15,536 |
| 2013A Casino RB | - | 13,214,994 | 13,202,550 | 12,444 |
| GSD Marquette Park Lagoon | - | 119,861 | - | 119,861 |
| Operation Pull Over | - | - | 1,100 | (1,100) |
| Geminus | - | 1,620 | 1,620 | - |
| Elimination of Disparities | 30,707 | 1,038,275 | 1,075,011 | (6,029) |

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, 2014
(Continued)

| Fund | Cash and Investments 01-01-14 | Receipts | Disbursements | Cash and Investments 12-31-14 |
|-------------------------------------|-------------------------------------|-----------|---------------|-------------------------------------|
| Tobacco | - | 57,563 | 96,729 | (39,166) |
| Ambulance/EMS Nonreverting | 54,813 | 1,167,182 | 277,087 | 944,908 |
| Protective Services Grant I | (1,033,929) | - | - | (1,033,929) |
| Protective Services Grant II | 49,014 | 145,210 | 129,076 | 65,148 |
| Equal Opportunity Commission Hr | 19,428 | 38,530 | 52,894 | 5,064 |
| Tourism Project | 88,352 | 37,172 | 48,933 | 76,591 |
| Youth Services Bureau | 223,885 | 75,270 | 301,952 | (2,797) |
| Home Program | 5,900 | 894,641 | 883,816 | 16,725 |
| Emergency Shelter Grant | 6,226 | 329,421 | 334,405 | 1,242 |
| Brownfield | 90,711 | 269,802 | 355,012 | 5,501 |
| Healthy Families | 6,162 | 11,076 | 4,668 | 12,570 |
| Marquette Park | 12,644 | 220,397 | 226,577 | 6,464 |
| Gleason Golf Course | 1 | 134,614 | 132,155 | 2,460 |
| Emergency Shelter | (396,685) | 297,204 | 459,378 | (558,859) |
| Comprehensive Community Program | 25,855 | 49,219 | 64,931 | 10,143 |
| Landfill Closure | 91,595 | - | 50,558 | 41,037 |
| Landfill Trust | 1,220,963 | 21,212 | 49,955 | 1,192,220 |
| Solid Waste Recycling Project | 177,233 | 450,977 | 519,118 | 109,092 |
| Environmental Management | 13,586 | - | - | 13,586 |
| Health And Human Services | (403,642) | 335,229 | 436,666 | (505,079) |
| Supplemental Adult Probation Svcs | 83,956 | 88,962 | 136,055 | 36,863 |
| Gary Health Department Rental | 7,355 | 5,463 | 3,998 | 8,820 |
| Park Nonreverting | 4,210 | 125,734 | 123,695 | 6,249 |
| Vehicle Auction | 3 | 258,204 | 32,423 | 225,784 |
| Bioterrorism | (18,102) | 83,779 | 82,375 | (16,698) |
| Community Development Block Grant | 223,218 | 2,984,879 | 3,015,022 | 193,075 |
| Redevelopment Operating | 11,786 | 131,795 | 130,651 | 12,930 |
| Summer Jobs Training Program | 8,776 | 37,000 | 45,456 | 320 |
| Fair Housing Project | 33,753 | 52,800 | 49,897 | 36,656 |
| Genesis Civic Center | 324 | 150,000 | 138,948 | 11,376 |
| Media | 340,175 | 468,083 | 443,645 | 364,613 |
| Clerk Perpetuation | 12,564 | 12,726 | 15,496 | 9,794 |
| Genesis Center Operating | 20,450 | 524,795 | 539,079 | 6,166 |
| Leased Properties - Gary Bldg Corp. | (421,334) | 82,340 | - | (338,994) |
| State Air Grant | 651 | - | - | 651 |
| Hazardous Material | 47,884 | 3,804 | 48,980 | 2,708 |
| Economic Development Bond Comm | 14,800 | 2,886 | - | 17,686 |
| Alcohol And Drug Treatment | 6,435 | 54,200 | 60,607 | 28 |
| New Birth Grant | 22 | - | - | 22 |
| Remote Encoding Center | 20,708 | 2,565 | 22,002 | 1,271 |
| Mayor Donations | 434 | 28,719 | 29,069 | 84 |
| Lakefront Development | 1,082,441 | - | - | 1,082,441 |
| Social Services | 2,099 | 2,220 | 1,422 | 2,897 |
| Special Events | 30,510 | 48,955 | 34,958 | 44,507 |
| City Council Donations | 445 | - | 402 | 43 |
| Special Project Donations | 75 | 2,500,000 | 2,500,000 | 75 |
| Economic Development Trust | 311,611 | 10,585 | 300,555 | 21,641 |
| Community Development Loan Program | 15,818 | - | 180 | 15,638 |
| Police Donations | 10,848 | 500 | - | 11,348 |
| Weed And Seed | 9,203 | - | - | 9,203 |
| Welfare Excess | 6,264 | 8 | - | 6,272 |
| Human Relations | 2,000 | - | - | 2,000 |
| CMAQ Vehicles | 216,059 | 165,556 | 369,899 | 11,716 |
| Hope VI Pilot | 153,308 | 91,629 | 35,033 | 209,904 |
| Energy Efficient | 1,098 | - | - | 1,098 |
| Filming Fees | 8,638 | 1,500 | - | 10,138 |
| CHRP | 63,198 | - | - | 63,198 |
| Neighborhood Stabilization Program | 73,762 | 698,511 | 619,997 | 152,276 |
| Lead Base Paint Hazzard Control G | 56,867 | 53,221 | 33,625 | 76,463 |
| Redevelopment Bond | 1,000,360 | 245 | 1,000,583 | 22 |
| 2007 Multi Purpose Revenue Bonds | 21,311 | 91,364 | 91,491 | 21,184 |
| 2007 GO Judgment Funding Bonds | 583,879 | 812,145 | 887,825 | 508,199 |
| Baseball Maintenance | 1 | 375,000 | 375,000 | 1 |

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, 2014
(Continued)

| Fund | Cash and Investments 01-01-14 | Receipts | Disbursements | Cash and Investments 12-31-14 |
|--|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
| Grant/Buchanan Street Project | 43,014 | - | 25 | 42,989 |
| Park Construction | 9,988 | - | - | 9,988 |
| Clean Up/Beautification | 294 | - | - | 294 |
| 911 Equipment | 494 | - | - | 494 |
| Small Farms TIF District | 64,828 | 350,000 | 414,828 | - |
| Consolidated Area TIF District | 518,850 | 1,816,545 | 1,417,566 | 917,829 |
| Lakefront TIF District | 4,012,245 | 11,240,684 | 11,655,604 | 3,597,325 |
| TIF Replacement | 73,071 | - | 73,071 | - |
| Marquette Renovation | 984 | 570,349 | 570,350 | 983 |
| Lady Liberty Restoration | 442 | - | - | 442 |
| GUEA Properties | 2,642 | - | - | 2,642 |
| Downtown Mall TIF District | 31,963 | 10,300 | 42,263 | - |
| Madison Avenue TIF District | 459,692 | 90,770 | - | 550,462 |
| Washington Manor TIF District | 16,886 | - | 16,886 | - |
| Consolidated Area Exp TIF District | 349,499 | 259,898 | 609,397 | - |
| Midwest Center TIF District | 418,214 | 338,880 | 293,316 | 463,778 |
| Lancaster Dusable TIF District | - | 35,580 | - | 35,580 |
| FEMA Grant - Fire Department | 2,505 | - | 1,134 | 1,371 |
| Joint Public Safety Training | 3,541 | 3,750 | 7,228 | 63 |
| Dalton Arms TIF District | 90,982 | 163,361 | 235,019 | 19,324 |
| County Market TIF District | 229,489 | 242,656 | 387,743 | 84,402 |
| SR 912 No. 1 TIF District | 15,757 | 5,550 | 21,307 | - |
| SR 912 No. 2 TIF District | 172,009 | 118,571 | 290,580 | - |
| Kenney's Ribs TIF District | - | 8,481 | - | 8,481 |
| Fire Capital Equipment | 17,014 | 55,497 | 23,364 | 49,147 |
| Gary City Center Allocation Area | 35,497 | 45,421 | 80,918 | - |
| Truck City Of Gary Allocation Area | 167,097 | 178,290 | 254,068 | 91,319 |
| Payroll | 4,707 | 55,279 | - | 59,986 |
| County Health | 1,580 | 6,538 | 6,292 | 1,826 |
| Empowerment Zone | 10,569 | 242,999 | 229,271 | 24,297 |
| Empowerment Zone Revolving | 4,132 | 414,131 | 267,868 | 150,395 |
| Microloan | 923 | - | - | 923 |
| Empowerment Zone SBA Microloan | 207 | 84,831 | 77,959 | 7,079 |
| Empowerment Zone SBA Loss Reserve | 376 | 100 | - | 476 |
| City Clerk - Civil Division | 17,243 | 116,606 | 122,386 | 11,463 |
| City Clerk - Criminal Division | 998,059 | 1,281,421 | 1,464,899 | 814,581 |
| Miscellaneous Refunds | 16,248 | - | - | 16,248 |
| Redevelopment Depository Trust | 90,827 | 43 | 13,890 | 76,980 |
| Withholdings | 153,719 | 23,985,776 | 23,990,074 | 149,421 |
| Supplemental Public Defender | 58,524 | 34,110 | 35,194 | 57,440 |
| LEDC - Empowerment Zone | 886 | 110 | - | 996 |
| Confiscated Property | 207,241 | 17,502 | 65,344 | 159,399 |
| Salary Fee Judicial | 19,961 | 29,408 | 31,181 | 18,188 |
| Gary Storm Water Management District (GSWMD) | 3,245,821 | 1,388,370 | 1,016,627 | 3,617,564 |
| GSWMD E. Ridge Road Project | 42,921 | - | - | 42,921 |
| Gary Sanitary District (GSD) Long Lake Water | 56,633 | - | - | 56,633 |
| GSD WWTP General Operating | 2,995,349 | 28,692,184 | 29,040,672 | 2,646,861 |
| GSD Bond And Interest | 1,852,335 | 2,852,033 | 2,723,850 | 1,980,518 |
| GSD Sewer Construction | 27,214 | 43 | - | 27,257 |
| GSD Sewer Operating | 95,349 | 49,923 | - | 145,272 |
| GSD Solid Waste Disposal | 444,193 | 4,800,201 | 4,608,116 | 636,278 |
| GSD Debt Service | 2,434,395 | 2,404,111 | 1,338,367 | 3,500,139 |
| GSD Grand Calumet Sedimentation | 3,500,299 | 1,863 | 575,378 | 2,926,784 |
| GSD Debt Service Reserve | 2,142,703 | 239,599 | - | 2,382,302 |
| GSD Equipment Replacement | 7,173,452 | 4,007,665 | 722,787 | 10,458,330 |
| GSD/Wrep Economic Development | 1,981 | - | - | 1,981 |
| GSD Beach Sampling | 68,005 | 29,939 | - | 97,944 |
| GSD E Coli | 114,468 | 12,160 | - | 126,628 |
| Totals | \$ 57,313,035 | \$ 274,585,640 | \$ 279,273,279 | \$ 52,625,396 |

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, water, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

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

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF 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, 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.

The General fund deficit balance is related to property taxes or Casino revenues not collected as anticipated or the timing of reimbursements of expenditures made on behalf of other funds.

Note 8. Restatements

For the year ended December 31, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances.

| Fund Name | Balance as of December 31, 2013 | Prior Period Adjustment | Balance as of January 1, 2014 |
|--------------------------------|---------------------------------------|----------------------------|-------------------------------------|
| Metro Center | \$ 1,521 | \$ (829) | \$ 692 |
| Metro Center Fund 846 | - | 2,189 | 2,189 |
| City Clerk - Civil Division | 11,969 | 5,274 | 17,243 |
| City Clerk - Criminal Division | 1,204,106 | (206,047) | 998,059 |

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

On June 8, 2015, the City amended and restated the original Fifth Third equipment loan from December 2012. The City used the additional funds to lease/purchase an additional 20 police cars. The new lease amount is \$2,705,589, and extends from 2015 through 2023.

On June 8, 2015, the City entered into a new lease/purchase with Fifth Third bank in the amount of \$1,200,000 to use for a Vehicle Maintenance Building. The lease extends from 2015 through 2023.

The City refinanced the 2014 Bond Anticipation Note (BAN) of \$13,200,000 maturing in 2015. The BAN was refinanced for one year for a 2015 Bond Anticipation Note in the amount of \$13,565,000 – Series 2015B.

Note 10. 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 Annual Financial Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The 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, 2014

| | General | Motor Vehicle Highway | Local Road And Street | Law Enforcement Continuing Ed | Unsafe Building | Riverboat | Parks And Recreation | Cumulative Capital Development |
|--|----------------|-----------------------------|--------------------------------|--|--------------------|--------------|----------------------------|--------------------------------------|
| Cash and investments - beginning | \$ (4,036,043) | \$ 213,520 | \$ 405 | \$ 190,268 | \$ 100,608 | \$ 4,904,742 | \$ 569 | \$ 451,481 |
| Receipts: | | | | | | | | |
| Taxes | 29,541,947 | - | - | - | - | - | 1,327,891 | 63,715 |
| Licenses and permits | 1,217,889 | - | - | 22,280 | - | - | - | - |
| Intergovernmental | 2,094,713 | 2,946,987 | 925,399 | - | - | 21,920,569 | 83,596 | 4,011 |
| Charges for services | 28,765 | - | - | 47,891 | - | - | 10,016 | - |
| Fines and forfeits | 1,052,380 | - | - | 20,022 | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - | - |
| Other receipts | 45,102,115 | 253 | 4,591 | 60 | 41,409 | 4,202,707 | 388,352 | 80,000 |
| Total receipts | 79,037,809 | 2,947,240 | 929,990 | 90,253 | 41,409 | 26,123,276 | 1,809,855 | 147,726 |
| Disbursements: | | | | | | | | |
| Personal services | 38,507,234 | 824,502 | - | - | - | 696,000 | 602,724 | - |
| Supplies | 1,180,003 | 280,325 | 608,863 | 13,090 | - | - | 15,719 | 42,900 |
| Other services and charges | 8,885,201 | 1,618,662 | 106,523 | 127,954 | 67,327 | 15,134,498 | 278,534 | 83,059 |
| Debt service - principal and interest | 19,840,245 | 28,606 | 36,000 | - | - | 201,831 | 330,736 | - |
| Capital outlay | 41,442 | - | 7,495 | 9,691 | - | 1,200,000 | - | 281,704 |
| Utility operating expenses | - | - | - | - | - | - | - | - |
| Other disbursements | 12,714,581 | - | - | - | - | 12,778,804 | 150,420 | - |
| Total disbursements | 81,168,706 | 2,752,095 | 758,881 | 150,735 | 67,327 | 30,011,133 | 1,378,133 | 407,663 |
| Excess (deficiency) of receipts over disbursements | (2,130,897) | 195,145 | 171,109 | (60,482) | (25,918) | (3,887,857) | 431,722 | (259,937) |
| Cash and investments - ending | \$ (6,166,940) | \$ 408,665 | \$ 171,514 | \$ 129,786 | \$ 74,690 | \$ 1,016,885 | \$ 432,291 | \$ 191,544 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Cumulative Capital Improvement | Self-Insurance | Police Pension | Fire Pension | J-Pit/Landfill Management | Geminus Grant | FireFighter Safer Grant | Note Reserve (8.5 Million) |
|---|--------------------------------------|----------------|-------------------|-----------------|------------------------------|------------------|-------------------------------|-------------------------------|
| Cash and investments - beginning | \$ 75,754 | \$ (714,593) | \$ 1,021,334 | \$ 2,225,148 | \$ 185,870 | \$ 11,504 | \$ (250,490) | \$ 2,000,949 |
| Receipts: | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | 212,389 | - | 4,851,185 | 4,609,474 | - | 17,417 | 266,347 | - |
| Charges for services | - | - | - | - | 75,664 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - | - |
| Other receipts | 1,354 | 10,031,438 | 2,148,755 | 247,957 | - | - | - | 306 |
| Total receipts | 213,743 | 10,031,438 | 6,999,940 | 4,857,431 | 75,664 | 17,417 | 266,347 | 306 |
| Disbursements: | | | | | | | | |
| Personal services | - | 9,061,634 | - | - | - | 12,698 | - | - |
| Supplies | 229,806 | - | 125 | 390 | - | 5,382 | - | - |
| Other services and charges | - | - | 4,872,316 | 4,574,674 | - | - | - | - |
| Debt service - principal and interest | - | - | - | 3,840 | - | - | - | - |
| Capital outlay | 17,886 | 5,125 | - | - | 100 | 724 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - | - |
| Other disbursements | - | 16,448 | 2,145,167 | 240,000 | - | - | - | 2,001,245 |
| Total disbursements | 247,692 | 9,083,207 | 7,017,608 | 4,818,904 | 100 | 18,804 | - | 2,001,245 |
| Excess (deficiency) of receipts over disbursements | (33,949) | 948,231 | (17,668) | 38,527 | 75,564 | (1,387) | 266,347 | (2,000,939) |
| Cash and investments - ending | \$ 41,805 | \$ 233,638 | \$ 1,003,666 | \$ 2,263,675 | \$ 261,434 | \$ 10,117 | \$ 15,857 | \$ 10 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | GSD Bond Revenue | Metro Center | Regional Development Authority | ARRA Public Works | 2012 Genesis Center Renovation | Equipment Fund | Equipment Lease Reserve |
|--|------------------------|-----------------|--------------------------------------|-------------------------|---|-------------------|-------------------------------|
| Cash and investments - beginning | \$ 10,571,817 | \$ 692 | \$ - | \$ 2,035 | \$ 329,196 | \$ 246,579 | \$ 335,000 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 1,045 | 47,159 | 10,375,000 | 1,491 | 15,738 | 140,869 | 49,564 |
| Total receipts | <u>1,045</u> | <u>47,159</u> | <u>10,375,000</u> | <u>1,491</u> | <u>15,738</u> | <u>140,869</u> | <u>49,564</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 12,242 | - | - | 3,525 | 91,975 | - | - |
| Debt service - principal and interest | - | - | 10,375,000 | - | - | 387,448 | - |
| Capital outlay | 162,602 | - | - | - | 187,419 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 43,782 | - | - | 15,738 | - | - |
| Total disbursements | <u>174,844</u> | <u>43,782</u> | <u>10,375,000</u> | <u>3,525</u> | <u>295,132</u> | <u>387,448</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(173,799)</u> | <u>3,377</u> | <u>-</u> | <u>(2,034)</u> | <u>(279,394)</u> | <u>(246,579)</u> | <u>49,564</u> |
| Cash and investments - ending | <u>\$ 10,398,018</u> | <u>\$ 4,069</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 49,802</u> | <u>\$ -</u> | <u>\$ 384,564</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Lets Move Project | Fire Department Equipment | Department of Commerce | Cops Technology | Note Repayment | Narcotics Vice | Health Radon Gas |
|--|-------------------------|---------------------------------|------------------------------|--------------------|-------------------|-------------------|------------------------|
| Cash and investments - beginning | \$ 4,838 | \$ 261 | \$ 11,793 | \$ 26,875 | \$ - | \$ 9,180 | \$ 4,011 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 91,995 | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | 2,878,426 | - | - |
| Total receipts | - | - | - | 91,995 | 2,878,426 | - | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | 24,430 | - | - | - |
| Other services and charges | 560 | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | 2,878,426 | - | - |
| Capital outlay | - | - | - | 94,440 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 560 | - | - | 118,870 | 2,878,426 | - | - |
| Excess (deficiency) of receipts over disbursements | (560) | - | - | (26,875) | - | - | - |
| Cash and investments - ending | <u>\$ 4,278</u> | <u>\$ 261</u> | <u>\$ 11,793</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,180</u> | <u>\$ 4,011</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Gun Buy Back | Law Non-reverting | Fair Housing | TIF Bond Reserve | 2012 Note Payment | Equipment Lease | Casino Capital |
|--|--------------------|----------------------|-----------------|------------------------|-------------------------|--------------------|-------------------|
| Cash and investments - beginning | \$ 3,500 | \$ 50,134 | \$ 873 | \$ 860,000 | \$ - | \$ 228,234 | \$ 6,345 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 47,800 | - | - | - | 162,571 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 99,432 | - | - | 901,423 | 76,905 | - |
| Total receipts | - | 99,432 | 47,800 | - | 901,423 | 76,905 | 162,571 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 14,403 | - | - | - | - |
| Supplies | - | 1,114 | 2,028 | - | - | - | - |
| Other services and charges | - | 148,068 | 23,522 | - | - | - | 168,916 |
| Debt service - principal and interest | - | - | - | - | 901,423 | - | - |
| Capital outlay | - | - | - | - | - | 226,148 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | 49,564 | - |
| Total disbursements | - | 149,182 | 39,953 | - | 901,423 | 275,712 | 168,916 |
| Excess (deficiency) of receipts over disbursements | - | (49,750) | 7,847 | - | - | (198,807) | (6,345) |
| Cash and investments - ending | \$ 3,500 | \$ 384 | \$ 8,720 | \$ 860,000 | \$ - | \$ 29,427 | \$ - |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Inspection Program | WCI/UCI Benefit | Safe Route Plan | Unsafe Building | Green Urbanism | Metro Center Fund 846 | Fire Watch |
|--|-----------------------|--------------------|-----------------------|--------------------|-------------------|--------------------------------|------------------|
| Cash and investments - beginning | \$ 361,442 | \$ - | \$ 13,395 | \$ 1,000,000 | \$ 15,621 | \$ 2,189 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 7,755 | - | - | - | - |
| Charges for services | 222,503 | - | - | - | - | - | 65,352 |
| Fines and forfeits | 50,125 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 1,125,654 | - | 269,802 | - | - | - |
| Total receipts | <u>272,628</u> | <u>1,125,654</u> | <u>7,755</u> | <u>269,802</u> | <u>-</u> | <u>-</u> | <u>65,352</u> |
| Disbursements: | | | | | | | |
| Personal services | 61,096 | 1,121,171 | - | - | - | - | - |
| Supplies | 270 | - | - | - | 1,960 | - | - |
| Other services and charges | 133,779 | - | 35,250 | 1,149,425 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>195,145</u> | <u>1,121,171</u> | <u>35,250</u> | <u>1,149,425</u> | <u>1,960</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>77,483</u> | <u>4,483</u> | <u>(27,495)</u> | <u>(879,623)</u> | <u>(1,960)</u> | <u>-</u> | <u>65,352</u> |
| Cash and investments - ending | <u>\$ 438,925</u> | <u>\$ 4,483</u> | <u>\$ (14,100)</u> | <u>\$ 120,377</u> | <u>\$ 13,661</u> | <u>\$ 2,189</u> | <u>\$ 65,352</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Domestic Violence Prevention and Treatment | Out of School Time Grant | KirkYard TIF | Blight Elimination Program | US Conference of Mayors | Nat League of Cities | 6th & Broadway |
|--|---|--------------------------------|-------------------|----------------------------------|-------------------------------|----------------------------|-------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | 441,806 | - | - | - | 149,224 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 26,729 | 26,200 | 32,652 | - | 15,000 | 71,000 | 14,207 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | 12,000 | - | - | - |
| Total receipts | 26,729 | 26,200 | 474,458 | 12,000 | 15,000 | 71,000 | 163,431 |
| Disbursements: | | | | | | | |
| Personal services | - | 2,146 | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 245 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 26,729 | - | - | - | - | 6,459 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | 163,431 |
| Total disbursements | 26,729 | 2,146 | - | 245 | - | 6,459 | 163,431 |
| Excess (deficiency) of receipts over disbursements | - | 24,054 | 474,458 | 11,755 | 15,000 | 64,541 | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 24,054</u> | <u>\$ 474,458</u> | <u>\$ 11,755</u> | <u>\$ 15,000</u> | <u>\$ 64,541</u> | <u>\$ -</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Maternal Child Health Infant Mortality | City Pmt - Lieu of Tax | Healthy Start Donation | YSB Donations | CEDIT | Public Safety Income Tax | 2013A Casino RB |
|---|---|---------------------------|------------------------------|------------------|-----------|-----------------------------------|-----------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 54,744 | 81,960 | - | - | 3,969,504 | 4,251,567 | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | 72,007 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | 1,700 | 3,717 | - | - | 13,214,994 |
| Total receipts | 126,751 | 81,960 | 1,700 | 3,717 | 3,969,504 | 4,251,567 | 13,214,994 |
| Disbursements: | | | | | | | |
| Personal services | 51,320 | - | - | - | - | 4,236,031 | 3,000,000 |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 26,193 | - | - | 2,675 | 3,962,712 | - | 9,002,550 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | 1,200,000 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 77,513 | - | - | 2,675 | 3,962,712 | 4,236,031 | 13,202,550 |
| Excess (deficiency) of receipts over disbursements | 49,238 | 81,960 | 1,700 | 1,042 | 6,792 | 15,536 | 12,444 |
| Cash and investments - ending | \$ 49,238 | \$ 81,960 | \$ 1,700 | \$ 1,042 | \$ 6,792 | \$ 15,536 | \$ 12,444 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | GSD Marquette Park Lagoon | Operation Pull Over | Geminus | Elimination of Disparities | Tobacco | Ambulance/EMS Nonreverting | Protective Services Grant I |
|--|------------------------------------|---------------------------|---------|----------------------------------|-------------|-------------------------------|-----------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ 30,707 | \$ - | \$ 54,813 | \$ (1,033,929) |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 1,038,275 | 57,563 | - | - |
| Charges for services | - | - | - | - | - | 1,149,286 | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 119,861 | - | 1,620 | - | - | 17,896 | - |
| Total receipts | 119,861 | - | 1,620 | 1,038,275 | 57,563 | 1,167,182 | - |
| Disbursements: | | | | | | | |
| Personal services | - | 1,100 | - | 856,127 | 80,245 | - | - |
| Supplies | - | - | - | 5,888 | 2,503 | 59,816 | - |
| Other services and charges | - | - | - | 212,996 | 13,981 | 157,274 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 59,997 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | 1,620 | - | - | - | - |
| Total disbursements | - | 1,100 | 1,620 | 1,075,011 | 96,729 | 277,087 | - |
| Excess (deficiency) of receipts over disbursements | 119,861 | (1,100) | - | (36,736) | (39,166) | 890,095 | - |
| Cash and investments - ending | \$ 119,861 | \$ (1,100) | \$ - | \$ (6,029) | \$ (39,166) | \$ 944,908 | \$ (1,033,929) |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Protective Services Grant II | Equal Opportunity Commission Hr | Tourism Project | Youth Services Bureau | Home Program | Emergency Shelter Grant | Brownfield |
|--|------------------------------------|--|--------------------|-----------------------------|------------------|-------------------------------|-----------------|
| Cash and investments - beginning | \$ 49,014 | \$ 19,428 | \$ 88,352 | \$ 223,885 | \$ 5,900 | \$ 6,226 | \$ 90,711 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 38,530 | 37,172 | 75,270 | 894,641 | 329,421 | 269,802 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 145,210 | - | - | - | - | - | - |
| Total receipts | <u>145,210</u> | <u>38,530</u> | <u>37,172</u> | <u>75,270</u> | <u>894,641</u> | <u>329,421</u> | <u>269,802</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 50,298 | - | 119,747 | 43,994 | 18,149 | - |
| Supplies | 17,355 | - | - | 152,241 | - | 505 | - |
| Other services and charges | 41,466 | 2,596 | 48,933 | 28,041 | 839,822 | 309,484 | 355,012 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 70,255 | - | - | 1,923 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | 6,267 | - |
| Total disbursements | <u>129,076</u> | <u>52,894</u> | <u>48,933</u> | <u>301,952</u> | <u>883,816</u> | <u>334,405</u> | <u>355,012</u> |
| Excess (deficiency) of receipts over disbursements | <u>16,134</u> | <u>(14,364)</u> | <u>(11,761)</u> | <u>(226,682)</u> | <u>10,825</u> | <u>(4,984)</u> | <u>(85,210)</u> |
| Cash and investments - ending | <u>\$ 65,148</u> | <u>\$ 5,064</u> | <u>\$ 76,591</u> | <u>\$ (2,797)</u> | <u>\$ 16,725</u> | <u>\$ 1,242</u> | <u>\$ 5,501</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Healthy Families | Marquette Park | Gleason Golf Course | Emergency Shelter | Comprehensive Community Program | Landfill Closure | Landfill Trust |
|--|---------------------|-------------------|---------------------------|----------------------|---------------------------------------|---------------------|---------------------|
| Cash and investments - beginning | \$ 6,162 | \$ 12,644 | \$ 1 | \$ (396,685) | \$ 25,855 | \$ 91,595 | \$ 1,220,963 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | 100,500 | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 129,315 | - | - | - |
| Charges for services | 11,076 | 220,397 | 134,614 | 6,509 | - | - | - |
| Fines and forfeits | - | - | - | - | 49,116 | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | 60,880 | 103 | - | 21,212 |
| Total receipts | <u>11,076</u> | <u>220,397</u> | <u>134,614</u> | <u>297,204</u> | <u>49,219</u> | <u>-</u> | <u>21,212</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 111,385 | 65,651 | 393,145 | - | - | - |
| Supplies | 3,374 | 11,631 | 16,756 | 13,101 | 5,173 | - | - |
| Other services and charges | 79 | 103,561 | 49,748 | 40,872 | 40,430 | 50,558 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 1,215 | - | - | - | 19,328 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | 12,260 | - | - | 49,955 |
| Total disbursements | <u>4,668</u> | <u>226,577</u> | <u>132,155</u> | <u>459,378</u> | <u>64,931</u> | <u>50,558</u> | <u>49,955</u> |
| Excess (deficiency) of receipts over disbursements | <u>6,408</u> | <u>(6,180)</u> | <u>2,459</u> | <u>(162,174)</u> | <u>(15,712)</u> | <u>(50,558)</u> | <u>(28,743)</u> |
| Cash and investments - ending | <u>\$ 12,570</u> | <u>\$ 6,464</u> | <u>\$ 2,460</u> | <u>\$ (558,859)</u> | <u>\$ 10,143</u> | <u>\$ 41,037</u> | <u>\$ 1,192,220</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Solid Waste Recycling Project | Environmental Management | Health And Human Services | Supplemental Adult Probation Svcs | Gary Health Department Rental | Park Nonreverting | Vehicle Auction |
|--|--|-----------------------------|---------------------------------|--|--|----------------------|--------------------|
| Cash and investments - beginning | \$ 177,233 | \$ 13,586 | \$ (403,642) | \$ 83,956 | \$ 7,355 | \$ 4,210 | \$ 3 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 296,166 | - | - | - | - |
| Charges for services | 450,977 | - | - | - | 5,463 | 125,706 | - |
| Fines and forfeits | - | - | 39,063 | 88,962 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 28 | 258,204 |
| Total receipts | 450,977 | - | 335,229 | 88,962 | 5,463 | 125,734 | 258,204 |
| Disbursements: | | | | | | | |
| Personal services | 482,915 | - | 324,129 | 136,055 | - | 107,481 | 976 |
| Supplies | 8,426 | - | 17,160 | - | - | 8,570 | 3,295 |
| Other services and charges | 27,777 | - | 95,377 | - | 3,998 | 7,644 | 28,152 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 519,118 | - | 436,666 | 136,055 | 3,998 | 123,695 | 32,423 |
| Excess (deficiency) of receipts over disbursements | (68,141) | - | (101,437) | (47,093) | 1,465 | 2,039 | 225,781 |
| Cash and investments - ending | \$ 109,092 | \$ 13,586 | \$ (505,079) | \$ 36,863 | \$ 8,820 | \$ 6,249 | \$ 225,784 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Bioterrorism | Community Development Block Grant | Redevelopment Operating | Summer Jobs Training Program | Fair Housing Project | Genesis Civic Center | Media |
|--|--------------------|--|----------------------------|---------------------------------------|----------------------------|----------------------------|-------------------|
| Cash and investments - beginning | \$ (18,102) | \$ 223,218 | \$ 11,786 | \$ 8,776 | \$ 33,753 | \$ 324 | \$ 340,175 |
| Receipts: | | | | | | | |
| Taxes | - | - | 120,350 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 83,779 | 2,948,142 | 7,392 | - | 52,800 | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | 468,059 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 36,737 | 4,053 | 37,000 | - | 150,000 | 24 |
| Total receipts | <u>83,779</u> | <u>2,984,879</u> | <u>131,795</u> | <u>37,000</u> | <u>52,800</u> | <u>150,000</u> | <u>468,083</u> |
| Disbursements: | | | | | | | |
| Personal services | 13,568 | 1,434,390 | 94,976 | 45,456 | 47,189 | 114,243 | 274,365 |
| Supplies | 11,050 | 14,480 | - | - | 426 | 19,555 | 9,753 |
| Other services and charges | 57,757 | 1,552,836 | 5,675 | - | 2,282 | 5,150 | 152,796 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 10,751 | - | - | - | - | 6,731 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 2,565 | 30,000 | - | - | - | - |
| Total disbursements | <u>82,375</u> | <u>3,015,022</u> | <u>130,651</u> | <u>45,456</u> | <u>49,897</u> | <u>138,948</u> | <u>443,645</u> |
| Excess (deficiency) of receipts over disbursements | <u>1,404</u> | <u>(30,143)</u> | <u>1,144</u> | <u>(8,456)</u> | <u>2,903</u> | <u>11,052</u> | <u>24,438</u> |
| Cash and investments - ending | <u>\$ (16,698)</u> | <u>\$ 193,075</u> | <u>\$ 12,930</u> | <u>\$ 320</u> | <u>\$ 36,656</u> | <u>\$ 11,376</u> | <u>\$ 364,613</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Clerk Perpetuation | Genesis Center Operating | Leased Properties - Gary Bldg Corp. | State Air Grant | Hazardous Material | Economic Development Bond Comm | Alcohol And Drug Treatment |
|--|-----------------------|--------------------------------|--|-----------------------|-----------------------|---|-------------------------------------|
| Cash and investments - beginning | \$ 12,564 | \$ 20,450 | \$ (421,334) | \$ 651 | \$ 47,884 | \$ 14,800 | \$ 6,435 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | 12,726 | - | 82,340 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | 2,875 | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 524,795 | - | - | 3,804 | 11 | 54,200 |
| Total receipts | <u>12,726</u> | <u>524,795</u> | <u>82,340</u> | <u>-</u> | <u>3,804</u> | <u>2,886</u> | <u>54,200</u> |
| Disbursements: | | | | | | | |
| Personal services | 15,496 | 233,004 | - | - | - | - | 60,607 |
| Supplies | - | 185,223 | - | - | - | - | - |
| Other services and charges | - | 120,852 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 48,980 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>15,496</u> | <u>539,079</u> | <u>-</u> | <u>-</u> | <u>48,980</u> | <u>-</u> | <u>60,607</u> |
| Excess (deficiency) of receipts over disbursements | <u>(2,770)</u> | <u>(14,284)</u> | <u>82,340</u> | <u>-</u> | <u>(45,176)</u> | <u>2,886</u> | <u>(6,407)</u> |
| Cash and investments - ending | <u>\$ 9,794</u> | <u>\$ 6,166</u> | <u>\$ (338,994)</u> | <u>\$ 651</u> | <u>\$ 2,708</u> | <u>\$ 17,686</u> | <u>\$ 28</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | New Birth Grant | Remote Encoding Center | Mayor Donations | Lakefront Development | Social Services | Special Events | City Council Donations |
|--|-----------------------|------------------------------|--------------------|--------------------------|--------------------|-------------------|------------------------------|
| Cash and investments - beginning | \$ 22 | \$ 20,708 | \$ 434 | \$ 1,082,441 | \$ 2,099 | \$ 30,510 | \$ 445 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 2,565 | 28,719 | - | 2,220 | 48,955 | - |
| Total receipts | - | 2,565 | 28,719 | - | 2,220 | 48,955 | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 22,002 | 29,069 | - | 1,422 | 34,958 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | 402 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | - | 22,002 | 29,069 | - | 1,422 | 34,958 | 402 |
| Excess (deficiency) of receipts over disbursements | - | (19,437) | (350) | - | 798 | 13,997 | (402) |
| Cash and investments - ending | \$ 22 | \$ 1,271 | \$ 84 | \$ 1,082,441 | \$ 2,897 | \$ 44,507 | \$ 43 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Special Project Donations | Economic Development Trust | Community Development Loan Program | Police Donations | Weed And Seed | Welfare Excess | Human Relations |
|--|---------------------------------|----------------------------------|---|---------------------|------------------|-------------------|--------------------|
| Cash and investments - beginning | \$ 75 | \$ 311,611 | \$ 15,818 | \$ 10,848 | \$ 9,203 | \$ 6,264 | \$ 2,000 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 2,500,000 | 10,585 | - | 500 | - | 8 | - |
| Total receipts | 2,500,000 | 10,585 | - | 500 | - | 8 | - |
| Disbursements: | | | | | | | |
| Personal services | - | 41,293 | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 1,000,000 | 259,262 | 180 | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 1,500,000 | - | - | - | - | - | - |
| Total disbursements | 2,500,000 | 300,555 | 180 | - | - | - | - |
| Excess (deficiency) of receipts over disbursements | - | (289,970) | (180) | 500 | - | 8 | - |
| Cash and investments - ending | \$ 75 | \$ 21,641 | \$ 15,638 | \$ 11,348 | \$ 9,203 | \$ 6,272 | \$ 2,000 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | CMAQ Vehicles | Hope VI Pilot | Energy Efficient | Filming Fees | CHRP | Neighborhood Stabilization Program | Lead Base Paint Hazzard Control G |
|--|------------------|-------------------|---------------------|------------------|------------------|--|--|
| Cash and investments - beginning | \$ 216,059 | \$ 153,308 | \$ 1,098 | \$ 8,638 | \$ 63,198 | \$ 73,762 | \$ 56,867 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 165,556 | 91,629 | - | - | - | 561,297 | 53,221 |
| Charges for services | - | - | - | - | - | 27,264 | - |
| Fines and forfeits | - | - | - | 1,500 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 109,950 | - |
| Total receipts | <u>165,556</u> | <u>91,629</u> | <u>-</u> | <u>1,500</u> | <u>-</u> | <u>698,511</u> | <u>53,221</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 61,696 | - |
| Supplies | 223,998 | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | 558,301 | 33,625 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 145,901 | 35,033 | - | - | - | - | - |
| Total disbursements | <u>369,899</u> | <u>35,033</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>619,997</u> | <u>33,625</u> |
| Excess (deficiency) of receipts over disbursements | <u>(204,343)</u> | <u>56,596</u> | <u>-</u> | <u>1,500</u> | <u>-</u> | <u>78,514</u> | <u>19,596</u> |
| Cash and investments - ending | <u>\$ 11,716</u> | <u>\$ 209,904</u> | <u>\$ 1,098</u> | <u>\$ 10,138</u> | <u>\$ 63,198</u> | <u>\$ 152,276</u> | <u>\$ 76,463</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Redevelopment Bond | 2007 Multi Purpose Revenue Bonds | 2007 GO Judgment Funding Bonds | Baseball Maintenance | Grant/Buchanan Street Project | Park Construction | Clean Up/Beautification |
|--|-----------------------|---|---|-------------------------|-------------------------------------|----------------------|----------------------------|
| Cash and investments - beginning | \$ 1,000,360 | \$ 21,311 | \$ 583,879 | \$ 1 | \$ 43,014 | \$ 9,988 | \$ 294 |
| Receipts: | | | | | | | |
| Taxes | - | - | 781,011 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 31,134 | - | - | - | - |
| Charges for services | - | - | - | 150,000 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 245 | 91,364 | - | 225,000 | - | - | - |
| Total receipts | 245 | 91,364 | 812,145 | 375,000 | - | - | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 150,000 | 25 | - | - |
| Debt service - principal and interest | - | - | 887,825 | - | - | - | - |
| Capital outlay | - | 91,491 | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 1,000,583 | - | - | 225,000 | - | - | - |
| Total disbursements | 1,000,583 | 91,491 | 887,825 | 375,000 | 25 | - | - |
| Excess (deficiency) of receipts over disbursements | (1,000,338) | (127) | (75,680) | - | (25) | - | - |
| Cash and investments - ending | \$ 22 | \$ 21,184 | \$ 508,199 | \$ 1 | \$ 42,989 | \$ 9,988 | \$ 294 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | 911 Equipment | Small Farms TIF District | Consolidated Area TIF District | Lakefront TIF District | TIF Replacement | Marquette Renovation | Lady Liberty Restoration |
|--|------------------|-----------------------------|--------------------------------------|---------------------------|--------------------|-------------------------|--------------------------------|
| Cash and investments - beginning | \$ 494 | \$ 64,828 | \$ 518,850 | \$ 4,012,245 | \$ 73,071 | \$ 984 | \$ 442 |
| Receipts: | | | | | | | |
| Taxes | - | - | 1,099,728 | 489,604 | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 189,993 | 137,094 | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 350,000 | 526,824 | 10,613,986 | - | 570,349 | - |
| Total receipts | - | 350,000 | 1,816,545 | 11,240,684 | - | 570,349 | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | 69,023 | 1,073,763 | - | - | - |
| Debt service - principal and interest | - | - | 437,725 | - | - | - | - |
| Capital outlay | - | - | 9,395 | 268,519 | - | 307,223 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 414,828 | 901,423 | 10,313,322 | 73,071 | 263,127 | - |
| Total disbursements | - | 414,828 | 1,417,566 | 11,655,604 | 73,071 | 570,350 | - |
| Excess (deficiency) of receipts over disbursements | - | (64,828) | 398,979 | (414,920) | (73,071) | (1) | - |
| Cash and investments - ending | <u>\$ 494</u> | <u>\$ -</u> | <u>\$ 917,829</u> | <u>\$ 3,597,325</u> | <u>\$ -</u> | <u>\$ 983</u> | <u>\$ 442</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | GUEA Properties | Downtown Mall TIF District | Madison Avenue TIF District | Washington Manor TIF District | Consolidated Area Exp TIF District | Midwest Center TIF District | Lancaster Dusable TIF District |
|--|--------------------|-------------------------------|--------------------------------|-------------------------------------|--|-----------------------------------|--------------------------------------|
| Cash and investments - beginning | \$ 2,642 | \$ 31,963 | \$ 459,692 | \$ 16,886 | \$ 349,499 | \$ 418,214 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | 9,427 | 79,780 | - | 224,171 | 192,076 | 31,272 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 873 | 10,990 | - | 35,727 | 19,646 | 4,308 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 127,158 | - |
| Total receipts | - | 10,300 | 90,770 | - | 259,898 | 338,880 | 35,580 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | 154,083 | 293,316 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 172,839 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 42,263 | - | 16,886 | 282,475 | - | - |
| Total disbursements | - | 42,263 | - | 16,886 | 609,397 | 293,316 | - |
| Excess (deficiency) of receipts over disbursements | - | (31,963) | 90,770 | (16,886) | (349,499) | 45,564 | 35,580 |
| Cash and investments - ending | \$ 2,642 | \$ - | \$ 550,462 | \$ - | \$ - | \$ 463,778 | \$ 35,580 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | FEMA Grant - Fire Department | Joint Public Safety Training | Dalton Arms TIF District | County Market TIF District | SR 912 No. 1 TIF District | SR 912 No. 2 TIF District | Kenney's Ribs TIF District |
|--|------------------------------------|---------------------------------------|-----------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|
| Cash and investments - beginning | \$ 2,505 | \$ 3,541 | \$ 90,982 | \$ 229,489 | \$ 15,757 | \$ 172,009 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | 108,088 | 213,999 | 5,045 | 109,231 | 4,240 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 21,120 | 28,657 | 505 | 9,340 | 4,241 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 3,750 | 34,153 | - | - | - | - |
| Total receipts | - | 3,750 | 163,361 | 242,656 | 5,550 | 118,571 | 8,481 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | 4,137 | - | - | - | - | - |
| Other services and charges | - | 3,091 | - | - | - | - | - |
| Debt service - principal and interest | - | - | 235,019 | 387,743 | - | - | - |
| Capital outlay | 1,134 | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 21,307 | 290,580 | - |
| Total disbursements | 1,134 | 7,228 | 235,019 | 387,743 | 21,307 | 290,580 | - |
| Excess (deficiency) of receipts over disbursements | (1,134) | (3,478) | (71,658) | (145,087) | (15,757) | (172,009) | 8,481 |
| Cash and investments - ending | <u>\$ 1,371</u> | <u>\$ 63</u> | <u>\$ 19,324</u> | <u>\$ 84,402</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,481</u> |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Fire Capital Equipment | Gary City Center Allocation Area | Truck City Of Gary Allocation Area | Payroll | County Health | Empowerment Zone | Empowerment Zone Revolving |
|--|------------------------------|--|--|-----------|------------------|---------------------|----------------------------------|
| Cash and investments - beginning | \$ 17,014 | \$ 35,497 | \$ 167,097 | \$ 4,707 | \$ 1,580 | \$ 10,569 | \$ 4,132 |
| Receipts: | | | | | | | |
| Taxes | - | 34,848 | 162,007 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 10,573 | 16,283 | - | - | - | - |
| Charges for services | - | - | - | - | 6,538 | - | - |
| Fines and forfeits | - | - | - | - | - | - | 23,928 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 55,497 | - | - | 55,279 | - | 242,999 | 390,203 |
| Total receipts | 55,497 | 45,421 | 178,290 | 55,279 | 6,538 | 242,999 | 414,131 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | 6,292 | 212,325 | 131,518 |
| Debt service - principal and interest | - | - | 254,068 | - | - | - | - |
| Capital outlay | 23,364 | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 80,918 | - | - | - | 16,946 | 136,350 |
| Total disbursements | 23,364 | 80,918 | 254,068 | - | 6,292 | 229,271 | 267,868 |
| Excess (deficiency) of receipts over disbursements | 32,133 | (35,497) | (75,778) | 55,279 | 246 | 13,728 | 146,263 |
| Cash and investments - ending | \$ 49,147 | \$ - | \$ 91,319 | \$ 59,986 | \$ 1,826 | \$ 24,297 | \$ 150,395 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (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 | \$ 207 | \$ 376 | \$ 17,243 | \$ 998,059 | \$ 16,248 | \$ 90,827 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | 280 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 84,551 | 100 | 116,606 | 1,281,421 | - | 43 |
| Total receipts | - | 84,831 | 100 | 116,606 | 1,281,421 | - | 43 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 25,094 | - | - | - | - | 13,890 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 52,865 | - | 122,386 | 1,464,899 | - | - |
| Total disbursements | - | 77,959 | - | 122,386 | 1,464,899 | - | 13,890 |
| Excess (deficiency) of receipts over disbursements | - | 6,872 | 100 | (5,780) | (183,478) | - | (13,847) |
| Cash and investments - ending | \$ 923 | \$ 7,079 | \$ 476 | \$ 11,463 | \$ 814,581 | \$ 16,248 | \$ 76,980 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Withholdings | Supplemental Public Defender | LEDC - Empowerment Zone | Confiscated Property | Salary Fee Judicial | Gary Storm Water Management District (GSWMD) | GSWMD E. Ridge Road Project |
|--|-------------------|------------------------------------|-------------------------------|-------------------------|---------------------------|---|-----------------------------------|
| Cash and investments - beginning | \$ 153,719 | \$ 58,524 | \$ 886 | \$ 207,241 | \$ 19,961 | \$ 3,245,821 | \$ 42,921 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 1,374,706 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 17,502 | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | 34,110 | 110 | - | 29,408 | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 23,985,776 | - | - | - | - | 13,664 | - |
| Total receipts | <u>23,985,776</u> | <u>34,110</u> | <u>110</u> | <u>17,502</u> | <u>29,408</u> | <u>1,388,370</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 35,194 | - | - | 31,181 | 179,809 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 65,344 | - | 6,790 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 213,958 | - |
| Utility operating expenses | - | - | - | - | - | 616,070 | - |
| Other disbursements | 23,990,074 | - | - | - | - | - | - |
| Total disbursements | <u>23,990,074</u> | <u>35,194</u> | <u>-</u> | <u>65,344</u> | <u>31,181</u> | <u>1,016,627</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(4,298)</u> | <u>(1,084)</u> | <u>110</u> | <u>(47,842)</u> | <u>(1,773)</u> | <u>371,743</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 149,421</u> | <u>\$ 57,440</u> | <u>\$ 996</u> | <u>\$ 159,399</u> | <u>\$ 18,188</u> | <u>\$ 3,617,564</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, 2014
 (Continued)

| | Gary Sanitary District (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 | \$ 2,995,349 | \$ 1,852,335 | \$ 27,214 | \$ 95,349 | \$ 444,193 | \$ 2,434,395 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | 406,919 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 888 | - | - | 49,908 | - | 112,721 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | 27,183,578 | - | - | - | - | - |
| Other receipts | - | 1,507,718 | 2,852,033 | 43 | 15 | 4,800,201 | 1,884,471 |
| Total receipts | - | 28,692,184 | 2,852,033 | 43 | 49,923 | 4,800,201 | 2,404,111 |
| Disbursements: | | | | | | | |
| Personal services | - | 5,480,021 | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 785,434 | - | - | - | - | - |
| Debt service - principal and interest | - | - | 1,385,483 | - | - | - | 1,338,367 |
| Capital outlay | - | 920,433 | - | - | - | - | - |
| Utility operating expenses | - | 11,913,806 | - | - | - | 4,608,116 | - |
| Other disbursements | - | 9,940,978 | 1,338,367 | - | - | - | - |
| Total disbursements | - | 29,040,672 | 2,723,850 | - | - | 4,608,116 | 1,338,367 |
| Excess (deficiency) of receipts over disbursements | - | (348,488) | 128,183 | 43 | 49,923 | 192,085 | 1,065,744 |
| Cash and investments - ending | \$ 56,633 | \$ 2,646,861 | \$ 1,980,518 | \$ 27,257 | \$ 145,272 | \$ 636,278 | \$ 3,500,139 |

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (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 | \$ 3,500,299 | \$ 2,142,703 | \$ 7,173,452 | \$ 1,981 | \$ 68,005 | \$ 114,468 | \$ 57,313,035 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | 37,071,585 |
| Licenses and permits | - | - | - | - | - | - | 1,240,169 |
| Intergovernmental | - | - | - | - | 29,939 | 12,160 | 54,659,344 |
| Charges for services | - | - | - | - | - | - | 2,833,087 |
| Fines and forfeits | - | - | - | - | - | - | 1,931,945 |
| Utility fees | - | - | - | - | - | - | 27,183,578 |
| Other receipts | 1,863 | 239,599 | 4,007,665 | - | - | - | 149,665,932 |
| Total receipts | 1,863 | 239,599 | 4,007,665 | - | 29,939 | 12,160 | 274,585,640 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | 69,144,844 |
| Supplies | - | - | - | - | - | - | 3,200,821 |
| Other services and charges | - | - | - | - | - | - | 59,794,341 |
| Debt service - principal and interest | - | - | - | - | - | - | 39,909,785 |
| Capital outlay | - | - | 649,756 | - | - | - | 6,345,658 |
| Utility operating expenses | - | - | 73,031 | - | - | - | 17,211,023 |
| Other disbursements | 575,378 | - | - | - | - | - | 83,666,807 |
| Total disbursements | 575,378 | - | 722,787 | - | - | - | 279,273,279 |
| Excess (deficiency) of receipts over disbursements | (573,515) | 239,599 | 3,284,878 | - | 29,939 | 12,160 | (4,687,639) |
| Cash and investments - ending | \$ 2,926,784 | \$ 2,382,302 | \$ 10,458,330 | \$ 1,981 | \$ 97,944 | \$ 126,628 | \$ 52,625,396 |

CITY OF GARY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--------------------------------|-----------------|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| Fifth Third | Fire Truck | \$ 384,564 | 12/1/2012 | 1/1/2020 |
| Motorola Solutions Inc. | Radio Equipment | 427,305 | 10/1/2014 | 10/1/2019 |
| Total of annual lease payments | | <u>\$ 811,869</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------|---|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | City of Gary GO Judgement Funding Bonds Series 2007 | \$ 870,000 | \$ 889,575 |
| Revenue bonds | Tax Increment Revenue Bond Series 2012 | 2,935,000 | 888,638 |
| Notes and loans payable | 2014 Bond Anticipation Notes | <u>13,200,000</u> | <u>13,214,994</u> |
| Total governmental activities | | <u>17,005,000</u> | <u>14,993,207</u> |
| Gary Sanitary District: | | | |
| Revenue bonds | 2011 Revenue Bonds | 21,385,000 | 1,267,740 |
| Revenue bonds | 2013 Revenue Bonds | <u>11,110,000</u> | <u>1,500,065</u> |
| Total Gary Sanitary District | | <u>32,495,000</u> | <u>2,767,805</u> |
| Totals | | <u>\$ 49,500,000</u> | <u>\$ 17,761,012</u> |

CITY OF GARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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 | \$ 28,005,677 |
| Infrastructure | 142,581,843 |
| Buildings | 176,569,636 |
| Improvements other than buildings | 12,150,311 |
| Machinery, equipment, and vehicles | 39,562,112 |
| Total governmental activities | 398,869,579 |
| Storm Water Management District: | |
| Land | 320,084 |
| Infrastructure | 10,809,321 |
| Buildings | 4,003,564 |
| Machinery, equipment, and vehicles | 2,026,159 |
| Construction in progress | 1,189,140 |
| Total Storm Water Management District | 18,348,268 |
| Gary Sanitary District: | |
| Land | 1,535,679 |
| Infrastructure | 203,039,730 |
| Buildings | 104,862,937 |
| Improvements other than buildings | 3,663,735 |
| Machinery, equipment, and vehicles | 63,950,428 |
| Construction in progress | 3,811,032 |
| Total Gary Sanitary District | 380,863,541 |
| Total capital assets | \$ 798,081,388 |

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Highway Planning and Construction Cluster

As described in items 2014-006, 2014-007, and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Cash Management, Procurement, and Suspension and Debarment that are applicable to its Highway Planning and Construction Cluster. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

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

Qualified Opinion on Highway Planning and Construction Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 Highway Planning and Construction Cluster for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-004, 2014-005, 2014-006, 2014-007, and 2014-008 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

February 22, 2016

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, 2014

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---|---------------------------|--|-------------------------------------|
| <u>Department of Agriculture</u> | | | | |
| Child Nutrition Cluster | | | | |
| Summer Food Service Program for Children | Indiana Department of Education | 10.559 | FY2014 | \$ 103,569 |
| Child and Adult Care Food Program | Indiana Department of Education | 10.558 | FY2014 | 2,397 |
| Total - Department of Agriculture | | | | <u>105,966</u> |
| <u>Department of Housing and Urban Development</u> | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants/ Entitlement Grants | Direct | 14.218 | | |
| Neighborhood Stabilization Program (NSP-3) | | | B-11-MN-18-0005 | 320,319 |
| Neighborhood Stabilization Program (NSP-3) | | | Program Income | 95,641 |
| Neighborhood Stabilization Program (NSP-1) | | | B08MN180005 | 140,147 |
| Neighborhood Stabilization Program (NSP-1) | | | Program Income | 142,390 |
| Community Development Block Grant | | | B12MC180005 | 644,431 |
| Community Development Block Grant | | | B12 Program Income | 22,655 |
| Community Development Block Grant | | | B13MC180005 | 2,304,156 |
| Community Development Block Grant | | | B13 Program Income | <u>8,925</u> |
| Total - CDBG - Entitlement Grants Cluster | | | | <u>3,678,664</u> |
| Emergency Solutions Grants Program | Direct | 14.231 | | |
| Emergency Shelter Grant | | | E-11-MC-180005 | 107,861 |
| Emergency Shelter Grant | | | E-12-MC-180005 | 97,416 |
| Emergency Shelter Grant | | | E-13-MC-180005 | 110,700 |
| Emergency Shelter Grant | | | E-14-MC-180005 | 13,171 |
| Emergency Shelter Grant | | | S-10-MC-180005 | 273 |
| Emergency Shelter Grant Rainbow | Indiana Housing and Community Development Authority (IHEDA) | 14.231 | ES-013-023 | <u>3,298</u> |
| Total - Emergency Solutions Grant Program | | | | <u>332,719</u> |
| HOME Investment Partnerships Program | Direct | 14.239 | | |
| HOME Investment Partnerships Program | | | M-08-MC-180203 | 612,178 |
| HOME Investment Partnerships Program | | | M-10-MC-180203 | 171,757 |
| HOME Investment Partnerships Program | | | M-11-MC-180203 | 59,103 |
| HOME Investment Partnerships Program | | | M-12-MC-180203 | 8,243 |
| HOME Investment Partnerships Program | | | M-14-MC-180203 | <u>43,360</u> |
| Total - HOME Investment Partnerships Program | | | | <u>894,641</u> |
| Fair Housing Assistance Program_State and Local | Direct | 14.401 | | |
| Fair Housing Assistance Program | | | FF205K135012 | 47,800 |
| Fair Housing Assistance Partnership(FHAPP) | | | FF205K145012 | <u>32,800</u> |
| Total - Fair Housing Assistance Program_State and Local | | | | <u>80,600</u> |
| Total - Department of Housing and Urban Development | | | | <u>4,986,624</u> |
| <u>Department of Justice</u> | | | | |
| Crime Victim Assistance | Indiana Criminal Justice Institute | 16.575 | | |
| Crime Victim Assistance | | | 13VAGX003603 | <u>65,813</u> |
| Crime Victim Compensation | Indiana Criminal Justice Institute | 16.576 | | |
| Crime Victim Compensation | | | #03213VCGX003103 | 665 |
| Crime Victim Compensation | | | #03214VCGX005403 | <u>75</u> |
| Total - Crime Victim Compensation | | | | <u>740</u> |
| Violence Against Women Formula Grants | Indiana Criminal Justice Institute | 16.588 | | |
| Victim Awareness Education-STOP | | | #03213WFAX004703 | <u>10,562</u> |
| Bulletproof Vest Partnership Program | Direct | 16.607 | | |
| Bullet Proof Vests | | | BVP FY2014 | <u>5,096</u> |
| Public Safety Partnership and Community | Direct | 16.710 | | |
| Policing Grants | | | 2010-CK-WX-0354 | <u>91,995</u> |
| Technology Grant | | | | |
| Equitable Sharing Program | Direct | 16.922 | | |
| Equitable Sharing Program | | | DEA | <u>86,772</u> |
| Total - Department of Justice | | | | <u>260,978</u> |

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, 2014
(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 | Total Federal Awards Expended | | |
|---|--------------------------------------|---------------------------|--|-------------------------------------|--|--|
| <u>Department of Transportation</u> | | | | | | |
| Highway Planning and Construction Cluster | Indiana Department of Transportation | 20.205 | | | | |
| Highway Planning and Construction | | | | | | |
| City Wide Safe Routes to School Plan | | | DES# 1173663 | 7,755 | | |
| SR912 | | | DES#1173424 | 164,062 | | |
| CMAQ E-85 Fuel | | | DES#1173715 | <u>153,841</u> | | |
| Total - Department of Transportation | | | | <u>325,658</u> | | |
| <u>Equal Employment Opportunity Commission</u> | | | | | | |
| Employment Discrimination-State and Local | Direct | 30.002 | | | | |
| Fair Employment | | | | | | |
| Practices Agency Contracts | | | | | | |
| Fair Employment Practices/Discrimination | | | EECIN140007 | <u>52,893</u> | | |
| <u>Environmental Protection Agency</u> | | | | | | |
| Brownfields Assessment and Cleanup | Direct | 66.818 | | | | |
| Cooperative Agreements | | | | | | |
| EPA Brownfield Revolving Loan | | | BF965222-01-8 | <u>269,802</u> | | |
| <u>Department of Health and Human Services</u> | | | | | | |
| Hospital Preparedness Program (HPP) and | Indiana State Department of Health | 93.074 | | | | |
| Public Health Emergency | | | | | | |
| Preparedness (PHEP) Aligned Cooperative | | | | | | |
| Agreements | | | | | | |
| Bioterrorism | | | 2014(BP2)CRI LHD | 32,868 | | |
| Bioterrorism | | | A70-4-0532203 | 14,749 | | |
| Bioterrorism | | | A70-4-0532294 | 17,691 | | |
| Bioterrorism | | | A70-5-0532382 | <u>18,470</u> | | |
| Total - Hospital Preparedness Program (HPP) and | | | | | | |
| Public Health Emergency | | | | | | |
| Preparedness (PHEP) Aligned Cooperative | | | | <u>83,778</u> | | |
| Agreements | | | | | | |
| Immunization Cooperative Agreements | Indiana State Department of Health | 93.268 | | | | |
| Childhood Immunization | | | A70-3-073139 | 7,229 | | |
| Childhood Immunization | | | A70-4-073148 | <u>26,095</u> | | |
| Total - Immunization Cooperative Agreements | | | | <u>33,324</u> | | |
| Family Violence Prevention and Services/Domestic | Indiana Criminal Justice Institute | 93.671 | | | | |
| Violence Shelter and Supportive Services | | | | | | |
| Family Violence | | | 1301INFVPS | <u>6,128</u> | | |
| Preventive Health Services_Sexually Transmitted | Indiana State Department of Health | 93.977 | | | | |
| Diseases Control Grants | | | | | | |
| Sexually Transmitted Disease | | | A70-4-106093 | 115,174 | | |
| Sexually Transmitted Disease | | | STD 196-4 | <u>37,062</u> | | |
| Total - Preventive Health Services_Sexually | | | | <u>152,236</u> | | |
| Transmitted Diseases Control Grants | | | | | | |
| Maternal and Child Health Services Block Grant | Indiana State Department of Health | 93.994 | | | | |
| to the States | | | | | | |
| Maternal and Child Health Clinic | | | A70-4-069749 | <u>39,744</u> | | |
| Total - Department of Health and Human Services | | | | <u>315,210</u> | | |
| <u>Department of Homeland Security</u> | | | | | | |
| Assistance to Firefighters Grant | Direct | 97.044 | | | | |
| Firefighter Safer Grant | | | EMW-2010-FH-00740 | <u>266,346</u> | | |
| Total federal awards expended | | | | <u>\$ 6,583,477</u> | | |

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2014:

| Program Title | Federal CFDA Number | 2014 |
|---|---------------------------|-----------|
| Community Development Block Grants/Entitlement Grants | 14.218 | \$ 95,375 |
| Emergency Solutions Grants Program | 14.231 | 270,296 |

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? | yes |
| Noncompliance material to financial statement noted? | yes |

Federal Awards:

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

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 14.231 | CDBG - Entitlement Grants Cluster |
| 14.239 | Emergency Solutions Grants Program |
| | HOME Investment Partnerships Program |
| | Highway Planning and Construction Cluster |

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL REPORTING

We noted deficiencies in the internal control system of the Clerk and Finance Department related to financial reporting of the Clerk's funds.

The Clerk's Office operates outside the normal business of the Finance Department and is comprised of two divisions: the Criminal Division and the Civil Division. The Clerk's Office maintains their own records and reports their financial information to the Finance Department each year for inclusion in

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

the City's financial statement. The Clerk's Office completes a report detailing the accounts/funds maintained by the Clerk. The report is completed by the Clerk's Accounting Department and is certified by the Clerk before submission to the Finance Department.

The report provided to the Finance Department by the Clerk's Office provided inaccurate information. One of the bank accounts for the Criminal Division was reported individually and also included within a total for the Criminal Division. In addition, the beginning cash balance was overstated by \$200,773, which did not agree to the prior year report's ending cash balance. As a result, the ending cash balance was overstated by \$660,504 for the City Clerk - Criminal Division fund.

Additionally, the 2014 beginning balance amounts reported by the Clerk did not agree to the ending balances reported in 2013. The Finance Department's staff that entered the annual report information into Gateway, an online financial reporting system, used the 2014 beginning balances as provided by the Clerk's Office. The Gateway system automatically pulls forward the prior year's ending balance into the next year. The City did not have documentation that the difference from 2013 ending balance to 2014 beginning balance was reviewed by City personnel prior to entering the 2014 Clerk's information.

The Finance Department and the Clerk's Office did not have effective internal controls to ensure the accuracy and completeness of the financial information reported.

Audit adjustments were proposed, accepted by the City, and made to the financial statement.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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)

FINDING 2014-002 - INTERNAL CONTROLS OVER DISBURSEMENT FINANCIAL TRANSACTIONS

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

Processing or Auditing APVs

Part of the 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. Therefore, the APVs or claims were not being audited in accordance with the controls established by the City Controller.

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 . . ."

Purchasing

Departments requisitioning goods or services were 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 requisitioning goods or services 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 purchases. Once the final purchase was made on an open purchase order, a copy of that purchase order was to be attached to the APV by the department to inform the Finance Department that they can "close" the purchase order.

Because requisitioning departments 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.

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

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 Guideline Manual for Cities and Towns, Chapter 7)

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

FINDING 2014-003 - INTERNAL CONTROLS OVER CASH FINANCIAL TRANSACTIONS

We noted a deficiency in the internal control system of the City related to monitoring controls over Cash and Investments financial transactions. An evaluation of the City's system of internal controls has not been conducted. Additionally, the City has no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting requires the City to monitor and assess the quality of the system of internal control.

Monthly bank reconcilements were prepared by one individual or an accounting service. The City's control procedures required the reconcilements to be signed or initialed by another responsible official to document the review of the monthly bank reconcilements. However, the control procedure was not properly implemented, and therefore, not effective. The bank reconcilements did not always include documentation of the review.

City: Seven of forty reconcilements tested were not signed or initialed to indicate that the reconciliation had been reviewed.

Gary Sanitary District: Two of sixteen reconciliations for one month reviewed were not signed or initialed to indicate that the reconciliations had been reviewed. The two accounts not documented as reviewed were the primary operating accounts of the District. In addition, the December 2014 monthly bank reconcilements included adjustments that have been on the reconcilements since 2013.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-004 - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Programs: Community Development Block Grants/Entitlement Grants,
Emergency Solutions Grants Program

CFDA Numbers: 14.218, 14.231

Federal Award Numbers: B12MC180005, B13MC180005, E-11-MC-180005, E-12-MC-180005,
E-13-MC-180005, E-14-MC-180005

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

Management of the City has not established an effective internal control system related to the grant agreement and the Reporting compliance requirements. The failure to establish an effective internal control system places the city at risk of noncompliance with the grant agreement and the compliance requirements.

The City has not designed effective controls to ensure compliance with the Reporting requirements of the program. Controls were not in place to ensure that all required federal reports were submitted.

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

The City was the prime awardee for the Community Development Block Grants/Entitlement Grants Program and Emergency Solutions Grant Program. As a prime awardee, the City is required to report in the Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS) on its sub-grants in accordance with 2 CFR Chapter 1, part 170, Reporting Sub-award and Executive Compensation Information. Prime awardees are required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any sub-grant equal to or greater than \$25,000. In 2014, the City awarded one and two subgrantees of at least \$25,000 from the Community Development Block Grants/Entitlement Grants and Emergency Solutions Grant Program, respectively, but no FFATA reports were filed in 2014 or 2015.

2 CFR, Appendix A to Part 170I, states in part:

"a. *Reporting of first-tier subawards.*

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. *Where and when to report.*
 - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify. . . ."

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

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls to ensure compliance and comply with the Reporting requirements of the programs.

FINDING 2014-005 - MATCHING

Federal Agency: Department of Housing and Urban Development
Federal Program: Emergency Solutions Grants Program
CFDA Number: 14.231
Federal Award Numbers: E-11-MC-180005, E-12-MC-180005, E-13-MC-180005, E-14-MC-180005

Management of the City has not established an effective internal control system, related to the grant agreement and the Matching compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the matching compliance requirements.

According to the agreements between the City and the subrecipients, the subrecipients were responsible for meeting the matching requirement. The City did not have controls or procedures in place to ensure that the matching requirements were met.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls related to the grant agreement and the Matching compliance requirements.

FINDING 2014-006 - CASH MANAGEMENT

Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Numbers: DES#1173663, DES#1173424, DES#1173715
Pass-Through Entity: Indiana Department of Transportation

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

Management of the City has not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance.

The City Controller's Office had written grant management policies and procedures effective December 28, 2012; however, the procedures regarding reconciliation of grants were not properly implemented.

Per the City's Grant Management Policies and Procedures: "Draw-downs must be done in a timely and accurate manner according to term and conditions required by the grantor. Grant recipients shall make draw-down at the time the expenditure is incurred. . ."

The City did not have a system of controls in place to ensure disbursements were made prior to submission of requests for reimbursement or receipt of cash reimbursements. The claims for reimbursements submitted were prepared by one individual without a system of oversight or review. The lack of oversight controls does not allow for the prevention, or detection and correction, of noncompliance with the applicable requirements on a timely basis.

Since this was a reimbursement grant, the funds should have been obligated and paid prior to submission of the requests for reimbursement. However, the City paid vendors for the Highway Planning and Construction grant after receipt of the reimbursements. This occurred, in part, due to a lack of available funds to pay the vendor.

49 CFR 18.21 (d) *Reimbursement* states in part:

"Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . ."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls to ensure compliance and comply with the Cash Management requirements of the program.

FINDING 2014-007 - PROCUREMENT

Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number: DES#1173715
Pass-Through Entity: Indiana Department of Transportation

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

Management of the City has not established an effective internal control system related to the grant agreement and the Procurement compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the Procurement compliance requirements.

The City has not designed or implemented adequate policies or procedures to ensure compliance with the Procurement requirements of the program. The City has not ensured that procurement documents were available or that procurement actions were taken when required by Indiana Code.

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

The U.S. Department of Transportation required the procurement procedures used by the City to reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and standards. The following procurement did not conform to State laws and regulations.

The City received grant funding for the purchase of E-85 fuel. The vendor who supplied the fuel was selected based upon a 2011 procurement award. The City did not provide documentation as to how the vendor was selected. The City also did not provide a written contract with the vendor. The City did not comply with requirement of Indiana Code 5-22-17-10 which requires the purchase of petroleum products from the lowest responsive and responsible bidder, and requesting current price quotes whenever a change in price occur.

49 CFR 18.36 (b) states in part:

"Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . (9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. . . "

Indiana Code 5-22-17-10 states:

"(a) As used in this section, "petroleum products" includes the following:

- (1) Gasoline.
- (2) Fuel oils.
- (3) Lubricants.
- (4) Liquid asphalt.

(b) A purchasing agent may award a contract for petroleum products to:

- (1) the lowest responsible and responsive offeror; or
- (2) all responsible and responsive offerors.

(c) A contract entered into under this section may allow for the escalation or de-escalation of price.

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

(d) This subsection applies to a petroleum products contract that is awarded to all responsible and responsive offerors as provided in subsection (b). The purchasing agent must purchase the petroleum products from the lowest of the responsible and responsive bidders. The contract must provide that the bidder from whom petroleum products are being purchased shall provide five (5) business days written notice of any change in price. Upon receipt of written notice, the purchasing agent shall request current price quotes in writing based upon terms and conditions of the original offer (as awarded) from all successful responsible and responsive offerors. The purchasing agent shall record the quotes in minutes or memoranda. The purchasing agent shall purchase the petroleum products from the lowest responsible and responsive offeror, taking into account the price change of the current supplier and the price quotes of the other responsible and responsive offerors."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls to ensure compliance and comply with the Procurement requirements of the program.

FINDING 2014-008 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Numbers: DES#1173663, DES#1173424, DES#1173715
Pass-Through Entity: Indiana Department of Transportation

Management of the City has not properly implemented effective internal control system related to the grant agreement and the Suspension and Debarment compliance requirements. Failure to properly implement an effective internal control system places the City at risk of noncompliance.

The City did not abide by their established procedures regarding Suspension and Debarment. The City did not follow the City's Grant Management Policies and Procedures established in December 2012 to ensure that disbursements from federal funds were not made to vendors who were suspended or debarred from participation in federal programs.

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

The U.S. Department of Transportation required the City to verify that awarded contracts related to projects funded with federal grants were not awarded to suspended or debarred entities. The City was not in compliance with the Suspension and Debarment requirements of the program. The City failed to check the Excluded Parties List System, collect a certification from the entity, or add a clause or condition to the contract.

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

Per the City's Grant Management Policies and Procedures: "Agencies shall verify and document the vendor, contractor and subcontractor is not suspended or debarred by accessing the Excluded Parties List System (ELPS): www.epls.gov/epls/search. Agencies shall document this verification. The supporting document must be attached or included with all Quotes, Bids, Awards and Contracts. The search should include the following information and printed as proof of eligibility or ineligibility . . ." (As of November 21, 2012, exclusions can be found through the System of Award Manager Center at www.sam.gov)

49 CFR 18.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

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

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

The failure to properly implement effective internal controls enabled material noncompliance to go undetected. The failure to comply with compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management properly implement the established procedures to ensure compliance and comply with Suspension and Debarment requirements of the programs.

AUDITEE PREPARED DOCUMENTS

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



City Of Gary

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Director of Finance

MICHELE ROBY

Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-01 INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Original Assigned SBA Audit Report Number: B42713

Report Period: 01/01/2013-12/31/2013

Pass-Through Entity or Federal Grantor Agency: N/A

Contact Person Responsible for Corrective Action: M. Celita Green, Controller

Contact Phone Number: (219) 881-1363

In September 2014, the City created a Grant Administrator position in the 2015 budget. The position was filled in April of 2015. Upon the hiring of the Grant Administrator, the SEFA for 2014 was reviewed and subsequent corrections were made to the report.

New procedures have been implemented in the Finance Department where the SEFA will be reviewed and updated June 30, with a final update at the end of the fiscal year. The Grant Administrator has gained access to Federal and State reports that allows the City to reconcile its ledgers more accurately.

M. Celita Green
(Signature)

City Controller
(Title)

May 29, 2015
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



KAREN FREEMAN-WILSON
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ARLENE D. COLVIN
Director

E. NIKOLE RUMPH
Deputy Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002: INTERNAL CONTROLS – COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS

- Original Assigned SBA Audit Report Number: B42713
Report Period: January 1, 2013 to December 31, 2013
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:

Equipment and Real Property Management: The Community Development Department has implemented the use of a Land Inventory Form for keeping track of properties in December, 2013. Reconciliation occurs on an annual basis.

Suspension and Debarment: As of July 10, 2014, the Redevelopment Department is required to submit a quarterly spreadsheet detailing all information needed to determine if contractors are debarred or suspended. Also, the Subrecipient Monitoring Checklist was amended to include a provision requiring examination for suspension and debarment.

Reporting: Required reports are accurately prepared and timely submitted. As of October, 2014, we reports are no longer prepared and reviewed by the same person and our procedures have been amended to reflect this.

Arlene Colvin

(Signature)

Director

(Title)

05/29/15

(Date)

Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b.)



KAREN FREEMAN-WILSON
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E. NIKOLE RUMPH
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-03: SUSPENSION AND DEBARMENT-COMMUNITY DEVELOPMENT BLOCK GRANT/ENTITLEMENT GRANTS

Original Assigned SBA Audit Report Number: B42713
Report Period: January 1, 2013 to December 31, 2013
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:

An on-site monitoring visit was conducted September 3-5, 2014. The Redevelopment Department now submits a quarterly Suspension and Debarment spreadsheet detailing information needed to determine if contractors are debarred or suspended.

Arlene Colvin
(Signature)

DIRECTOR
(Title)

05/29/15
(Date)

Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b.)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-04: REPORTING -COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS AND HOME INVESTMENT PARTNERSHIPS PROGRAM

Original Assigned SBA Audit Report Number: B42713
Report Period: January 1, 2013 to December 31, 2013
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:

Prior year reports were reviewed and the staff was provided with additional information to assist with the Section 3 reporting process so that errors will be prevented in the future.

Based upon the corrective action plan submitted to the State Board of Accounts on August 28, 2014 and provided to HUD, this finding has been closed by HUD. Please see attached documents.

Arlene Colvin

(Signature)

Director

(Title)

05/29/15

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

Finding 2013-4: Reporting Requirements - Community Development Block Grants and HOME Investment Partnerships Program

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grant and HOME Investment Partnerships Program
CFDA Number: 14.218, 14.239
Federal Award Number and Year (or Other Identifying Number): B-13-MC-18-0005
B-08-MN-18-0005
B-11-MN-18-0005
M-13-MC-18-0203
Pass-Through Entity: Direct Grant

Condition

In Part II of the Section 3 report, the "total amount for all contracts awarded for the project" should be the total amount of contracts entered into during the reporting period. The City reported the amount expended during the year plus the amount of encumbrance rollover to the next year and not the required awarded amount.

Criteria

24 CFR § 135.90 states:

"Each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public."

Cause

As part of the grant agreement with the Department of Housing and Urban Development (HUD), the City is required to submit an Annual Section 3 report detailing total new hires and total new hires who reside in a section 3 area. The Section 3 report was completed with inaccurate counts of new hires as well as inaccurate counts of Section 3 hires.

Effect

The City was not in compliance with the reporting requirements for this program. Failure to comply with these requirements may cause the City to be ineligible to receive future funds.

Questioned Costs

None.

HUD Management Decision

HUD sustains the audit finding.

HUD Required Corrective Action

The city shall design and implement appropriate internal controls to ensure that reports are timely and accurate.

The city responded to the finding in an in an August 28, 2014 correspondence. The city described training and modifications to its practices to improve reporting.

Status

Based on actions taken to date, this finding is closed.

Finding 2013-5: Internal Controls - HOME Investment Partnerships Program

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239
Federal Award Number and Year (or Other Identifying Number): M-13-MC-18-0203
Pass-Through Entity: Direct Grant

Condition

Eligibility:

The City's Community Development Department contracted with NWI Continuum of Care to determine the Tenant-Based Rental Assistance eligibility for the HOME Program. The City did not oversee this eligibility determination. Effective controls were not in place for the eligibility determined by the NWI Continuum of Care.

Reporting:

The prior audit contained an internal control finding over reporting for the HOME program. The City's Summary Schedule of Prior Audit Findings state that all reports are now reviewed by management. The person preparing the reports has indicated that there is a separation of duties between compiling the information and completing the report. However, there was no evidence of an oversight, review, or approval process.

Special Tests and Provisions:

The City did not establish procedures or controls to ensure inspections of Rental HOME Assisted Units and Tenant-Based Rental Assistance Units occurred. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance



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E. NIKOLE RUMPH
Deputy Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-05: INTERNAL CONTROL-HOME INVESTMENT PARTNERSHIPS PROGRAM

Original Assigned SBA Audit Report Number: B42713

Report Period: January 1, 2013 to December 31, 2013

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:

Eligibility: Departmental procedures were amended in September, 2014 to provide for oversight of the eligibility determination by the Continuum of Care for the Tenant Based Rental Assistance Program.

Reporting: Appropriate approvals and reviews were properly reflected in documentation as of October, 2014.

Special Tests and Provisions: We reviewed our procedures to ensure compliance with HUD regulations requiring inspections for both HOME and Tenant Based Rental Assistance (TBRA) units. We incorporated a required periodic inspection schedule into our monitoring procedures for all rental HOME assisted units as of December, 2014.

We also consulted with our HUD representative, Grant McFann, on this issue as it relates to the TBRA units. Mr. McFann agreed with our assessment that since the Tenant Based Rental Assistance program is only a one year program, inspection at initial occupancy satisfies HUD requirements. The regulation cited in Finding 2013-6 refers to inspections of HOME assisted units only. Our corrective action plan inappropriately combined these two types of inspections together.

Arlene Colvin

(Signature)

DIRECTOR

(Title)

05/29/15

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

ARLENE D. COLVIN
Director

E. NIKOLE RUMPH
Deputy Director

**FINDING 2013-06: SPECIAL TESTS AND PROVISIONS FOR HOUSING QUALITY STANDARDS-
HOME INVESTMENT PARTNERSHIPS PROGRAM**

Original Assigned SBA Audit Report Number: B42713

Report Period: January 1, 2013 to December 31, 2013

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:

On-site completion inspections were conducted on all projects at time of completion to determine that all contracted work has been completed and that the project complies with the property standards of 92.251.

On-site inspections were performed in February and March, 2014 and November and December, 2014 on HOME-assisted rental housing and are now on our required periodic inspection schedule as of December, 2014.

As it relates to the Tenant Based Rental Assistance (TBRA) Program, our HUD representative agreed with our assessment that since the TBRA program is only a one year program, inspection at initial occupancy satisfies HUD requirements. The regulation cited in Finding 2013-6 refers to inspections of HOME assisted units only. Our corrective action plan inappropriately combined these two types of inspections together. Please see the attached email from our HUD field representative.

Arlene Colvin

(Signature)

DIRECTOR

(Title)

05/29/15

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

RE: TBRA INSPECTIONS

McFann, Grant W <Grant.W.McFann@hud.gov>

Wed 12/17/2014 2:50 PM

Inbox

To: Evelyn Aponte <eaponte@CI.GARY.IN.US>;

Cc: Arlene Colvin <acolvin@CI.GARY.IN.US>; Wanda Pettigrew <wpettigrew@CI.GARY.IN.US>;

Evelyn:

Yes, the City must perform one annual inspection. The most appropriate time for the inspection is immediately prior to the execution of the lease. The City's program apparently does not provide for assistance to continue from year to year; if it did provide for assistance to continue, then another inspection would need to be performed in each subsequent year. An inspection is required every year for every unit.

This model prompts some program design questions:

1. Because the City does not provide for assistance to continue from year to year, does the City help the TBRA tenants grow their respective capacities to rent without subsidy?
2. How does the City select the tenants it will assist?

Best,
Grant

Grant McFann
U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Minton Capehart Federal Building
575 N. Pennsylvania Street, Room 655
Indianapolis, IN 46204
(317) 957-7292

From: Evelyn Aponte [mailto:eaponte@CI.GARY.IN.US]
Sent: Wednesday, December 17, 2014 12:18 PM
To: McFann, Grant W
Cc: Arlene Colvin; Wanda Pettigrew
Subject: TBRA INSPECTIONS

Our TBRA program provides 12 months of rent for a qualified tenant. An inspection is done before move-in and, if the units passes, a one-year lease is signed. The tenant either moves out on the 12th month or renews their lease with the landlord and pays out of their own pocket. These are not designated TBRA units.

The regulation at 92.504(d)(iii) states:

Annual inspections. Tenant-based rental assistance (TBRA). All housing occupied by tenants receiving HOME tenant-based rental assistance must meet the standards in 24 CFR 982.401 or the successor requirements as established by HUD. The participating jurisdiction must perform annual on-site inspections of rental housing occupied by tenants receiving HOME-assisted TBRA to determine compliance with these standards.

Question:

Are we required to perform annual on-site inspections of the TBRA units if the tenant's lease is up in 12 months?

Evelyn Aponte
Compliance Manager

Department of Commerce
Community Development Division
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(219)881-5075 (office)
(219)881-5085 (fax)
eaponte@ci.gary.in.us

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MICHELE G. ROBY

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-007 - INTERNAL CONTROLS - HIGHWAY PLANNING AND CONSTRUCTION

Original Assigned SBA Audit Number: B44236

Reporting Period: 01/01/14 - 12/31/2014

Federal Grantor Agency: Department of Transportation

Contact Person Responsible for Corrective Action: La'Kisha Girder

Contact Phone Number: (219)881-5090

Activities Allowed and Allowable Costs

The previous highway planner, Dwayne Williams resigned and the city has restructured the department and currently the Planning and Redevelopment department has oversight of the city planner. The position of the highway planner is currently reclassified as the Deputy Director of Planning. The Deputy Director, who is certified, now reports to the Director of Planning.

The Deputy Director of Planning, currently works with the Public Works Department to provide oversight and reconciliation of grants.

All grant information is currently maintained in a separate file and is accessible for the audit.

The Deputy Director of Planning is currently working with the Grant administrator to ensure that grant files contain pertinent information including related grant agreements, amendments, addendums, change orders and invoices.

Cash Management/Matching

The Deputy Director of Planning is working closely with the Public Works Department and the Grant Administrator to ensure that the claims for reimbursement are accurate and submitted in a timely manner.

Suspension and Debarment

The Planning and Redevelopment department currently utilizes the "Excluded Parties List", provided by the accessing the www.sam.gov website. We will document the review by obtaining a copy of the review page which will be retained and placed in a file for audit purposes. Additionally, all contracts are reviewed and/or created by the law department. The law department utilizes a template which is based on both the Federal and State requirements. As a result each contract has an added clause or condition requiring the contractor to certify that neither it nor its

principals are presently debarred, suspended, proposed for debarment or declared ineligible or voluntarily excluded from entering into any agreement by any federal or state department and/or agency.

Equipment and Real Property Management


To ensure that capital assets purchased with federal funds are maintained separately the City has implemented the following procedures: (1) The Internal Auditor identifies capital assets purchased with federal funds by observing the fund and department from which they are purchased, (2) inquiries regarding the source of funding are made prior to tagging the assets; (3) The accounting software is used to identify items purchased with federal funds, as federal funds are maintained separately (4) Capital Assets purchased with federal funds are tagged differently than other assets.

In the future, the Deputy Director of Planning in coordination with the Public Works department will create and maintain a separate spreadsheet detailing: (1) the cost of the capital asset; (2) date purchased; (3) identifying numbers (i.e. serial numbers (if applicable)); (4) the percentage of the asset that is paid with federal and the percentage paid local funds; (5) the percentage of completion stats. The percentage of completion stats will be maintained to ensure that after projects are completed that capital assets listed as "work in progress" will be reclassified as "capital assets" and properly recorded in the capital assets records. This spreadsheet along with other information deemed necessary will be forwarded to the internal auditor on a monthly or at the very least on a quarterly basis.

To my knowledge the City is currently working on resolving any inventory discrepancies and ensuring that all equipment purchased with federal funds are properly tagged as such. The City has also hired a specialist to assist with the inventory records and is currently working to finalize its inventory records.



(Signature)



(Title)



(Date)



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Department of Finance

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M. CELITA GREEN

Director of Finance

MICHELE G. ROBY

Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-008 - EQUIPMENT AND REAL PROPERTY MANAGEMENT - HIGHWAY PLANNING AND CONSTRUCTION AND ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B44236

Reporting Period: 01/01/2014-12/31/2014

Federal Grantor Agency: Department of Transportation, Department of Homeland Security

Contact Person Responsible for Corrective Action: La'Kisha Girder

Contact Phone Numbers: (219)-881-5090

To ensure that capital assets purchased with federal funds are maintained separately, the City has implemented the following procedures: (1) The Internal Auditor identifies capital assets purchased with federal funds by observing the fund and department from which they are purchased, (2) inquiries regarding the source of funding are made prior to tagging the assets; (3) The accounting software allows for separate accountability between charges and costs between federal and nonfederal activities; (4) Capital Assets purchased with federal funds are tagged differently than other assets.

In the future, the Deputy Director of Planning in coordination with the Public Works department will create and maintain a separate spreadsheet detailing (1) the cost of the capital asset; (2) date purchased; (3) identifying numbers i.e. serial numbers (if applicable); (4) the percentage of the asset that is allocated to federal and/local funds. (5) The percentage of completion stats. The percentage of completion stats will be maintained to ensure that after projects are completed that capital assets classified as "work in progress" will be reclassified as "capital assets" and properly recorded in the capital assets records. This spreadsheet along with other information deemed necessary will be forwarded to the internal auditor on a monthly or at the very least on a quarterly basis.

To my knowledge the City is currently working on resolving any inventory discrepancies and ensuring that all equipment purchased with federal funds are properly tagged as such. The City has also hired a specialist to assist with the inventory records and is currently working to finalize its inventory records.

(Signature)

(Title)

(Date)



Karen Freeman-
Wilson
Mayor

City of Gary
FIRE DEPARTMENT
FIRE HEADQUARTERS

455 Massachusetts St. - GARY, IN 46402-1309
(219) 881-5252 - Fax (219) 882-7453



Paul Bradley
Fire Chief
James Stanton
Acting Deputy Chief

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-09: SUSPENSION AND DEBARMENT- HIGHWAY PLANNING AND CONSTRUCTION AND ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B42713

Report Period: January 1, 2013 to December 31, 2013

Pass-Through Entity or Federal Grantor Agency: Highway Planning and Construction, Assistance to Firefighters Grant

Contact Person Responsible for Corrective Action: Dwayne Williams, Director; Paul Bradley, Fire Chief

Contact Phone Number:

Status of Audit Finding:

The Fire Department has created a GFD Grant Process which details the process to support all Grant expenditures. This document instructs GFD personnel to obtain the Suspension and Debarment Form from the vendor and to access "sam.gov" to obtain and print documentation that the vendor is active and in compliance with the Federal Government. The Grant process is kept in the "Contracts and Manuals" and "Grant Support" binders in the Business Manager office and contains the City of Gary Grant policies and procedures, suspension and debarment procedures and template copies of the documents to be completed. The process is in place and was used for the final drawdown of the AFG Grant.

Paul L Bradley
(Signature)

Fire Chief
(Title)

04-15-2015



City Of Gary
Department of Finance
401 Broadway
Gary, Indiana 46402

KAREN FREEMAN-WILSON
Mayor

(219) 881-1363 / Fax (219) 881-5298

M. CELITA GREEN
Director of Finance

MICHELE G. ROBY
Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-009 - SUSPENSION AND DEBARMENT - HIGHWAY PLANNING AND CONSTRUCTION AND ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B44236

Reporting Period: 01/01/2014-12/31/2014

Federal Grantor Agency: Department of Transportation, Department of Homeland Security

Contact Person Responsible for Corrective Action: La'Kisha Girder

Contact Phone Numbers: (219)-881-5090

The Planning and Redevelopment department currently utilizes the "Excluded Parties List", which is obtained by accessing the www.sam.gov website. We will document the review by obtaining a copy of the review page provided by the website, the review page will also be retained and placed in a file for audit purposes. Additionally, all contracts are reviewed and/or created by the law department. The law department utilizes a template which is based on both Federal and State requirements. As a result each contract has an added clause or condition requiring the contractor to certify that neither it nor its principals are presently debarred, suspended, proposed for debarment or declared ineligible or voluntarily excluded from entering into any agreement by any federal or state department agency.

La'Kisha Girder

(Signature)

Deputy Director of Planning

(Title)

2/3/2016



Karen Freeman-
Wilson
Mayor

City of Gary
FIRE DEPARTMENT
FIRE HEADQUARTERS

455 Massachusetts St.- GARY, IN 46402-1309
(219) 881-5252 - Fax (219) 882-7453



Paul Bradley
Fire Chief
James Stanton
Acting Deputy Chief

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-10: INTERNAL CONTROLS- ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B42713

Report Period: January 1, 2013 to December 31, 2013

Pass-Through Entity or Federal Grantor Agency: Department to Homeland Security

Contact Person Responsible for Corrective Action: Paul Bradley, Fire Chief

Contact Phone Number:

Status of Audit Finding:

Equipment and Real Property Management

GFD has instituted a process to notify the City Internal Audit Group when assets have been purchased with Federal Funds by providing a spreadsheet detailing vendors, P.O. # and amount of purchases, quotes, purchase orders, invoices and locations of the assets to be tagged. Internal Audit will then schedule a time to review and tag the assets.

Suspension and Debarment

The Fire Department has created a GFD Grant Process which details the process to support all Grant expenditures. This document instructs GFD personnel to obtain the Suspension and Debarment Form from the vendor and to access "sam.gov" to obtain and print documentation that the vendor is active and in compliance with the Federal Government. The Grant process is kept in the "Contracts and Manuals" and "Grant Support" binders in the Business Manager office and contains the City of Gary Grant policies and procedures, suspension and debarment procedures and template copies of the documents to be completed. The process is in place and was used for the final drawdown of the AFG Grant.

Paul J. Bradley
(Signature)

Fire Chief
(Title)

04/15/2015
(Date)



Karen Freeman-
Wilson
Mayor

City of Gary
FIRE DEPARTMENT
FIRE HEADQUARTERS

455 Massachusetts St.- GARY, IN 46402-1309
(219) 881-5252 - Fax (219) 882-7453



Paul Bradley
Fire Chief
James Stanton
Acting Deputy Chief

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-11: ACTIVITIES ALLOWED AND ALLOWABLE COSTS- ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B42713
Report Period: January 1, 2013 to December 31, 2013
Pass-Through Entity or Federal Grantor Agency: Department to Homeland Security
Contact Person Responsible for Corrective Action: Paul Bradley, Fire Chief
Contact Phone Number:

Status of Audit Finding:

Reconciliations have been prepared and reviewed by the Fire Chief and are in the specific Grant Binders in the GFD administration offices.

Paul J. Bradley
(Signature)

Fire Chief
(Title)

04/15/15
(Date)



Karen Freeman-
Wilson
Mayor

City of Gary
FIRE DEPARTMENT
FIRE HEADQUARTERS

455 Massachusetts St.- GARY, IN 46402-1309
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Paul Bradley
Fire Chief
James Stanton
Acting Deputy Chief

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-12: CASH MANAGEMENT- ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B42713

Report Period: January 1, 2013 to December 31, 2013

Pass-Through Entity or Federal Grantor Agency: Department to Homeland Security

Contact Person Responsible for Corrective Action: Paul Bradley, Fire Chief

Contact Phone Number:

Status of Audit Finding:

GFD has created a written process to be followed by the GFD Finance Dept. which complies with the city Grant policy on draw-downs. GFD will request the draw after all approvals have been received and the expenditure has been processed or the installation has been completed. We notify the Chief Accountant about anticipated draw-downs within 24 hours to ensure that the City Finance department has knowledge that the funds will be received and so that they can be posted to the correct account. Once the funds are received we start processing payment so that the funds can be expended within 30 days. If there are extenuating circumstances that prevent us from releasing the funds within 30 days we will notify the City Controller, Chief Accountant and Internal Auditor.

Paul J Bradley
(Signature)

Fire Chief
(Title)

04/15/2015



**Gary City Clerk
Suzette Raggs**

Criminal Division
555 Polk Street
Gary, Indiana 46402
(219) 881-1263
Fax (219) 881-1182

Civil Division
555 Polk Street
Gary, Indiana 46402
(219) 881-1354
Fax (219) 881-1439


CORRECTION ACTION PLAN

FINDING 2014-001 INTERNAL CONTROLS OVER FINANCIAL REPORTING (RESPONSE)

Contact Person Responsible for Corrective Action: Suzette Raggs, Gary City Clerk
Contact Phone Number (219) 881-4730

Description of Corrective Action Plan: I have reviewed the written responses from our former interim fiscal manager and our contracted certified public accountant (CPA) who provides oversight to our office in bookkeeping and reconciliation procedures. The interim fiscal manager has accepted responsibility for the error in the submittal of the 2013 Supplemental CTAR-1. She no longer has any involvement in financial reporting process and her duties have been reassigned. The fiscal manager who submitted the subsequent 2014 Supplemental CTAR-1 has been replaced with a more experienced individual for which the process has been strengthened. Please be aware that the above employees failed to use the established internal control process of review before submitting the Supplemental CTAR-1 reports. A checklist has been created for a review sign-off prior to being presented to me for signature. Our CPA has also been directed to institute a schedule for all future reviews.

Anticipated Completion Date: Inasmuch as our internal control plan for review was formally in place and working effectively when used, the checklist will be added going forward and the Supplemental CTAR-1s for 2013 and 2014 have been corrected and re-issued to the controller's office.



Signature

Gary City Clerk
Title

February 11, 2016
Date



City Of Gary
Department of Finance

KAREN M. FREEMAN-WILSON
Mayor

401 Broadway
Gary, Indiana 46402
(219) 881-1363 / Fax (219) 881-1340
www.gary.in.us

M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

CORRECTIVE ACTION PLAN

FINDING 2014-001- INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Description of Corrective Action Plan:

To insure accuracy of the financial information submitted from the Clerk's Office to the Finance Department reported in the Gateway System, the Finance Department will provide a copy of the Gateway report to the Clerk's office for review, prior to the Finance Department's submission of the Gateway report.

In addition the Finance Dept will develop a check list for the Financial Statement that will be signed off by the reviewer for each item prepared. Among those items will be the reconciliation of the beginning and ending cash balances.

Anticipated Completion Date: Immediately



City Controller



Date



KAREN M. FREEMAN-WILSON
Mayor

City Of Gary
Department of Finance
401 Broadway
Gary, Indiana 46402
(219) 881-1363 / Fax (219) 881-1340
www.gary.in.us

M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

CORRECTIVE ACTION PLAN

FINDING 2014-002- INTERNAL CONTROLS OVER DISBURSEMENT FINANCIAL TRANSACTIONS

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

Description of Corrective Action Plan:

In November 2015, the Finance Department hired a General Accountant in which part of her responsibilities are to review the claim information that has been entered by Accounts Payable, prior to Board approval and the payment process.

IT has implemented a process that allows segregation of duties between the staff member preparing the claims, and the approval of the claims. All IT claims are approved by the IT Director prior to submission for processing.

Additionally, the Finance Department has requested the Internal Auditor to perform an annual internal audit on claim processing and other processes of the Finance Department. A consultant has also been hired to review internal controls, and make recommendations on changes to strengthen internal controls, and assist in implementation. We anticipate this to be completed by December 2016.

Anticipated Completion Date: In process



City Controller

2/11/14

Date



**Mayor Karen Freeman-Wilson
Special Administrator**

**Daniel F. Vicari, P.E.
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**

**Richard J. Comer
President**

**Charles W. Jackson, Jr.
Vice President**

**Tramel Raggs
Secretary/Treasurer**

**Ola N. Morris
Member**

Jewell Harris, Jr., Attorney

**Website:
www.garysanitary.com**

CORRECTIVE ACTION PLAN

FINDING 2014 - 003 – Internal Controls Over Cash Financial Transactions

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

Contact Phone Number: 219.944.0595, Ext. 1813

Description of Corrective Action Plan:

We concur with the finding. I could not confirm whether or not the bank reconciliations had been performed because they were not signed by the preparer. Going forward, we will ensure that the bank statements are performed and that all necessary adjustments are made.

Anticipated Completion Date: 6/30/2016

Ms. Vern E. White

Director of Administration

2/12/2016

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"Producing Living Water for a Quality Environment"



www.gary.in.us

Chief Accountant

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

FINDING 2014-003- INTERNAL CONTROLS OVER CASH FINANCIAL TRANSACTIONS

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

Description of Corrective Action Plan:

Bank Reconciliations were reviewed, and where applicable, corrections were requested. However, once the preparer made the corrections, the bank reconciliations were not returned to the reviewer for final sign off.

A check list will be developed for each bank that is reconciled. The preparer will sign off on the bank reconciliations when completed. There will be a column where the reviewer can sign off for final approval, if there are no corrections. A copy will be made of the check list and given to the preparer; the reviewer will maintain the original. Once any corrections are made, the reviewer will sign off on both the original and copy. The original will be filed with the bank reconciliations. As an internal control, prior to uploading the bank reconciliations into Gateway, the checklist will be reviewed by management, and initialed and dated at the bottom to be sure that all bank reconciliations have been corrected and signed off.

Anticipated Completion Date: March 2016



City Controller



Date



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

CORRECTIVE ACTION PLAN

FINDING 2014-004 - REPORTING

Contact Person Responsible for Corrective Action: Arlene Colvin

Contact Phone Number: 219-881-5075

Description of Corrective Action Plan:

A standard operating procedure (under our sub-grantee award process) was already established to ensure that sub-grant awards (that obligate at least \$25,000) are properly reported in accordance with the Federal Funding Accountability and Transparency Act. This process is now handled by the Department's Fiscal Division (CDBG Reporting) and the Special Programs Division (ESG Reporting). The failure to report all qualifying sub-grant awards for CDBG and ESG was an oversight of the Department.

Anticipated Completion Date: Completed

Arlene Colvin
(Signature)

DIRECTOR
(Title)

05/11/16
(Date)



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

CORRECTIVE ACTION PLAN

FINDING 2014-005 - MATCHING

Contact Person Responsible for Corrective Action: Arlene Colvin
Contact Phone Number: 219-881-5075

Description of Corrective Action Plan:

All ESG sub-recipients will be required to submit an Emergency Solutions Grant Match Document and Tracking Form to the Compliance Division on a quarterly basis. All documentation will be reviewed for compliance. Subrecipient agreements will be updated to include this language.

Anticipated Completion Date: April 30, 2016

Arlene Colvin
(Signature)
DIRECTOR
(Title)
02/11/16
(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

CORRECTIVE ACTION PLAN

FINDING 2014-006: Cash Management

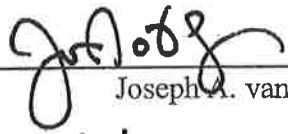
Contact Person Responsible for Corrective Action: Joe van Dyk, Director of Planning & Redevelopment

Contact Phone Number: (219) 886-1531

Description of Corrective Action Plan: 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.
- 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.
- 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: March 2, 2016



 Joseph A. van Dyk

 2/11/16

 (Date)



CITY OF GARY

KAREN M. FREEMAN-WILSON
Mayor

DEPARTMENT OF PLANNING & REDEVELOPMENT
GARY REDEVELOPMENT COMMISSION
839 BROADWAY, SUITE S200
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JOSEPH A. VAN DYK
Director

CORRECTIVE ACTION PLAN

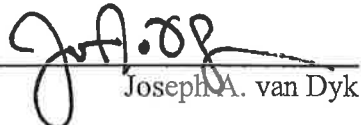
FINDING 2014-007- Procurement

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

Contact Phone Number: (219) 886-1531

Description of Corrective Action Plan: 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.

Anticipated Completion Date: Complete



Joseph A. van Dyk
2/11/16

(Date)



CITY OF GARY

KAREN M. FREEMAN-WILSON DEPARTMENT OF PLANNING & REDEVELOPMENT
Mayor GARY REDEVELOPMENT COMMISSION
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DIRECT: (219) 886-1531
WWW.GARY.IN.US

JOSEPH A. VAN DYK
Director

CORRECTIVE ACTION PLAN

FINDING 2014-008: Suspension and Debarment

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

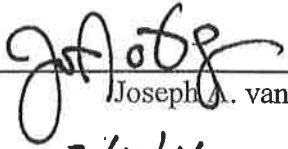
Contact Phone Number: (219) 886-1531

Description of Corrective Action Plan: This finding results from a lack of documentation concerning a 2011 contract. The Gary Redevelopment Commission has adopted procedures to ensure contractors are 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 "Debarment and Suspension" 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
2/11/16

(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/>.