

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF MICHIGAN CITY
LAPORTE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
12/30/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-36
Schedule of Payables and Receivables	37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48-55
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	58-63
Corrective Action Plan	64-67
Other Reports.....	68

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Ron Meer	01-01-12 to 12-31-19
Controller	Donna Pappas Yvonne Hoffmaster (interim) Stephen Janus (interim) Richard Murphy	01-01-15 to 01-16-15 01-17-15 to 01-25-15 01-26-15 to 12-31-15 01-01-16 to 12-31-16
President of the Board of Public Works and Safety	Stephen Janus	01-01-15 to 12-31-16
President of the Common Council	Chris Schwanke Timothy Bietry	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Superintendent of Water Utility	Randall E. Russell	01-01-15 to 12-31-16
Sanitary District Manager	Michael Kuss	01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 6, 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 MICHIGAN CITY, LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Michigan City (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated December 6, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Michigan City's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 6, 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 MICHIGAN CITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments		Cash and Investments	
	01-01-15	Receipts	Disbursements	12-31-15
General Fund	\$ 49,806	\$ 29,460,754	\$ 25,061,884	\$ 4,448,676
Motor Vehicle Highway	490,781	1,229,613	1,411,849	308,545
Local Road And Street	97,938	366,839	394,333	70,444
M C Unsafe Building Fund	8,283	5,750	1,773	12,260
Animal Control	12,254	794	9,190	3,858
Riverboat Gaming	9,711,618	16,958,244	16,260,933	10,408,929
Park And Recreation	244	4,030,777	3,598,456	432,565
Levy Excess	-	54,926	-	54,926
DEA Forfeiture	65,120	16,323	20,421	61,022
Cumulative Capital Development	325	264,201	143,000	121,526
Cumulative Channel Maintenance	2,030,956	199,449	-	2,230,405
Cumulative Capital Improvement	93,713	81,218	98,456	76,475
CEDIT	2,380,347	2,794,266	3,818,450	1,356,163
Police Pension	242,938	1,586,424	1,637,560	191,802
Fire Pension	88,857	1,328,745	1,307,473	110,129
MCRD Bonds 2010 Sinking	7	756,818	756,707	118
MCRD Bonds 2011 Reserve	494,872	67	31	494,908
MCRD Bonds 2011 Bond Interest	68	-	-	68
City Donation Fund - EOC Activity	11,194	-	-	11,194
MC Economic Dev Revolving Loan Fund	650,000	3,384	350,000	303,384
Lake Michigan Costal Prog Grant	21,348	-	19,998	1,350
CZ 115 - MC Esplande Plan	5,000	-	-	5,000
AIP 15 Grant	47,873	-	-	47,873
MCRD Bonds 2010 Oper & Reserve	11,896	12,082	2,320	21,658
MCRD Bonds 2011 Sinking	6	625,592	625,597	1
Commission For Women Fund	6,495	29,326	5,897	29,924
Security Deposit Fund	10,140	26,700	22,900	13,940
AIP 16 Grant	803	-	-	803
MCRD Bonds 2011 Oper & Reserve	7,533	3,201	1,100	9,634
CDBG 2013B 13-MC-180022	-	536,939	536,939	-
EPA Beach Act Grant	36,843	18,252	18,252	36,843
CZM Fedder Alley Marram Grass	25,000	-	43,750	(18,750)
CZM Kayak Launch Hanson Park	19,914	10	61,328	(41,404)
CZM Lighthouse Museum Restoration	1,266	10	-	1,276
CMAQ IN950045 Vehicle Replacement	-	133,887	167,358	(33,471)
AIP 17 Grant	4,242	44,665	48,335	572
Public Arts Committee Donation Fund	14,300	9,790	889	23,201
Commission on SSAAM Donation Fund	9,944	7,440	3,042	14,342
Human Rights Commission Donation Fund	7,403	7,605	10,177	4,831
Daniel Bruce Memorial Donation Fund	4,335	-	-	4,335
New Police Station Project Fund	620,088	5,630,000	4,316,240	1,933,848
Triangle Bus Project	30,028	414,146	507,804	(63,630)
AIP 18 Grant	22,337	479,072	537,864	(36,455)
SSTIF Refunding 2015 Capital	-	102,500	83,934	18,566
SSTIF Refunding 2015 Debt Reserve	-	336,309	-	336,309
Wabash Streetscape Construction	-	3,053,303	1,397,510	1,655,793
Wabash Streetscape Debt Reserve	-	216,073	-	216,073
CDBG 2014 B14MC180022	-	489,364	489,364	-
CDBG 2015 B15MC180022	-	29,808	29,808	-
CMAQ Grant (MVHF)	-	30,000	30,000	-
Winding Creek Cove Project	-	40,000	15,821	24,179
AIP 19 Grant	-	166,992	165,456	1,536
Cemetery Operating	216,228	638,585	485,732	369,081
Zoo Donation	262,225	100,250	154,006	208,469
Controlled Substance Excise	1,927	-	-	1,927
Fire Donation	5,661	1,250	883	6,028
Park Gift And Donation	20,932	15,206	15,827	20,311
Police Donation	13,837	69,416	69,941	13,312
Golf	73,244	649,090	642,939	79,395
Park Concession	144,631	234,695	223,526	155,800
MCPA Receiving	-	2,330	2,330	-
Zoo Education Nonreverting	5,626	10,139	8,120	7,645
Senior Center Nonreverting	17,844	13,639	14,179	17,304
Park And Recreation Nonreverting	33,025	91,637	82,469	42,193
Patriot Park Nonreverting	11,521	3,450	-	14,971

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

CITY OF MICHIGAN CITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Year Ended December 31, 2015

(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Michigan City Tree Fund	463	199	221	441
Michigan City Youth Council	212	-	-	212
Millennium Park Brick	62,612	875	105	63,382
Mayor's Special Events	3,920	85,357	87,922	1,355
Demolition Recovery	2,568	1	-	2,569
Barker Civic Center	164	285,373	217,632	67,905
Police Continuing Education	114,580	32,063	37,213	109,430
Aviation Operating	54,025	240,424	245,842	48,607
Aviation Fuel	7,837	267,255	226,958	48,134
Cemetery Extension	36,114	84,085	87,856	32,343
Cemetery Merchandise And Commission	19,977	175,261	170,138	25,100
Singing Sands Bike Trail Grant	60,298	320	6,898	53,720
Redevelopment Operating	129,704	140,606	223,856	46,454
Refunding Bonds 2011 Operating And Reserve	5,898	5,897	1,242	10,553
Refunding Bonds 2011 Reserve	212,007	29	13	212,023
INDOT Traffic Study Grant	29,631	-	-	29,631
MCPD Seizure Fund	44,070	-	-	44,070
2009 Cops Grant	204,395	-	-	204,395
Refunding Bonds 2011 Sinking	-	259,514	259,514	-
SSTIF Bond 2007 Reserve	359,699	3,633,977	3,993,676	-
MCRD Bonds 2010 Debt Svc Rsv	762,307	152	8,568	753,891
Park And Recreation Capital Improve	37,485	4,232	2,996	38,721
Blue Chip Development	5,570,908	587,061	1,616,786	4,541,183
Coolspring Ave Reconstruction Grant	660,495	-	-	660,495
Northeast TIF	569,165	46,606	297,767	318,004
Southside TIF	11,401,974	3,001,081	2,364,990	12,038,065
Northside TIF	21,888,353	4,947,550	11,387,354	15,448,549
Michigan Blvd Reconstruction Grant	4,367	-	-	4,367
AIP 14 Grant	6,259	-	-	6,259
Employee Health & Life Insurance	47,153	115,713	115,695	47,171
Cemetery Blanket And Wreath	30,582	10,731	8,600	32,713
Cemetery Flower Fund	26,599	46	399	26,246
Cemetery Dabbert Vault	2,329	4	-	2,333
Cemetery Lutz Vault	4,416	6	-	4,422
Cemetery PM GW Trust	1,030,514	36,611	23,282	1,043,843
Cemetery PM SL Trust	515,657	28,385	11,675	532,367
Cemetery Extension Trust	558,698	81,259	29,798	610,159
Cemetery Mds And Comm Trust	36,017	83,563	87,264	32,316
MC Employee Medical Trust	1,015,022	5,800,142	6,165,819	649,345
MC Employee Benefit Trust	336,971	500,225	603,499	233,697
Intergovernmental Wagering Tax	63	2,400,323	2,400,323	63
SRF Debt Reserve Fund	866,362	29,934	421,276	475,020
SRF Bond and Interest Fund	64,181	279,590	140,000	203,771
Vehicle Replacement Fund	66,565	357,502	340,941	83,126
Equipment Replacement Fund	394,519	400,008	132,450	662,077
SRF - Construction Additional Projects	-	48,684	48,684	-
SRF Construction Prison Project	-	237,600	-	237,600
Northside TIF Investment	(1)	1	-	-
Sewage Works Operating	806,403	9,971,469	9,608,255	1,169,617
Sewage Works Sinking	392,959	523,285	916,244	-
Sewage Works Improvement	887,093	1,047,009	938,586	995,516
Sewage Works - Indian Springs Proj	-	44,346	44,346	-
Sewage Works - Whippoorwill Proj	-	3,475	3,475	-
Sanitary District Operating	679,898	488,478	544,244	624,132
Sanitary District Refuse	36,535	3,498,714	3,023,355	511,894
Sanitary District Capital	5,270	6,339	-	11,609
Sanitary District Levy Excess	-	8,522	-	8,522
Debt Reserve	-	14,410	-	14,410
Payment in Lieu of Taxes	-	185,137	40	185,097
Water Dept Operating	743,471	7,490,594	7,125,116	1,108,949
Water Dept Bond And Interest	397,213	1,258,339	1,189,326	466,226
Water Dept Improvement	601,573	8,590,888	257,574	8,934,887
Water Dept Customer Deposit	547,236	165,981	114,769	598,448
Water Dept Contingencies	625,457	2,390	30,760	597,087
Water Utility - Imprest Funds	5,350	-	-	5,350
MCPA Operating	1,226,840	2,205,046	2,197,816	1,234,070
MCPA Security Deposit	9,821	-	-	9,821
MCPA Suplus - Horizon	1,452,580	953,044	35,952	2,369,672
Totals	\$ 73,805,649	\$ 134,077,056	\$ 123,509,261	\$ 84,373,444

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

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

E. Disbursements

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

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

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

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

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

Indiana Public Retirement System
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.

E. Water Utility Pension Plan

Plan Description

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

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

Funding Policy and Annual Pension Cost

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

CITY OF MICHIGAN CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursement for expenditures made by the City was not received by December 31, 2015.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 9. Pending Litigation

The Indiana Department of Environmental Management (IDEM) has an enforcement action against the Sanitary District and the City regarding remediation at the Karwick Nature Park. The City is awaiting approval from IDEM for their proposed remediation plan, the estimated cost of remediation is between \$3,000,000 and \$4,000,000.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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

	General Fund	Motor Vehicle Highway	Local Road And Street	M C Unsafe Building Fund	Animal Control	Riverboat Gaming	Park And Recreation	Levy Excess
Cash and investments - beginning	\$ 49,806	\$ 490,781	\$ 97,938	\$ 8,283	\$ 12,254	\$ 9,711,618	\$ 244	\$ -
Receipts:								
Taxes	12,336,404	34,601	-	-	-	-	1,599,140	-
Licenses and permits	942,242	-	-	5,750	-	-	-	-
Intergovernmental receipts	4,052,005	1,143,151	296,589	-	-	10,417,494	107,949	-
Charges for services	129,821	-	-	-	-	-	907,021	-
Fines and forfeits	77,700	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	11,922,582	51,861	70,250	-	794	6,540,750	1,416,667	54,926
Total receipts	<u>29,460,754</u>	<u>1,229,613</u>	<u>366,839</u>	<u>5,750</u>	<u>794</u>	<u>16,958,244</u>	<u>4,030,777</u>	<u>54,926</u>
Disbursements:								
Personal services	17,840,278	1,005,927	-	-	-	-	1,666,338	-
Supplies	597,184	216,962	324,333	-	-	-	171,224	-
Other services and charges	2,086,806	188,960	-	1,773	9,190	17,578	627,769	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	6,151,380	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	4,537,616	-	70,000	-	-	10,091,975	1,133,125	-
Total disbursements	<u>25,061,884</u>	<u>1,411,849</u>	<u>394,333</u>	<u>1,773</u>	<u>9,190</u>	<u>16,260,933</u>	<u>3,598,456</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,398,870</u>	<u>(182,236)</u>	<u>(27,494)</u>	<u>3,977</u>	<u>(8,396)</u>	<u>697,311</u>	<u>432,321</u>	<u>54,926</u>
Cash and investments - ending	<u>\$ 4,448,676</u>	<u>\$ 308,545</u>	<u>\$ 70,444</u>	<u>\$ 12,260</u>	<u>\$ 3,858</u>	<u>\$ 10,408,929</u>	<u>\$ 432,565</u>	<u>\$ 54,926</u>

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

	DEA Forfeiture	Cumulative Capital Development	Cumulative Channel Maintenance	Cumulative Capital Improvement	CEDIT	Police Pension	Fire Pension	MCRD Bonds 2010 Sinking
Cash and investments - beginning	\$ 65,120	\$ 325	\$ 2,030,956	\$ 93,713	\$ 2,380,347	\$ 242,938	\$ 88,857	\$ 7
Receipts:								
Taxes	-	241,274	165,525	-	-	1,586,424	1,328,745	-
Licenses and permits	-	-	22,886	-	-	-	-	-
Intergovernmental receipts	16,232	15,927	11,038	79,067	2,779,387	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	91	7,000	-	2,151	14,879	-	-	756,818
Total receipts	<u>16,323</u>	<u>264,201</u>	<u>199,449</u>	<u>81,218</u>	<u>2,794,266</u>	<u>1,586,424</u>	<u>1,328,745</u>	<u>756,818</u>
Disbursements:								
Personal services	-	-	-	-	-	2,584	2,584	-
Supplies	3,568	-	-	-	46,133	-	-	-
Other services and charges	16,853	-	-	26,081	2,537,875	9,161	4,159	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	72,375	84,442	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	143,000	-	-	1,150,000	1,625,815	1,300,730	756,707
Total disbursements	<u>20,421</u>	<u>143,000</u>	<u>-</u>	<u>98,456</u>	<u>3,818,450</u>	<u>1,637,560</u>	<u>1,307,473</u>	<u>756,707</u>
Excess (deficiency) of receipts over disbursements	<u>(4,098)</u>	<u>121,201</u>	<u>199,449</u>	<u>(17,238)</u>	<u>(1,024,184)</u>	<u>(51,136)</u>	<u>21,272</u>	<u>111</u>
Cash and investments - ending	<u>\$ 61,022</u>	<u>\$ 121,526</u>	<u>\$ 2,230,405</u>	<u>\$ 76,475</u>	<u>\$ 1,356,163</u>	<u>\$ 191,802</u>	<u>\$ 110,129</u>	<u>\$ 118</u>

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

	MCRD Bonds 2011 Reserve	MCRD Bonds 2011 Bond Interest	City Fund - Donation EOC Activity	MC Economic Dev Revolving Loan Fund	Lake Michigan Costal Prog Grant	C2 115 - MC Esplande Plan	AIP 15 Grant	MCRD Bonds 2010 Oper & Reserve
Cash and investments - beginning	\$ 494,872	\$ 68	\$ 11,194	\$ 650,000	\$ 21,348	\$ 5,000	\$ 47,873	\$ 11,896
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	67	-	-	3,384	-	-	-	12,082
Total receipts	67	-	-	3,384	-	-	-	12,082
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	31	-	-	350,000	19,998	-	-	2,320
Total disbursements	31	-	-	350,000	19,998	-	-	2,320
Excess (deficiency) of receipts over disbursements	36	-	-	(346,616)	(19,998)	-	-	9,762
Cash and investments - ending	\$ 494,908	\$ 68	\$ 11,194	\$ 303,384	\$ 1,350	\$ 5,000	\$ 47,873	\$ 21,658

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

	MCRD Bonds 2011 Sinking	Commission For Women Fund	Security Deposit Fund	AIP 16 Grant	MCRD Bonds 2011 Oper & Reserve	CDBG 2013B 13-MC-180022	EPA Beach Act Grant	CZM Fedder Alley Marram Grass
Cash and investments - beginning	\$ 6	\$ 6,495	\$ 10,140	\$ 803	\$ 7,533	\$ -	\$ 36,843	\$ 25,000
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	536,939	18,252	-
Charges for services	-	-	26,700	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	625,592	29,326	-	-	3,201	-	-	-
Total receipts	625,592	29,326	26,700	-	3,201	536,939	18,252	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	1,017	-	-	-	-	-	-
Other services and charges	-	4,880	-	-	-	536,939	18,252	43,750
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	625,597	-	22,900	-	1,100	-	-	-
Total disbursements	625,597	5,897	22,900	-	1,100	536,939	18,252	43,750
Excess (deficiency) of receipts over disbursements	(5)	23,429	3,800	-	2,101	-	-	(43,750)
Cash and investments - ending	\$ 1	\$ 29,924	\$ 13,940	\$ 803	\$ 9,634	\$ -	\$ 36,843	\$ (18,750)

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

	CZM Kayak Launch Hanson Park	CZM Lighthouse Museum Restoration	CMAQ IN950045 Vehicle Replacement	AIP 17 Grant	Public Arts Committee Donation Fund	Commission on SSAAM Donation Fund	Human Rights Commission Donation Fund	Daniel Bruce Memorial Donation Fund
Cash and investments - beginning	\$ 19,914	\$ 1,266	\$ -	\$ 4,242	\$ 14,300	\$ 9,944	\$ 7,403	\$ 4,335
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	133,887	44,665	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	10	10	-	-	9,790	7,440	7,605	-
Total receipts	<u>10</u>	<u>10</u>	<u>133,887</u>	<u>44,665</u>	<u>9,790</u>	<u>7,440</u>	<u>7,605</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	251	-
Other services and charges	-	-	-	-	889	3,042	9,926	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	61,328	-	167,358	48,335	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>61,328</u>	<u>-</u>	<u>167,358</u>	<u>48,335</u>	<u>889</u>	<u>3,042</u>	<u>10,177</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(61,318)</u>	<u>10</u>	<u>(33,471)</u>	<u>(3,670)</u>	<u>8,901</u>	<u>4,398</u>	<u>(2,572)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (41,404)</u>	<u>\$ 1,276</u>	<u>\$ (33,471)</u>	<u>\$ 572</u>	<u>\$ 23,201</u>	<u>\$ 14,342</u>	<u>\$ 4,831</u>	<u>\$ 4,335</u>

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

	New Police Station Project Fund	Triangle Bus Project	AIP 18 Grant	SSTIF Refunding 2015 Capital	SSTIF Refunding 2015 Debt Reserve	Wabash Streetscape Construction	Wabash Streetscape Debt Reserve	CDBG 2014 B14MC180022
Cash and investments - beginning	\$ 620,088	\$ 30,028	\$ 22,337	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	406,418	479,072	-	-	-	-	489,364
Charges for services	-	7,728	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	5,630,000	-	-	102,500	336,309	3,053,303	216,073	-
Total receipts	<u>5,630,000</u>	<u>414,146</u>	<u>479,072</u>	<u>102,500</u>	<u>336,309</u>	<u>3,053,303</u>	<u>216,073</u>	<u>489,364</u>
Disbursements:								
Personal services	-	151,525	-	-	-	-	-	-
Supplies	-	9,806	-	-	-	-	-	-
Other services and charges	-	66,823	-	64,000	-	424,597	-	489,364
Debt service - principal and interest	-	-	-	19,782	-	-	-	-
Capital outlay	4,316,240	279,650	537,864	-	-	971,913	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	152	-	1,000	-	-
Total disbursements	<u>4,316,240</u>	<u>507,804</u>	<u>537,864</u>	<u>83,934</u>	<u>-</u>	<u>1,397,510</u>	<u>-</u>	<u>489,364</u>
Excess (deficiency) of receipts over disbursements	<u>1,313,760</u>	<u>(93,658)</u>	<u>(58,792)</u>	<u>18,566</u>	<u>336,309</u>	<u>1,655,793</u>	<u>216,073</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,933,848</u>	<u>\$ (63,630)</u>	<u>\$ (36,455)</u>	<u>\$ 18,566</u>	<u>\$ 336,309</u>	<u>\$ 1,655,793</u>	<u>\$ 216,073</u>	<u>\$ -</u>

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

	CDBG 2015 B15MC180022	CMAQ Grant (MVHF)	Winding Creek Cove Project	AIP 19 Grant	Cemetery Operating	Zoo Donation	Controlled Substance Excise	Fire Donation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 216,228	\$ 262,225	\$ 1,927	\$ 5,661
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	29,808	30,000	30,000	166,992	-	-	-	-
Charges for services	-	-	-	-	498,563	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	10,000	-	140,022	100,250	-	1,250
Total receipts	<u>29,808</u>	<u>30,000</u>	<u>40,000</u>	<u>166,992</u>	<u>638,585</u>	<u>100,250</u>	<u>-</u>	<u>1,250</u>
Disbursements:								
Personal services	-	-	-	-	398,385	-	-	-
Supplies	-	-	-	-	15,512	31,402	-	883
Other services and charges	29,808	-	-	-	43,089	122,604	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	30,000	15,821	165,456	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	28,746	-	-	-
Total disbursements	<u>29,808</u>	<u>30,000</u>	<u>15,821</u>	<u>165,456</u>	<u>485,732</u>	<u>154,006</u>	<u>-</u>	<u>883</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>24,179</u>	<u>1,536</u>	<u>152,853</u>	<u>(53,756)</u>	<u>-</u>	<u>367</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,179</u>	<u>\$ 1,536</u>	<u>\$ 369,081</u>	<u>\$ 208,469</u>	<u>\$ 1,927</u>	<u>\$ 6,028</u>

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

	Park Gift And Donation	Police Donation	Golf	Park Concession	MCPA Receiving	Zoo Education Nonreverting	Senior Center Nonreverting	Park And Recreation Nonreverting
Cash and investments - beginning	\$ 20,932	\$ 13,837	\$ 73,244	\$ 144,631	\$ -	\$ 5,626	\$ 17,844	\$ 33,025
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	643,542	232,044	2,330	-	13,639	80,311
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	15,206	69,416	5,548	2,651	-	10,139	-	11,326
Total receipts	<u>15,206</u>	<u>69,416</u>	<u>649,090</u>	<u>234,695</u>	<u>2,330</u>	<u>10,139</u>	<u>13,639</u>	<u>91,637</u>
Disbursements:								
Personal services	-	-	440,912	53,031	-	-	-	-
Supplies	15,527	69,941	111,049	123,285	-	6,620	2,614	22,036
Other services and charges	300	-	90,978	28,210	24	1,500	5,565	60,433
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	19,000	2,306	-	6,000	-
Total disbursements	<u>15,827</u>	<u>69,941</u>	<u>642,939</u>	<u>223,526</u>	<u>2,330</u>	<u>8,120</u>	<u>14,179</u>	<u>82,469</u>
Excess (deficiency) of receipts over disbursements	<u>(621)</u>	<u>(525)</u>	<u>6,151</u>	<u>11,169</u>	<u>-</u>	<u>2,019</u>	<u>(540)</u>	<u>9,168</u>
Cash and investments - ending	<u>\$ 20,311</u>	<u>\$ 13,312</u>	<u>\$ 79,395</u>	<u>\$ 155,800</u>	<u>\$ -</u>	<u>\$ 7,645</u>	<u>\$ 17,304</u>	<u>\$ 42,193</u>

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

	Patriot Park Nonreverting	Michigan City Tree Fund	Michigan City Youth Council	Millennium Park Brick	Mayor's Special Events	Demolition Recovery	Barker Civic Center	Police Continuing Education
Cash and investments - beginning	\$ 11,521	\$ 463	\$ 212	\$ 62,612	\$ 3,920	\$ 2,568	\$ 164	\$ 114,580
Receipts:								
Taxes	-	-	-	-	-	-	153,368	-
Licenses and permits	-	-	-	-	-	-	-	12,030
Intergovernmental receipts	-	-	-	-	-	-	10,370	-
Charges for services	3,450	-	-	-	-	-	-	14,747
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	199	-	875	85,357	1	121,635	5,286
Total receipts	<u>3,450</u>	<u>199</u>	<u>-</u>	<u>875</u>	<u>85,357</u>	<u>1</u>	<u>285,373</u>	<u>32,063</u>
Disbursements:								
Personal services	-	-	-	-	-	-	99,038	-
Supplies	-	221	-	105	-	-	2,619	13,299
Other services and charges	-	-	-	-	-	-	44,975	23,914
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	87,922	-	71,000	-
Total disbursements	<u>-</u>	<u>221</u>	<u>-</u>	<u>105</u>	<u>87,922</u>	<u>-</u>	<u>217,632</u>	<u>37,213</u>
Excess (deficiency) of receipts over disbursements	<u>3,450</u>	<u>(22)</u>	<u>-</u>	<u>770</u>	<u>(2,565)</u>	<u>1</u>	<u>67,741</u>	<u>(5,150)</u>
Cash and investments - ending	<u>\$ 14,971</u>	<u>\$ 441</u>	<u>\$ 212</u>	<u>\$ 63,382</u>	<u>\$ 1,355</u>	<u>\$ 2,569</u>	<u>\$ 67,905</u>	<u>\$ 109,430</u>

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

	Aviation Operating	Aviation Fuel	Cemetery Extension	Cemetery Merchandise And Commission	Singing Sands Bike Trail Grant	Redevelopment Operating	Refunding Bonds 2011 Operating And Reserve	Refunding Bonds 2011 Reserve
Cash and investments - beginning	\$ 54,025	\$ 7,837	\$ 36,114	\$ 19,977	\$ 60,298	\$ 129,704	\$ 5,898	\$ 212,007
Receipts:								
Taxes	158,044	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	10,755	-	-	-	320	-	-	-
Charges for services	18,195	267,255	84,085	175,261	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	53,430	-	-	-	-	140,606	5,897	29
Total receipts	<u>240,424</u>	<u>267,255</u>	<u>84,085</u>	<u>175,261</u>	<u>320</u>	<u>140,606</u>	<u>5,897</u>	<u>29</u>
Disbursements:								
Personal services	171,650	-	-	-	-	185,222	-	-
Supplies	13,038	221,959	-	-	-	-	-	-
Other services and charges	61,154	-	-	-	-	38,612	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	6,898	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	4,999	87,856	170,138	-	22	1,242	13
Total disbursements	<u>245,842</u>	<u>226,958</u>	<u>87,856</u>	<u>170,138</u>	<u>6,898</u>	<u>223,856</u>	<u>1,242</u>	<u>13</u>
Excess (deficiency) of receipts over disbursements	<u>(5,418)</u>	<u>40,297</u>	<u>(3,771)</u>	<u>5,123</u>	<u>(6,578)</u>	<u>(83,250)</u>	<u>4,655</u>	<u>16</u>
Cash and investments - ending	<u>\$ 48,607</u>	<u>\$ 48,134</u>	<u>\$ 32,343</u>	<u>\$ 25,100</u>	<u>\$ 53,720</u>	<u>\$ 46,454</u>	<u>\$ 10,553</u>	<u>\$ 212,023</u>

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

	INDOT Traffic Study Grant	MCPD Seizure Fund	2009 Cops Grant	Refunding Bonds 2011 Sinking	SSTIF Bond 2007 Reserve	MCRD Bonds 2010 Debt Svc Rsv	Park And Recreation Capital Improve	Blue Chip Development
Cash and investments - beginning	\$ 29,631	\$ 44,070	\$ 204,395	\$ -	\$ 359,699	\$ 762,307	\$ 37,485	\$ 5,570,908
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	4,232	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	259,514	3,633,977	152	-	587,061
Total receipts	-	-	-	259,514	3,633,977	152	4,232	587,061
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	2,996	43,387
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	1,573,399
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	259,514	3,993,676	8,568	-	-
Total disbursements	-	-	-	259,514	3,993,676	8,568	2,996	1,616,786
Excess (deficiency) of receipts over disbursements	-	-	-	-	(359,699)	(8,416)	1,236	(1,029,725)
Cash and investments - ending	\$ 29,631	\$ 44,070	\$ 204,395	\$ -	\$ -	\$ 753,891	\$ 38,721	\$ 4,541,183

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

	Coolspring Ave Reconstruction Grant	Northeast TIF	Southside TIF	Northside TIF	Michigan Blvd Reconstruction Grant	AIP 14 Grant	Employee Health & Life Insurance	Cemetery Blanket And Wreath
Cash and investments - beginning	\$ 660,495	\$ 569,165	\$ 11,401,974	\$ 21,888,353	\$ 4,367	\$ 6,259	\$ 47,153	\$ 30,582
Receipts:								
Taxes	-	46,006	2,987,803	4,370,939	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	600	13,278	576,611	-	-	115,713	10,731
Total receipts	-	46,606	3,001,081	4,947,550	-	-	115,713	10,731
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	50,000	1,656,108	7,624,826	-	-	-	-
Debt service - principal and interest	-	247,767	458,259	1,385,000	-	-	-	-
Capital outlay	-	-	250,000	1,999,925	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	623	377,603	-	-	115,695	8,600
Total disbursements	-	297,767	2,364,990	11,387,354	-	-	115,695	8,600
Excess (deficiency) of receipts over disbursements	-	(251,161)	636,091	(6,439,804)	-	-	18	2,131
Cash and investments - ending	\$ 660,495	\$ 318,004	\$ 12,038,065	\$ 15,448,549	\$ 4,367	\$ 6,259	\$ 47,171	\$ 32,713

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

	Cemetery Flower Fund	Cemetery Dabbert Vault	Cemetery Lutz Vault	Cemetery PM GW Trust	Cemetery PM SL Trust	Cemetery Extension Trust	Cemetery Mds And Comm Trust	MC Employee Medical Trust
Cash and investments - beginning	\$ 26,599	\$ 2,329	\$ 4,416	\$ 1,030,514	\$ 515,657	\$ 558,698	\$ 36,017	\$ 1,015,022
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	46	4	6	36,611	28,385	81,259	83,563	5,800,142
Total receipts	46	4	6	36,611	28,385	81,259	83,563	5,800,142
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	399	-	-	23,282	11,675	29,798	87,264	6,165,819
Total disbursements	399	-	-	23,282	11,675	29,798	87,264	6,165,819
Excess (deficiency) of receipts over disbursements	(353)	4	6	13,329	16,710	51,461	(3,701)	(365,677)
Cash and investments - ending	\$ 26,246	\$ 2,333	\$ 4,422	\$ 1,043,843	\$ 532,367	\$ 610,159	\$ 32,316	\$ 649,345

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

	MC Employee Benefit Trust	Intergovernmental Wagering Tax	SRF Debt Reserve Fund	SRF Bond And Interest Fund	Vehicle Replacement Fund	Equipment Replacement Fund	SRF Construction Additional Projects	SRF Construction Prison Project
Cash and investments - beginning	\$ 336,971	\$ 63	\$ 866,362	\$ 64,181	\$ 66,565	\$ 394,519	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	2,400,323	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	500,225	-	29,934	279,590	357,502	400,008	48,684	237,600
Total receipts	<u>500,225</u>	<u>2,400,323</u>	<u>29,934</u>	<u>279,590</u>	<u>357,502</u>	<u>400,008</u>	<u>48,684</u>	<u>237,600</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	140,000	340,941	-	-	-
Capital outlay	-	-	-	-	-	132,450	41,054	-
Utility operating expenses	-	-	-	-	-	-	7,630	-
Other disbursements	603,499	2,400,323	421,276	-	-	-	-	-
Total disbursements	<u>603,499</u>	<u>2,400,323</u>	<u>421,276</u>	<u>140,000</u>	<u>340,941</u>	<u>132,450</u>	<u>48,684</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(103,274)</u>	<u>-</u>	<u>(391,342)</u>	<u>139,590</u>	<u>16,561</u>	<u>267,558</u>	<u>-</u>	<u>237,600</u>
Cash and investments - ending	<u>\$ 233,697</u>	<u>\$ 63</u>	<u>\$ 475,020</u>	<u>\$ 203,771</u>	<u>\$ 83,126</u>	<u>\$ 662,077</u>	<u>\$ -</u>	<u>\$ 237,600</u>

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

	Northside TIF Investment	Sewage Works Operating	Sewage Works Sinking	Sewage Works Improvement	Sewage Works - Indian Springs Proj	Sewage Works - Whippoorwill Proj	Sanitary District Operating	Sanitary District Refuse
Cash and investments - beginning	\$ (1)	\$ 806,403	\$ 392,959	\$ 887,093	\$ -	\$ -	\$ 679,898	\$ 36,535
Receipts:								
Taxes	-	-	-	-	-	-	266,432	2,097,774
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	222,046	381,887
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	8,906,437	-	-	-	-	-	-
Other receipts	1	1,065,032	523,285	1,047,009	44,346	3,475	-	1,019,053
Total receipts	1	9,971,469	523,285	1,047,009	44,346	3,475	488,478	3,498,714
Disbursements:								
Personal services	-	2,549,328	-	-	-	-	227,482	960,928
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	255,098	-	-	-	-	4,670	62,981
Debt service - principal and interest	-	1,032,000	915,794	-	44,346	3,475	-	-
Capital outlay	-	85,542	-	438,042	-	-	57,480	-
Utility operating expenses	-	3,870,755	-	50,544	-	-	254,612	1,440,924
Other disbursements	-	1,815,532	450	450,000	-	-	-	558,522
Total disbursements	-	9,608,255	916,244	938,586	44,346	3,475	544,244	3,023,355
Excess (deficiency) of receipts over disbursements	1	363,214	(392,959)	108,423	-	-	(55,766)	475,359
Cash and investments - ending	\$ -	\$ 1,169,617	\$ -	\$ 995,516	\$ -	\$ -	\$ 624,132	\$ 511,894

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

	Sanitary District Capital	Sanitary District Levy Excess	Debt Reserve	Payment in Lieu of Taxes	Water Dept Operating	Water Dept Bond And Interest	Water Dept Improvement
Cash and investments - beginning	\$ 5,270	\$ -	\$ -	\$ -	\$ 743,471	\$ 397,213	\$ 601,573
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	6,305	-	-	-	6,903,313	-	-
Other receipts	34	8,522	14,410	185,137	587,281	1,258,339	8,590,888
Total receipts	<u>6,339</u>	<u>8,522</u>	<u>14,410</u>	<u>185,137</u>	<u>7,490,594</u>	<u>1,258,339</u>	<u>8,590,888</u>
Disbursements:							
Personal services	-	-	-	-	1,729,169	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,189,250	-
Capital outlay	-	-	-	-	538,754	-	156,097
Utility operating expenses	-	-	-	-	2,415,736	-	-
Other disbursements	-	-	-	40	2,441,457	76	101,477
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>7,125,116</u>	<u>1,189,326</u>	<u>257,574</u>
Excess (deficiency) of receipts over disbursements	<u>6,339</u>	<u>8,522</u>	<u>14,410</u>	<u>185,097</u>	<u>365,478</u>	<u>69,013</u>	<u>8,333,314</u>
Cash and investments - ending	<u>\$ 11,609</u>	<u>\$ 8,522</u>	<u>\$ 14,410</u>	<u>\$ 185,097</u>	<u>\$ 1,108,949</u>	<u>\$ 466,226</u>	<u>\$ 8,934,887</u>

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

	Water Dept Customer Deposit	Water Dept Contingencies	Water Utility - Imprest Funds	MCPA Operating	MCPA Security Deposit	MCPA - Suplus Horizon	Totals
Cash and investments - beginning	\$ 547,236	\$ 625,457	\$ 5,350	\$ 1,226,840	\$ 9,821	\$ 1,452,580	\$ 73,805,649
Receipts:							
Taxes	-	-	-	-	-	-	27,372,479
Licenses and permits	-	-	-	-	-	-	982,908
Intergovernmental receipts	-	-	-	-	-	544,500	24,854,437
Charges for services	-	-	-	2,178,511	-	-	5,287,435
Fines and forfeits	-	-	-	-	-	-	77,700
Utility fees	-	-	-	-	-	-	15,816,055
Other receipts	165,981	2,390	-	26,535	-	408,544	59,686,042
Total receipts	<u>165,981</u>	<u>2,390</u>	<u>-</u>	<u>2,205,046</u>	<u>-</u>	<u>953,044</u>	<u>134,077,056</u>
Disbursements:							
Personal services	-	-	-	684,099	-	-	28,168,480
Supplies	-	-	-	368,072	-	-	2,388,660
Other services and charges	-	-	-	689,771	-	-	18,129,670
Debt service - principal and interest	-	-	-	-	-	-	5,776,614
Capital outlay	-	-	-	20,408	-	17,270	18,219,481
Utility operating expenses	-	-	-	-	-	-	8,040,201
Other disbursements	114,769	30,760	-	435,466	-	18,682	42,786,155
Total disbursements	<u>114,769</u>	<u>30,760</u>	<u>-</u>	<u>2,197,816</u>	<u>-</u>	<u>35,952</u>	<u>123,509,261</u>
Excess (deficiency) of receipts over disbursements	<u>51,212</u>	<u>(28,370)</u>	<u>-</u>	<u>7,230</u>	<u>-</u>	<u>917,092</u>	<u>10,567,795</u>
Cash and investments - ending	<u>\$ 598,448</u>	<u>\$ 597,087</u>	<u>\$ 5,350</u>	<u>\$ 1,234,070</u>	<u>\$ 9,821</u>	<u>\$ 2,369,672</u>	<u>\$ 84,373,444</u>

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater Utility	\$ 943	\$ 801,851
Water Utility	268,998	620,278
Port Authority	-	718,837
Governmental activities	-	107,961
Totals	\$ 269,941	\$ 2,248,927

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

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

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Redevelopment Auth NE Roeske Ave Bonds of 1999	\$ 401,569	\$ 498,009
General obligation bonds	Redevelopment Auth Refunding Bonds 2011 (Cleveland Ave)	1,245,000	257,413
General obligation bonds	Redevelopment Dist Refunding Bonds 2015 (400 N)	3,530,000	330,914
General obligation bonds	Redevelopment Auth Lafayette/Barker Bonds of 2010	8,090,000	750,155
General obligation bonds	Redevelopment Auth Elston Grove Bonds of 2011	4,930,000	494,738
General obligation bonds	Redevelopment Dist Bonds Series 2015 (Wabash Streetscape)	3,300,000	315,331
General obligation bonds	Bond Anticipation Note of 2015 (MCPD)	<u>8,000,000</u>	<u>2,011,919</u>
Total governmental activities		<u>29,496,569</u>	<u>4,658,479</u>
Wastewater Utility:			
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2005	-	-
Notes and loans payable	Sewage Works Revenue Bonds Series 2013 (SRF Loan)	2,510,000	140,000
Notes and loans payable	Sewage Works Revenue Bonds Series 2014A (SRF Loan)	5,000,000	263,000
Notes and loans payable	Sewage Works Revenue Bonds Series 2014B (SRF Loan)	<u>1,297,000</u>	<u>72,000</u>
Total Wastewater Utility		<u>8,807,000</u>	<u>475,000</u>
Water Utility:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2004	7,010,000	1,184,300
Revenue bonds	Waterworks Revenue Bonds Series 2015	<u>8,645,000</u>	<u>184,963</u>
Total Water Utility		<u>15,655,000</u>	<u>1,369,263</u>
Totals		<u>\$ 53,958,569</u>	<u>\$ 6,502,742</u>

CITY OF MICHIGAN CITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 6,650,816
Infrastructure	112,910,859
Buildings	24,725,860
Improvements other than buildings	20,157,098
Machinery, equipment, and vehicles	25,010,585
Construction in progress	10,221,371
Total governmental activities	199,676,589
Wastewater Utility:	
Land	849,079
Infrastructure	76,298,894
Buildings	25,764,455
Improvements other than buildings	1,230,759
Machinery, equipment, and vehicles	12,476,341
Construction in progress	132,877
Total Wastewater Utility	116,752,405
Water Utility:	
Land	91,291
Infrastructure	28,441,264
Buildings	10,226,007
Improvements other than buildings	21,370,380
Machinery, equipment, and vehicles	2,808,432
Total Water Utility	62,937,374
Port Authority:	
Land	2,038,751
Infrastructure	4,856,001
Buildings	5,975,101
Improvements other than buildings	992,285
Machinery, equipment, and vehicles	860,248
Total Port Authority	14,722,386
Total capital assets	\$ 394,088,754

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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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 MICHIGAN CITY, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-003, and 2015-004, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/Entitlement Grants	Direct				
CDBG 2013		14.218	B-13-MC-180022	\$ 125,231	\$ 536,939
CDBG 2014		14.218	B-14-MC-180022	44,086	489,364
CDBG 2015		14.218	B-15-MC-180022	1,833	29,808
Total - Community Development Block Grants/Entitlement Grants				<u>171,150</u>	<u>1,056,111</u>
Total - Department of Housing and Urban Development				<u>171,150</u>	<u>1,056,111</u>
<u>Department of the Interior</u>					
Fish and Wildlife Cluster					
Sport Fish Restoration Program					
Trail Creek Marina Renovation	Indiana Department of Natural Resources	15.605	F14AF00052	-	544,500
Total - Fish and Wildlife Cluster				-	544,500
Total - Department of the Interior				-	544,500
<u>Department of Justice</u>					
Joint Law Enforcement Operations (JLEO)	Direct				
JLEO OT		16.111	M-15-A34-O-00378	-	9,738
Equitable Sharing Program	Direct				
DEA Forfeiture		16.922	FY 2015	-	20,420
Total - Department of Justice				-	30,158
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation				
Singing Sands Lighthouse Trail Phase I		20.205	Des # 0301165	-	320
CMAQ Grant		20.205	Des # 0901907	-	30,000
Total - Highway Planning and Construction Cluster				-	30,320
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute				
Operation Pull Over 14-15		20.600	FY 2015	-	11,129
Total Highway Safety Cluster				-	11,129
Federal Transit Cluster	Direct				
Federal Transit _ Formula Grants					
Transit Operating		20.507	IN-90-4672	-	585,783
CMAQ Transit Bus		20.507	IN-95-0045	-	133,887
Transit Triangle		20.507	IN-95-0052	-	316,333
Total - Federal Transit Cluster				-	1,036,003
Airport Improvement Program	Direct				
AIP 17		20.106	3-18-055-017-2013	-	43,501
AIP 18		20.106	3-18-055-018-2014	-	450,195
AIP 19		20.106	3-18-055-019-2015	-	148,910
Total - Airport Improvement Program				-	642,606
Total - Department of Transportation				-	1,720,058
<u>Environmental Protection Agency</u>					
Surveys, Studies, Demonstration and Special Purpose Grants -					
Section 1442 of the Safe Drinking Water Act	Alliance for the Great Lakes				
Winding Creek Cove Project		66.436	FY 2015	-	15,821
Beach Monitoring and Notification Program Implementation Grants	Indiana Department of Environmental Management				
Beach Act Grant		66.472	A305-5-220	-	18,252
Total - Environmental Protection Agency				-	1,754,131
Total federal awards expended				<u>\$ 171,150</u>	<u>\$ 3,384,900</u>

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

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

Note 1. *Basis of Presentation*

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

Note 2. *Summary of Significant Accounting Policies*

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

CITY OF MICHIGAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
15.605	Fish and Wildlife Cluster	Unmodified
20.507	Federal Transit Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting.

1. Lack of Segregation of Duties: The City had not separated incompatible activities related to the processing of disbursements.
 - a. Journal entries for disbursements withdrawn from the City's bank accounts as electronic funds transfers were created and recorded in the ledger by the Controller's office personnel. Claims were not prepared for these journal entries, nor were they included on a Claim Docket, and, therefore, were not approved by the governing body.

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

b. Department Heads were not required to submit time records; however, if they did submit time records, their time was not substantiated or approved.

2. Preparing Financial Statements: The City had not identified risks to the preparation of a reliable financial statement and as a result failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement and the Schedule of Federal Expenditures. In addition, management of the City had not established a process for final review of the financial statement after compilation.

Criteria

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)

Cause

Management of the City had not established a proper system of internal control. Additionally, management had not monitored the internal control system related to the City's financial reporting and transactions.

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002 - SUSPENSION AND DEBARMENT

Federal Agency: Department of the Interior
Federal Program: Fish and Wildlife Cluster
CFDA Number: 15.605
Federal Award Number and Year (or Other Identifying Number): F14AF00052
Pass-Through Entity: Indiana Department of Natural Resources

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

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Suspension and Debarment compliance requirement.

The City had not designed or implemented internal control procedures to ensure compliance with the Suspension and Debarment requirements of the program. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with applicable local, state, and federal laws regarding these requirements.

Context

The City had a lack of internal controls throughout the audit period.

Compliance

The City did not comply with the Suspension and Debarment requirements of this program. The City paid a contractor \$544,500 with federal funds in 2015, but did not verify whether or not the contractor was suspended or debarred.

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must: (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the City.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-003 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Transportation

Federal Program: Federal Transit Cluster

CFDA Number: 20.507

Federal Award Number and Year (or Other Identifying Number): IN-90-4672, IN-95-0045, IN-95-0052

This is a repeat of Finding 2014-005 from the immediate prior year.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

The City did not design or implement internal control procedures to ensure compliance with the Procurement and Suspension and Debarment requirements of the program. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with applicable local, state, and federal laws regarding these requirements.

Context

The City had a lack of internal controls throughout the audit period.

Compliance

The City did not establish proper procedures for the procurement of diesel and unleaded fuel. During 2015, the City procured \$474,080 of diesel and unleaded fuel from local vendors. The purchases were in batches, occurred approximately every three weeks, and were made without the approval of the City Board of Public Works and Safety. The City did not enter into a written contract with the local vendors from which they procured fuel. In addition, the City did not determine if the local vendors had been suspended or debarred from participation in federal programs.

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

Criteria

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. . . ."

49 CFR 18.36(b)(1) states in part:

"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."

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.

(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."

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

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.'"

Indiana Code 5-11-10-1.6 states in part:

" . . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

. . . (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-004 - CASH MANAGEMENT, MATCHING, PROGRAM INCOME, AND REPORTING

Federal Agency: Department of Transportation

Federal Program: Federal Transit Cluster

CFDA Number: 20.507

Federal Award Number and Year (or Other Identifying Number): IN-90-4672, IN-95-0045, IN-95-0052

This is partially a repeat of Finding 2014-006 from the immediate prior year.

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

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Matching, Program Income, and Reporting.

Cash Management and Reporting

One individual was responsible for preparing and submitting required reports on the Federal Transit Administration website. Officials stated that reports were reviewed prior to submission; however, evidence of a review or oversight process to ensure that reports were accurate, complete, and in compliance with the Cash Management and Reporting requirements was not provided.

Matching

One individual was responsible for calculating the amount of local match. There was no evidence of review of this calculation or a review to ensure that funds were drawn at the correct match percentage.

Program Income

Multiple people were involved in the process for the collection of program income; however, there was no review or assurance that program income was accurately recorded in the ledger.

Context

The City had a lack of internal controls throughout the audit period.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



MICHIGAN CITY INDIANA

Office of City Controller - Richard Murphy, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: rmurphy@emichigancity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 FINANCIAL TRANSACTIONS

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: NA
Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

Status of Audit Finding: As of November 2015, electronic disbursements have been added to the claims docket for approval by the Board of Public Works and Safety, bank reconciliation work papers are being reviewed and initialed and the work papers used to verify bank deposits are being maintained and filed with other monthly documentation.

We are currently evaluating our policies and procedures for greater efficiencies and internal controls.


(Signature)

City Controller
(Title)

December 12, 2016
(Date)

RON MEER – MAYOR



MICHIGAN CITY INDIANA

Office of City Controller - Richard Murphy, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: rmurphy@emichigancity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: NA
Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

Status of Audit Finding: The policy governing our grants is being reviewed with all our other policies and procedures for greater efficiencies and internal controls. A review process has been implemented to check the data that his input into Gateway. We continue to do our due diligence on verifying that all information submitted is accurate.



(Signature)

City Controller

(Title)

December 12, 2016

(Date)

RON MEER – MAYOR

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



MICHIGAN CITY INDIANA

Office of City Controller - Richard Murphy, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: rmurphy@emichigancity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 CASH MANAGEMENT

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Corrective Action: Richard Murphy

Contact Phone Number: (219) 873-1404

Status of Audit Finding: In March of 2016, when notified of this finding, a procedure was implemented to improve communication with departments receiving grant funds. Grant reimbursement and/or payment requests receive a final approval through the Controller's Office. Consequently, the grant that this finding referred to no longer receive federal grant dollars.

A handwritten signature in black ink, appearing to read "Richard Murphy", written over a horizontal line.

(Signature)

City Controller

(Title)

November 1, 2016

(Date)

RON MEER – MAYOR

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



MICHIGAN CITY INDIANA

Office of City Controller - Richard Murphy, City Controller - Phone: 219.873.1404 - Fax: 219.873.1542 - email: rmurphy@emichigancity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004 EQUIPMENT MANAGMENT

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Corrective Action: Richard Murphy

Contact Phone Number: (219) 873-1404

Status of Audit Finding: In November of 2015 a revised procedure was implemented to more thoroughly utilize the grant tracking policy. The Internal Auditor is more involved with the grant process by noting all equipment that will be purchased with grant dollars. Communication within the Controller's Office has improved.

A handwritten signature in black ink, appearing to read "Richard Murphy", is written over a horizontal line. Below the line, the word "(Signature)" is printed in a smaller font.

City Controller

(Title)

November 1, 2016

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005 PROCUREMENT AND SUSPENSION AND DEBARMENT

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation
Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

Status of Audit Finding: On March 21, 2016, the Board of Public Works and Safety passed Resolution 2809 appointing the Superintendent of Central Services as the Purchasing Agent for purposes of the competitive procurement for petroleum products. Internal controls have been implemented to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of federal programs will be prevented.

A handwritten signature in black ink, appearing to read "Richard Murphy", is written over a horizontal line.

(Signature)

City Controller

(Title)

November 1, 2016

(Date)

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MICHIGAN CITY INDIANA

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-006 CASH MANAGEMENT AND REPORTING

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Corrective Action: Richard Murphy

Contact Phone Number: (219) 873-1404

Status of Audit Finding: In March of 2016, when notified of this finding, a procedure was implemented for the preparation and submitting of grant reimbursements for MC Transit to include signatures from the Assistant Controller and the Transit Director. Before signing, all numbers are reviewed for accuracy.

A handwritten signature in cursive script, appearing to read "Richard Murphy", written over a horizontal line.

(Signature)

Richard Murphy
City Controller

(Title)

November 1, 2016

(Date)

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MICHIGAN CITY INDIANA

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CORRECTIVE ACTION PLAN

FINDING 2015-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

Views of Responsible Official: The controller's office understands the comment and will implement the corrective action plan to resolve the issue.

Description of Corrective Action Plan:

1. (a) Electronic disbursements will be added to the claims dockets. They will be approved by the Board of Public Works and Safety regularly scheduled meetings.
(b) The current policy will be updated for Department Heads and other Salaried Exempt employees to keep time sheets, electronically through the time and attendance program or manually. The electronic or manual time sheets will be signed off by the Mayor or his designee.
2. Bank reconcilements will continue to be completed on a consistent basis. Once the reconcilements are completed, they will be reviewed by the Controller or Assistant Controller and initialed. The documents will then be filed with the other monthly documents.
3. An evaluation will be performed and a process will be created to assist in identifying and/or correcting any deficiencies that could improve the internal controls.

Anticipated Completion Date:

Items 1 (a) and 2 were implemented as of November 2015. Item 1 (b) will be implemented immediately. Item 3 is being addressed in the legislative mandated internal controls policy and procedures and will be implemented by the end of fiscal year 2016.


(Signature)

City Controller
(Title)

December 2, 2016
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

Views of Responsible Official: The controller's office understands the comment and will implement the corrective action plan to resolve the issue.

Description of Corrective Action Plan:

The City will pass along to the Port Authority its policies and procedures on awarding bids including the suspension and debarment compliance requirements applicable to federal grants.

Anticipated Completion Date:

These policies and procedures will be forwarded to the Port Authority by the end of fiscal year 2016.

A handwritten signature in blue ink, appearing to read "Richard Murphy", is written over a horizontal line.

(Signature)

City Controller

(Title)

December 1, 2016

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (219) 873-1404

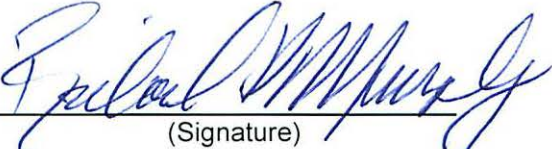
Views of Responsible Official: The controller's office understands the comment and will implement the corrective action plan to resolve the issue.

Description of Corrective Action Plan:

A policy and procedure will be developed for the procurement of diesel fuel and unleaded gasoline. The procedure will outline the process of purchasing the fuel. The policy will include the procedure for purchasing as well as the determination if the vendors have been suspended or debarred from participation in federal programs. This policy will be approved by the Board of Public Works and Safety at the beginning each year.

Anticipated Completion Date:

This policy and procedure was passed by Resolution 2809 on March 21, 2016.


(Signature)

City Controller _____
(Title)

December 1, 2016 _____
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Richard Murphy
Contact Phone Number: (210) 873-1404

Views of Responsible Official: The controller's office understands the comment and will implement the corrective action plan to resolve the issue.

Description of Corrective Action Plan:

The procedure utilized for the preparation and submitting of grant reimbursements for MC Transit will be updated to include a signature from the Assistant Controller and the Transit Director. The signatures will verify the accuracy of the numbers prepared and submitted.

Anticipated Completion Date:

This procedure was implemented with the 4th Quarter reporting in January 2016.


(Signature)

City Controller _____
(Title)

December 1, 2016 _____
(Date)

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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/>.