

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF GARY
LAKE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/18/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	M. Celita Green	01-01-16 to 12-31-17
Mayor	Karen Freeman-Wilson	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Niquelle Allen	01-01-16 to 12-31-17
President of the Common Council	Ronald G. Brewer, Sr.	01-01-16 to 12-31-17
Executive Director of the Sanitary and Storm Water Management Districts	Daniel F. Vicari	01-01-16 to 12-31-17
President of the Boards of Sanitary and Storm Water Commissioners	Charles W. Jackson, Jr.	01-01-16 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Gary (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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, 2016.

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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Emphasis of Matter Regarding Going Concern

The accompanying financial statement has been prepared assuming that the City will continue as a going concern. As discussed in Note 7 to the financial statement, the City has been experiencing significant negative cash balances. Management's plans in regard to these matters are also discussed in Note 11. The financial statement does not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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.


INDEPENDENT AUDITOR'S REPORT
(Continued)

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, and Schedule of Leases and Debt, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2017, 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 12, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Gary (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 12, 2017, 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 2016-001, that we consider to be a material weakness.

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

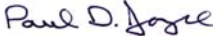
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Gary's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 12, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF GARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
General	\$ (6,662,775)	\$ 68,393,092	\$ 71,351,827	\$ (9,621,510)
Motor Vehicle Highway	669,282	2,918,960	2,857,704	730,538
Local Road And Street	220,908	931,883	840,765	312,026
Law Enforcement Continuing Ed	81,098	102,274	125,797	57,575
Unsafe Building	7,368	28,475	27,585	8,258
Riverboat	27,300	12,254,019	12,185,126	96,193
Parks And Recreation	712,795	1,227,596	1,939,087	1,304
Cumulative Capital Development	45,605	225,033	225,036	45,602
Cumulative Capital Improvement	144,471	204,648	245,600	103,519
Self-Insurance	(572,226)	10,749,839	10,597,003	(419,390)
Police Pension	737,877	8,035,200	8,057,045	716,032
Fire Pension	2,138,276	5,390,875	6,231,982	1,297,169
J-Pit/Landfill Management	262,859	67,353	75,183	255,029
Geminus Grant	9,066	-	-	9,066
FireFighter Safer Grant	15,857	-	-	15,857
Note Reserve (8.5Million)	10	-	-	10
GSD Bond Revenue	2,718,053	496	1,293,831	1,424,718
Metro Center	1,810	51,579	51,616	1,773
ARRA Public Works	1	-	-	1
2012 Genesis Center Renovation	25,222	87,000	112,222	-
Equipment Fund	-	2,884	-	2,884
Equipment Lease Reserve	384,564	-	-	384,564
Lets Move Project	4,278	-	-	4,278
Fire Department Equipment	261	-	-	261
Department of Commerce	11,793	-	-	11,793
Narcotics Vice	9,180	-	-	9,180
Health Radon Gas	4,011	-	-	4,011
Gun Buy Back	3,500	-	-	3,500
Law Non-reverting	1,250	44,135	28,370	17,015
Fair Housing	9,883	10,128	4,727	15,284
TIF Bond Reserve	860,000	-	-	860,000
2012 Note Payment	-	616,215	616,215	-
Equipment Lease	29,356	-	-	29,356
Casino Capital	42,964	-	-	42,964
Inspection Program	435,947	60,350	157,550	338,747
WCI/UCI Benefit	-	649,311	825,663	(176,352)
Public Health Program	2,146	15,019	8,397	8,768
Safe Route Plan	(14,646)	-	7,050	(21,696)
Green Urbanism	13,661	50,755	5,227	59,189
Metro Center Fund 846	2,189	-	-	2,189
Fire Watch	97,169	4,401	74,523	27,047
Out of School Time Grant	8,614	-	8,614	-
KirkYard TIF	308,362	924,433	770,578	462,217
Blight Elimination Program	291,810	2,610,593	2,755,973	146,430
US Conference of Mayors	15,000	-	15,000	-
Nat League of Cities	23,541	-	23,541	-
Maternal Child Health Infant Mortality	974	116,020	161,835	(44,841)
City Pmt- Lieu of Tax	124,170	129,161	-	253,331
Healthy Start Donation	1,700	-	-	1,700
YSB Donations	1,537	-	-	1,537
CEDIT	38,064	5,053,738	4,724,088	367,714
Public Safety Income Tax	204,465	5,053,194	5,072,342	185,317
2013A Casino RB	296	-	-	296
Operation Pull Over	67,057	33,602	-	100,659
OCRA Grant	76,921	219,010	295,931	-
DOIT Non-Revert	17,216	27,000	-	44,216
Choice Neiborhd	(2,699)	361,528	359,756	(927)
COG Youth Council	215	-	-	215
Grey Green VV	12,100	207,110	214,271	4,939
DOC Retrofit	-	9,857	9,857	-
Gary 4 Jobs	17,773	-	-	17,773
New Vehicle Maintenance	-	10,160	10,160	-
Elimination of Dispararities	(24,415)	769,689	723,377	21,897
Tobacco	(13,587)	115,238	112,310	(10,659)
Section 108 Loan Guarantee	-	31,000	30,135	865
Building Community Trust	(9,896)	67,783	62,945	(5,058)
911 Alarm Fund	-	350	-	350
CLC-CDBG	(112,301)	112,052	37,699	(37,948)
Nat. Wildlife	-	-	11,488	(11,488)
Green Link	-	122,313	122,313	-
Non-R Set-Aside	-	22,118	-	22,118
LOIT Special Di	-	3,624,262	3,545,000	79,262
Redv. LOIT Refund	-	11,165	11,165	-
VOCA One-Time	-	-	20,101	(20,101)
LDA Casino	-	4,457,391	4,383,458	73,933
Gen Ctr Tourism	-	16,020	200	15,820
Motorcycle Gran	-	6,650	-	6,650
Ambulance/EMS Nonreverting	1,654,213	3,314,464	1,529,453	3,439,224
Protective Services Grant I	(1,033,929)	10,395	-	(1,023,534)
Protective Services Grant II	40,371	126,888	121,575	45,684
Equal Opportunity Commission Hr	426	55,032	53,852	1,606
Tourism Project	34,381	41,584	17,308	58,657
Youth Services Bureau	308	75,116	73,893	1,531
HOME Program	4,999	951,688	747,797	208,890
Emergency Shelter Grant	820	269,487	269,487	820
Brownfield	550	-	-	550
Healthy Families	18,006	7,515	6,230	19,291
Marquette Park	4,224	264,897	206,948	62,173
Gleason Golf Course	161	90,362	88,393	2,130
Emergency Shelter	(617,397)	471,879	479,587	(625,105)
Comprehensive Community Program	3,254	37,257	31,705	8,806
Landfill Closure	28,435	-	6,832	21,603
Landfill Trust	1,165,841	31,311	18,765	1,178,387
Solid Waste Recycling Project	118,779	450,968	424,795	144,952
Environmental Management	13,586	-	-	13,586

CITY OF GARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
Health And Human Services	(476,487)	393,638	386,151	(469,000)
Supplemental Adult Probation Svcs	12,884	71,199	68,700	15,383
Gary Health Department Rental	14,913	8,550	2,031	21,432
Park Nonreverting	2,755	141,657	131,975	12,437
Vehicle Auction	110,291	31,234	114,325	27,200
Bioterrorism	(13,718)	70,015	66,962	(10,665)
Community Development Block Grant	265,242	2,748,459	2,912,422	101,279
Redevelopment Operating	99,100	161,742	163,819	97,023
Summer Jobs Training Program	2,189	84,051	80,443	5,797
Fair Housing Project	40,059	47,065	51,510	35,614
Genesis Civic Center	157	165,923	145,897	20,183
Media	356,436	448,348	374,096	430,688
Clerk Perpetuation	31,922	32,199	521	63,600
Genesis Center Operating	2,325	508,706	495,158	15,873
Leased Properties - Gary Bldg Corp.	(276,621)	43,900	-	(232,721)
State Air Grant	651	-	-	651
Hazardous Material	710	-	-	710
Economic Development Bond Comm	1,363	10,013	-	11,376
Alcohol And Drug Treatment	4,114	65,000	68,939	175
New Birth Grant	22	-	-	22
Remote Encoding Center	6,786	645	-	7,431
Mayor Donations	5,701	51,550	53,081	4,170
Lakefront Development	1,082,441	-	-	1,082,441
Social Services	7,118	4,283	5,343	6,058
Special Events	4,249	63,810	65,871	2,188
City Council Donations	43	50	-	93
Special Project Donations	75	-	-	75
Economic Development Trust	3,935	3	-	3,938
Community Development Loan Program	15,458	-	-	15,458
Police Donations	16,130	-	2,095	14,035
Weed And Seed	9,203	-	-	9,203
Welfare Excess	6,272	-	-	6,272
Human Relations	-	5,000	-	5,000
CMAQ Vehicles	21,500	-	-	21,500
Hope VI Pilot	316,212	118,294	-	434,506
Energy Efficient	1,098	-	-	1,098
Filming Fees	10,138	6,850	-	16,988
CHRP	63,198	-	-	63,198
Neighborhood Stabilization Program	194,023	89,770	54,818	228,975
Lead Base Paint Hazzard Control G	153,253	59,492	11,263	201,482
Redevelopment Bond	22	-	22	-
2007 GO Judgment Funding Bonds	33,066	-	-	33,066
Baseball Maintenance	1	250,000	250,000	1
Grant/Buchanan Street Project	42,989	-	-	42,989
Park Construction	121,426	-	35,938	85,488
Clean Up/Beautification	294	-	-	294
911 Equipment	494	-	-	494
Consolidated Area TIF District	1,151,334	1,904,473	2,415,500	640,307
Lakefront TIF District	1,918,117	2,501,348	2,099,357	2,320,108
Marquette Renovation	983	-	-	983
Lady Liberty Restoration	442	-	-	442
GUEA Properties	549,642	-	-	549,642
Madison Avenue TIF District	568,288	90,390	51,152	607,526
Midwest Center TIF District	488,740	233,340	300,000	422,080
Lancaster Dusable TIF District	18,634	35,431	36,350	17,715
Joint Public Safety Training	4,281	2,500	-	6,781
Dalton Arms TIF District	40,694	298,834	302,013	37,515
County Market TIF District	179,352	361,541	538,405	2,488
Kenney's Ribs TIF District	8,481	5,238	-	13,719
Fire Capital Equipment	57,339	20,671	3,396	74,614
Truck City Of Gary Allocation Area	168,955	162,719	233,783	97,891
Payroll	62,478	-	-	62,478
County Health	1,712	6,658	6,662	1,708
Empowerment Zone	9,270	35,329	34,133	10,466
Empowerment Zone Revolving	62,559	81,683	93,928	50,314
Microloan	923	-	-	923
City Clerk - Civil Division	13,348	133,728	135,871	11,205
City Clerk - Criminal Division	785,391	1,252,068	1,303,625	733,834
Miscellaneous Refunds	16,248	-	-	16,248
Redevelopment Depository Trust	77,002	-	70,335	6,667
Withholdings	1,319	23,938,742	23,782,888	157,173
Supplemental Public Defender	33,734	25,984	56,268	3,450
Confiscated Property	147,078	10,966	37,867	120,177
Salary Fee Judicial	26,048	32,535	35,580	23,003
Gary Storm Water Management District (GSWMD)	4,519,912	3,763,675	2,077,686	6,205,901
GSDWM E. Ridge Road Project	42,921	-	-	42,921
GSD WWTP General Operating	1,058,737	30,935,104	31,394,763	599,078
GSD Bond And Interest	2,063,967	2,614,364	2,759,732	1,918,599
GSD Sewer Construction	27,299	53	-	27,352
GSD Sewer Operating	700,341	199,626	735,420	164,547
GSD Solid Waste Disposal	10,595	5,450,004	5,427,381	33,218
GSD Debt Service	4,580,092	640,319	2,050,099	3,170,312
GSD Grand Calumet Sedimentation	2,807,907	11,291	1,202	2,817,996
GSD Debt Service Reserve	2,622,767	226,519	-	2,849,286
GSD Equipment Replacement	11,227,070	1,569,985	1,168,100	11,628,955
GSD/WREP Economic Development	1,981	-	-	1,981
GSD Beach Sampling	140,383	43,350	8,299	175,434
GSD E Coli	126,628	-	-	126,628
Totals	\$ 43,580,732	\$ 224,701,714	\$ 228,205,063	\$ 40,077,383

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

CITY OF GARY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes. Amounts received from 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. Amounts received from businesses, occupations, or non-businesses 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 GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

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

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

Note 8. Subsequent Events

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

The City was approved by HUD (U.S. Department of Housing and Urban Development) for a Section 108 Loan from the Community Development Block Grant (CDBG) in the amount of \$6,000,000. Of that amount, \$2,200,000 will be used to renovate the Hudson Campbell Fitness Center; one drawdown was received in February of 2016 and paid back in May of 2016 to restructure the loan agreement. Further drawdowns were received beginning in 2017. The City is expected to soon close on the balance of the loan requested for a new fire station.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

The City has entered into several lease purchase agreements for equipment.

- a. In February 2017, there were 50 police cars lease purchased for 60 months at \$1,573,848.
- b. In February 2017, there were 5 general services dump trucks with plows and spreaders lease purchased for 60 months at \$287,659.
- c. In 2017, there were 5 fire engines lease purchased for 84 months at \$2,054,297.

Note 9. Other Postemployment Benefits

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

Note 10. Temporary Loans

The City typically uses temporary loans for cash flow purposes as provided by various statutory provisions. The temporary loans outstanding for the year ended December 31, 2016, were as follows:

Loan To	Loan From	Loans Outstanding January 1, 2016	Loans Made	Loans Repaid	Loans Outstanding December 31, 2016
General	Other City Funds (Excluding GSD Funds)	\$ 12,144,015	\$ 5,500,000	\$ 2,418,215	\$ 15,225,800
General	GSD Funds	5,357,127	-	-	5,357,127
Other City Funds (Excluding GSD Funds)	Other City Funds (Excluding GSD Funds)	620,317	331,600	-	951,917
GSD Solid Waste Disposal	GSD WWTP General Operating	<u>10,162,000</u>	<u>-</u>	<u>-</u>	<u>10,162,000</u>
	Totals	<u>\$ 28,283,459</u>	<u>\$ 5,831,600</u>	<u>\$ 2,418,215</u>	<u>\$ 31,696,844</u>

Note 11. Plans to Address Financial Concerns

Since 2005, the City's financial status has been declining. A number of factors have contributed to the decline. In 2005, there was a change in the method of assessment to market value. This transition delayed the certification of the budget in years 2005 through 2011, which delayed property tax distributions from up to 4 months until the method was perfected. As a result, the City had to prolong the repayment of TAW's increasing interest payments and borrow additional interfund loans.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

In 2010, a constitutional amendment was passed to permanently establish property tax caps. This all occurred after a major shift in taxpayer assessment from industrial to residential property tax payers, a reduction in industrial personal property tax, and a recession. The resulting reduction in the industrial tax bills was never recouped. The permanent institution of property tax caps also provided for appeals the Distressed Units Appeals Board (DUAB) as a safeguard for units of government that were disproportionately impacted by the property tax caps. The City was projected to lose between \$25,000,000 and \$30,000,000, due to the property tax caps, representing approximately 51.5 percent of the City's property tax levy (also the largest reduction in the state).

The City was granted two years of gradual implementation, with full implementation of the property tax caps going into effect on January 1, 2012. PFM was engaged by the DUAB and the City to assist with recommendations for reductions and sustainability. PFM indicated that the reductions alone would not sustain the City and, therefore, made a recommendation that financial relief be provided by other means. This relief has not been provided.

The City accepted 75 percent of PFM's recommendations and laid off nearly 300 employees, outsourced trash collection, implemented furlough days for employees for 3 years, reduced salaries for employees earning over \$50,000, reduced overall benefits, consolidated departments, reduced public safety overtime (-\$1M over 10 year period), reduced public safety clothing allowances, reduced union contractual benefits, reduced citizen services, and reduced operating expenses. The City has also worked with insurance and utility providers seeking opportunities for cost reductions. The one exception to this trend was raises for public safety personnel. In 2014 and 2015, the City experienced a mass exodus of police and fire personnel. The City administration made the difficult decision to provide raises to public safety personnel to make their salaries more commensurate with other Northwest Indiana agencies. This was accomplished with the use of COIT revenue earmarked for public safety. City public safety personnel remain among the lowest paid and at the greatest risk of peril.

Despite all of these measures, the City has experienced an exceptionally low property tax collections rate due to the recession and additional tax appeals by the largest two taxpayers in the City, which resulted in property tax credits and further reduced property tax revenue.

In 2012, a robust and aggressive economic development strategy was established which has increased new businesses in the City, thereby, increasing the tax-base. The County passed county income taxes for COIT and CEDIT (LIT), and the City began to receive distributions in 2014. These factors had a positive impact on City revenue. However, during this same time, casino revenues began to significantly decrease, and state legislation was passed to redirect some of the casino revenues back to the casinos or for other purposes. It became necessary to use CEDIT revenues to fund unavoidable infrastructure expenses and to subsidize the General fund.

The City's assessed value has continued to decrease at a rate of over \$150,000,000 per year in the past 3 years, where every other Lake County city's assessed value continues to increase. Part of the decrease in assessed value is directly related to the City's economic development strategy of prioritizing, demolition of abandoned commercial and residential structures. This work has been done using federal, state, and foundation grants and vacant property has become prime property for development opportunities. While the short-term impact is negative, it is our strong belief that once the property is revitalized, it will have a positive long-term sustainable impact on the neighborhoods, as well as the assessed value.

CITY OF GARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Because of the relationship between assessed value, tax rate, and levy, as the assessed value declines, it leads to an increase in the tax rate. When a municipality is over the tax cap rate, it leads to taxpayers receiving additional circuit breaker credits. Because of this, the circuit breaker credit is also increasing at an alarming rate. Between 2015 and 2017, the circuit breaker credit has increased by an average of \$5,000,000 per year. This equates to a property tax collection loss of approximately \$2.5M per year, or an additional \$7.5M property tax revenue loss that was not anticipated or considered in the initial analysis performed when tax caps were instituted. If the average circuit breaker increase continues at the current rate, there will be additional property tax losses.

Finally, in 2016, there was a significant decline in projected casino revenues and property tax collections, which increased the General fund deficit, (after stabilizing it for several years), from \$6M to \$9M. The City immediately decreased spending for the General fund by \$2.3M in 2017, with additional reductions and a spending freeze. The Mayor immediately formed a Finance Team to assess and evaluate the future of the City's finances; develop a strategy and plan to increase projected revenues; reverse the increasing deficit; and stabilize the General fund with an ultimate goal of a positive financial position. This plan is currently being reviewed by the Office of the Governor because there are aspects of the plan that require state support. Additionally, the City has applied for a grant with the National Resource Networking Association for assistance in the implementation of a 5-year Comprehensive Financial plan. This grant would provide additional technical assistance from PFM, and we are in the 2nd phase of the interviewing process.

OTHER INFORMATION - UNAUDITED

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

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

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

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Unsafe Building	Riverboat	Parks And Recreation	Cumulative Capital Development
Cash and investments - beginning	\$ (6,662,775)	\$ 669,282	\$ 220,908	\$ 81,098	\$ 7,368	\$ 27,300	\$ 712,795	\$ 45,605
Receipts:								
Taxes	27,051,307	-	-	-	-	7,281,285	616,781	51,195
Licenses and permits	1,368,872	-	-	-	-	-	250	-
Intergovernmental	3,524,436	2,909,365	931,883	-	-	2,511,946	46,240	3,838
Charges for services	748,979	-	-	123	-	-	2,620	-
Fines and forfeits	288,365	-	-	95,502	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	35,411,133	9,595	-	6,649	28,475	2,460,788	561,705	170,000
Total receipts	68,393,092	2,918,960	931,883	102,274	28,475	12,254,019	1,227,596	225,033
Disbursements:								
Personal services	41,891,739	905,269	25,000	712	-	-	757,833	-
Supplies	736,733	70,951	19,282	4,323	-	-	13,893	83,067
Other services and charges	8,875,968	1,880,217	796,483	114,791	27,585	6,191,666	578,380	31,960
Debt service - principal and interest	-	-	-	-	-	1,745,407	510,660	-
Capital outlay	50,559	1,267	-	5,971	-	897,763	46,721	110,009
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	19,796,828	-	-	-	-	3,350,290	31,600	-
Total disbursements	71,351,827	2,857,704	840,765	125,797	27,585	12,185,126	1,939,087	225,036
Excess (deficiency) of receipts over disbursements	(2,958,735)	61,256	91,118	(23,523)	890	68,893	(711,491)	(3)
Cash and investments - ending	\$ (9,621,510)	\$ 730,538	\$ 312,026	\$ 57,575	\$ 8,258	\$ 96,193	\$ 1,304	\$ 45,602

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Cumulative Capital Improvement	Self-Insurance	Police Pension	Fire Pension	J-Pit/Landfill Management	Geminus Grant	FireFighter Safer Grant	Note Reserve (8.5Million)
Cash and investments - beginning	\$ 144,471	\$ (572,226)	\$ 737,877	\$ 2,138,276	\$ 262,859	\$ 9,066	\$ 15,857	\$ 10
Receipts:								
Taxes	-	-	576,150	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	204,648	-	4,755,890	4,178,053	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	67,353	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	10,749,839	2,703,160	1,212,822	-	-	-	-
Total receipts	204,648	10,749,839	8,035,200	5,390,875	67,353	-	-	-
Disbursements:								
Personal services	-	10,597,003	-	-	-	-	-	-
Supplies	40,488	-	-	1,170	-	-	-	-
Other services and charges	121,278	-	5,317,445	5,013,212	75,183	-	-	-
Debt service - principal and interest	-	-	39,600	17,600	-	-	-	-
Capital outlay	83,834	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	2,700,000	1,200,000	-	-	-	-
Total disbursements	245,600	10,597,003	8,057,045	6,231,982	75,183	-	-	-
Excess (deficiency) of receipts over disbursements	(40,952)	152,836	(21,845)	(841,107)	(7,830)	-	-	-
Cash and investments - ending	\$ 103,519	\$ (419,390)	\$ 716,032	\$ 1,297,169	\$ 255,029	\$ 9,066	\$ 15,857	\$ 10

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	GSD Bond Revenue	Metro Center	ARRA Public Works	2012 Genesis Center Renovation	Equipment Fund	Equipment Lease Reserve	Lets Move Project
Cash and investments - beginning	\$ 2,718,053	\$ 1,810	\$ 1	\$ 25,222	\$ -	\$ 384,564	\$ 4,278
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	496	51,579	-	87,000	2,884	-	-
Total receipts	496	51,579	-	87,000	2,884	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	5,893	-	-	112,222	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,287,938	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	51,616	-	-	-	-	-
Total disbursements	1,293,831	51,616	-	112,222	-	-	-
Excess (deficiency) of receipts over disbursements	(1,293,335)	(37)	-	(25,222)	2,884	-	-
Cash and investments - ending	\$ 1,424,718	\$ 1,773	\$ 1	\$ -	\$ 2,884	\$ 384,564	\$ 4,278

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Fire Department Equipment	Department of Commerce	Narcotics Vice	Health Radon Gas	Gun Buy Back	Law Non-reverting	Fair Housing
Cash and investments - beginning	\$ 261	\$ 11,793	\$ 9,180	\$ 4,011	\$ 3,500	\$ 1,250	\$ 9,883
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	44,135	10,128
Total receipts	-	-	-	-	-	44,135	10,128
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	368	1,283
Other services and charges	-	-	-	-	-	28,002	3,444
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	28,370	4,727
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	15,765	5,401
Cash and investments - ending	\$ 261	\$ 11,793	\$ 9,180	\$ 4,011	\$ 3,500	\$ 17,015	\$ 15,284

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TIF Bond Reserve	2012 Note Payment	Equipment Lease	Casino Capital	Inspection Program	WCI/UCI Benefit	Public Health Program
Cash and investments - beginning	\$ 860,000	\$ -	\$ 29,356	\$ 42,964	\$ 435,947	\$ -	\$ 2,146
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	28,400	-	-
Fines and forfeits	-	-	-	-	29,800	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	616,215	-	-	2,150	649,311	15,019
Total receipts	-	616,215	-	-	60,350	649,311	15,019
Disbursements:							
Personal services	-	-	-	-	72,778	825,663	-
Supplies	-	-	-	-	680	-	13
Other services and charges	-	-	-	-	71,026	-	7,148
Debt service - principal and interest	-	616,215	-	-	-	-	-
Capital outlay	-	-	-	-	13,066	-	1,236
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	616,215	-	-	157,550	825,663	8,397
Excess (deficiency) of receipts over disbursements	-	-	-	-	(97,200)	(176,352)	6,622
Cash and investments - ending	\$ 860,000	\$ -	\$ 29,356	\$ 42,964	\$ 338,747	\$ (176,352)	\$ 8,768

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Safe Route Plan	Green Urbanism	Metro Center Fund 846	Fire Watch	Out of School Time Grant	KirkYard TIF	Blight Elimination Program
Cash and investments - beginning	\$ (14,646)	\$ 13,661	\$ 2,189	\$ 97,169	\$ 8,614	\$ 308,362	\$ 291,810
Receipts:							
Taxes	-	-	-	-	-	924,433	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	50,755	-	4,401	-	-	2,610,593
Total receipts	-	50,755	-	4,401	-	924,433	2,610,593
Disbursements:							
Personal services	-	-	-	-	-	-	6,244
Supplies	-	-	-	-	-	-	-
Other services and charges	7,050	5,227	-	-	-	-	2,749,729
Debt service - principal and interest	-	-	-	-	-	770,578	-
Capital outlay	-	-	-	74,523	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	8,614	-	-
Total disbursements	7,050	5,227	-	74,523	8,614	770,578	2,755,973
Excess (deficiency) of receipts over disbursements	(7,050)	45,528	-	(70,122)	(8,614)	153,855	(145,380)
Cash and investments - ending	\$ (21,696)	\$ 59,189	\$ 2,189	\$ 27,047	\$ -	\$ 462,217	\$ 146,430

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	US Conference of Mayors	Nat League of Cities	Maternal Child Health Infant Mortality	City Pmt- Lieu of Tax	Healthy Start Donation	YSB Donations	CEDIT
Cash and investments - beginning	\$ 15,000	\$ 23,541	\$ 974	\$ 124,170	\$ 1,700	\$ 1,537	\$ 38,064
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	129,161	-	-	4,400,504
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	52,548	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	63,472	-	-	-	653,234
Total receipts	-	-	116,020	129,161	-	-	5,053,738
Disbursements:							
Personal services	-	-	54,281	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	5,527	107,554	-	-	-	4,461,217
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	14,292	-	-	-	-	262,871
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	15,000	3,722	-	-	-	-	-
Total disbursements	15,000	23,541	161,835	-	-	-	4,724,088
Excess (deficiency) of receipts over disbursements	(15,000)	(23,541)	(45,815)	129,161	-	-	329,650
Cash and investments - ending	\$ -	\$ -	\$ (44,841)	\$ 253,331	\$ 1,700	\$ 1,537	\$ 367,714

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Public Safety Income Tax	2013A Casino RB	Operation Pull Over	OCRA Grant	DOIT Non-Revert	Choice Neiborhd	COG Youth Council
Cash and investments - beginning	\$ 204,465	\$ 296	\$ 67,057	\$ 76,921	\$ 17,216	\$ (2,699)	\$ 215
Receipts:							
Taxes	4,523,194	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	219,010	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	530,000	-	33,602	-	27,000	361,528	-
Total receipts	5,053,194	-	33,602	219,010	27,000	361,528	-
Disbursements:							
Personal services	4,645,037	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	295,931	-	359,756	-
Debt service - principal and interest	427,305	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	5,072,342	-	-	295,931	-	359,756	-
Excess (deficiency) of receipts over disbursements	(19,148)	-	33,602	(76,921)	27,000	1,772	-
Cash and investments - ending	\$ 185,317	\$ 296	\$ 100,659	\$ -	\$ 44,216	\$ (927)	\$ 215

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Grey Green VV	DOC Retrofit	Gary 4 Jobs	New Vehicle Maintenance	Elimination of Disparities	Tobacco	Section 108 Loan Guarantee
Cash and investments - beginning	\$ 12,100	\$ -	\$ 17,773	\$ -	\$ (24,415)	\$ (13,587)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	9,857	-	-	769,178	115,238	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	207,110	-	-	10,160	511	-	31,000
Total receipts	207,110	9,857	-	10,160	769,689	115,238	31,000
Disbursements:							
Personal services	-	-	-	-	574,314	74,716	-
Supplies	-	-	-	-	12,568	723	-
Other services and charges	214,271	9,857	-	-	136,495	36,871	30,135
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	10,160	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	214,271	9,857	-	10,160	723,377	112,310	30,135
Excess (deficiency) of receipts over disbursements	(7,161)	-	-	-	46,312	2,928	865
Cash and investments - ending	\$ 4,939	\$ -	\$ 17,773	\$ -	\$ 21,897	\$ (10,659)	\$ 865

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Building Community Trust	911 Alarm Fund	CLC-CDBG	Nat. Wildlife	Green Link	Non-R Set-Aside	LOIT Special Di
Cash and investments - beginning	\$ (9,896)	\$ -	\$ (112,301)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	67,783	-	112,052	-	-	-	3,624,262
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	7,400	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	350	-	-	122,313	14,718	-
Total receipts	67,783	350	112,052	-	122,313	22,118	3,624,262
Disbursements:							
Personal services	62,945	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	37,699	11,488	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	122,313	-	545,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	3,000,000
Total disbursements	62,945	-	37,699	11,488	122,313	-	3,545,000
Excess (deficiency) of receipts over disbursements	4,838	350	74,353	(11,488)	-	22,118	79,262
Cash and investments - ending	\$ (5,058)	\$ 350	\$ (37,948)	\$ (11,488)	\$ -	\$ 22,118	\$ 79,262

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Redv. LOIT Refund	VOCA One-Time	LDA Casino	Gen Ctr Tourism	Motorcycle Gran	Ambulance/EMS Nonreverting	Protective Services Grant I
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,654,213	\$ (1,033,929)
Receipts:							
Taxes	11,165	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	10,395
Charges for services	-	-	-	-	-	3,314,162	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	4,457,391	16,020	6,650	302	-
Total receipts	11,165	-	4,457,391	16,020	6,650	3,314,464	10,395
Disbursements:							
Personal services	-	-	-	-	-	295,184	-
Supplies	-	9,281	-	-	-	114,909	-
Other services and charges	-	-	2,554,312	200	-	499,937	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	11,165	10,820	529,146	-	-	619,423	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	1,300,000	-	-	-	-
Total disbursements	11,165	20,101	4,383,458	200	-	1,529,453	-
Excess (deficiency) of receipts over disbursements	-	(20,101)	73,933	15,820	6,650	1,785,011	10,395
Cash and investments - ending	\$ -	\$ (20,101)	\$ 73,933	\$ 15,820	\$ 6,650	\$ 3,439,224	\$ (1,023,534)

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Protective Services Grant II	Equal Opportunity Commission Hr	Tourism Project	Youth Services Bureau	HOME Program	Emergency Shelter Grant	Brownfield
Cash and investments - beginning	\$ 40,371	\$ 426	\$ 34,381	\$ 308	\$ 4,999	\$ 820	\$ 550
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,497	55,032	41,584	25,804	-	269,487	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	113,047	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	344	-	-	49,312	951,688	-	-
Total receipts	126,888	55,032	41,584	75,116	951,688	269,487	-
Disbursements:							
Personal services	-	43,957	17,308	62,094	35,586	18,850	-
Supplies	19,878	-	-	11,439	701,644	250,637	-
Other services and charges	68,622	9,895	-	360	10,567	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	33,075	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	121,575	53,852	17,308	73,893	747,797	269,487	-
Excess (deficiency) of receipts over disbursements	5,313	1,180	24,276	1,223	203,891	-	-
Cash and investments - ending	\$ 45,684	\$ 1,606	\$ 58,657	\$ 1,531	\$ 208,890	\$ 820	\$ 550

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Healthy Families	Marquette Park	Gleason Golf Course	Emergency Shelter	Comprehensive Community Program	Landfill Closure	Landfill Trust
Cash and investments - beginning	\$ 18,006	\$ 4,224	\$ 161	\$ (617,397)	\$ 3,254	\$ 28,435	\$ 1,165,841
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	118,282	-	-	-
Charges for services	7,515	258,315	36,971	6,156	-	-	-
Fines and forfeits	-	900	24,276	-	23,202	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	5,682	29,115	347,441	14,055	-	31,311
Total receipts	7,515	264,897	90,362	471,879	37,257	-	31,311
Disbursements:							
Personal services	101	60,056	81,784	384,224	5,868	-	-
Supplies	4,679	8,781	2,785	13,079	-	-	-
Other services and charges	1,450	135,624	3,824	82,284	22,673	6,832	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	3,164	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,487	-	-	-	-	18,765
Total disbursements	6,230	206,948	88,393	479,587	31,705	6,832	18,765
Excess (deficiency) of receipts over disbursements	1,285	57,949	1,969	(7,708)	5,552	(6,832)	12,546
Cash and investments - ending	\$ 19,291	\$ 62,173	\$ 2,130	\$ (625,105)	\$ 8,806	\$ 21,603	\$ 1,178,387

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Solid Waste Recycling Project	Environmental Management	Health And Human Services	Supplemental Adult Probation Svcs	Gary Health Department Rental	Park Nonreverting	Vehicle Auction
Cash and investments - beginning	\$ 118,779	\$ 13,586	\$ (476,487)	\$ 12,884	\$ 14,913	\$ 2,755	\$ 110,291
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	157,177	-	-	-	-
Charges for services	450,824	-	141,854	-	8,550	128,080	-
Fines and forfeits	-	-	-	71,199	-	2,949	-
Utility fees	-	-	-	-	-	-	-
Other receipts	144	-	94,607	-	-	10,628	31,234
Total receipts	450,968	-	393,638	71,199	8,550	141,657	31,234
Disbursements:							
Personal services	372,519	-	268,738	68,700	-	115,484	910
Supplies	20,778	-	3,043	-	469	4,904	7,516
Other services and charges	31,498	-	114,370	-	1,562	6,587	5,338
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	5,000	100,561
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	424,795	-	386,151	68,700	2,031	131,975	114,325
Excess (deficiency) of receipts over disbursements	26,173	-	7,487	2,499	6,519	9,682	(83,091)
Cash and investments - ending	\$ 144,952	\$ 13,586	\$ (469,000)	\$ 15,383	\$ 21,432	\$ 12,437	\$ 27,200

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Bioterrorism	Community Development Block Grant	Redevelopment Operating	Summer Jobs Training Program	Fair Housing Project	Genesis Civic Center	Media
Cash and investments - beginning	\$ (13,718)	\$ 265,242	\$ 99,100	\$ 2,189	\$ 40,059	\$ 157	\$ 356,436
Receipts:							
Taxes	-	-	127,976	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	70,015	2,716,563	8,211	-	-	-	-
Charges for services	-	7,819	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	387,704
Utility fees	-	-	-	-	-	-	-
Other receipts	-	24,077	25,555	84,051	47,065	165,923	60,644
Total receipts	70,015	2,748,459	161,742	84,051	47,065	165,923	448,348
Disbursements:							
Personal services	11,841	1,220,930	103,784	80,443	41,931	122,262	360,554
Supplies	1,220	2,098	-	-	-	22,940	4,806
Other services and charges	51,412	1,689,394	60,035	-	9,579	695	8,736
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,489	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	66,962	2,912,422	163,819	80,443	51,510	145,897	374,096
Excess (deficiency) of receipts over disbursements	3,053	(163,963)	(2,077)	3,608	(4,445)	20,026	74,252
Cash and investments - ending	\$ (10,665)	\$ 101,279	\$ 97,023	\$ 5,797	\$ 35,614	\$ 20,183	\$ 430,688

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Clerk Perpetuation	Genesis Center Operating	Leased Properties - Gary Bldg Corp.	State Air Grant	Hazardous Material	Economic Development Bond Comm	Alcohol And Drug Treatment
Cash and investments - beginning	\$ 31,922	\$ 2,325	\$ (276,621)	\$ 651	\$ 710	\$ 1,363	\$ 4,114
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	10,000	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	32,199	-	38,400	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	508,706	5,500	-	-	13	65,000
Total receipts	32,199	508,706	43,900	-	-	10,013	65,000
Disbursements:							
Personal services	521	263,761	-	-	-	-	68,939
Supplies	-	135,153	-	-	-	-	-
Other services and charges	-	96,244	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	521	495,158	-	-	-	-	68,939
Excess (deficiency) of receipts over disbursements	31,678	13,548	43,900	-	-	10,013	(3,939)
Cash and investments - ending	\$ 63,600	\$ 15,873	\$ (232,721)	\$ 651	\$ 710	\$ 11,376	\$ 175

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	New Birth Grant	Remote Encoding Center	Mayor Donations	Lakefront Development	Social Services	Special Events	City Council Donations
Cash and investments - beginning	\$ 22	\$ 6,786	\$ 5,701	\$ 1,082,441	\$ 7,118	\$ 4,249	\$ 43
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	645	51,550	-	4,283	63,810	50
Total receipts	-	645	51,550	-	4,283	63,810	50
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	53,081	-	5,343	65,871	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	53,081	-	5,343	65,871	-
Excess (deficiency) of receipts over disbursements	-	645	(1,531)	-	(1,060)	(2,061)	50
Cash and investments - ending	\$ 22	\$ 7,431	\$ 4,170	\$ 1,082,441	\$ 6,058	\$ 2,188	\$ 93

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Special Project Donations	Economic Development Trust	Community Development Loan Program	Police Donations	Weed And Seed	Welfare Excess	Human Relations
Cash and investments - beginning	\$ 75	\$ 3,935	\$ 15,458	\$ 16,130	\$ 9,203	\$ 6,272	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	3	-	-	-	-	5,000
Total receipts	-	3	-	-	-	-	5,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	2,095	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,095	-	-	-
Excess (deficiency) of receipts over disbursements	-	3	-	(2,095)	-	-	5,000
Cash and investments - ending	\$ 75	\$ 3,938	\$ 15,458	\$ 14,035	\$ 9,203	\$ 6,272	\$ 5,000

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CMAQ Vehicles	Hope VI Pilot	Energy Efficient	Filming Fees	CHRP	Neighborhood Stabilization Program	Lead Base Paint Hazzard Control G
Cash and investments - beginning	\$ 21,500	\$ 316,212	\$ 1,098	\$ 10,138	\$ 63,198	\$ 194,023	\$ 153,253
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	115,098	-	-	-	-	-
Charges for services	-	-	-	-	-	34,302	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	3,196	-	6,850	-	55,468	59,492
Total receipts	-	118,294	-	6,850	-	89,770	59,492
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	54,818	10,126
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,137
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	54,818	11,263
Excess (deficiency) of receipts over disbursements	-	118,294	-	6,850	-	34,952	48,229
Cash and investments - ending	\$ 21,500	\$ 434,506	\$ 1,098	\$ 16,988	\$ 63,198	\$ 228,975	\$ 201,482

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Redevelopment Bond	2007 GO Judgment Funding Bonds	Baseball Maintenance	Grant/Buchanan Street Project	Park Construction	Clean Up/Beautification	911 Equipment
Cash and investments - beginning	\$ 22	\$ 33,066	\$ 1	\$ 42,989	\$ 121,426	\$ 294	\$ 494
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	250,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	250,000	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	250,000	-	1,438	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	34,500	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	22	-	-	-	-	-	-
Total disbursements	22	-	250,000	-	35,938	-	-
Excess (deficiency) of receipts over disbursements	(22)	-	-	-	(35,938)	-	-
Cash and investments - ending	\$ -	\$ 33,066	\$ 1	\$ 42,989	\$ 85,488	\$ 294	\$ 494

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Consolidated Area TIF District	Lakefront TIF District	Marquette Renovation	Lady Liberty Restoration	GUEA Properties	Madison Avenue TIF District	Midwest Center TIF District
Cash and investments - beginning	\$ 1,151,334	\$ 1,918,117	\$ 983	\$ 442	\$ 549,642	\$ 568,288	\$ 488,740
Receipts:							
Taxes	1,780,723	1,166,858	-	-	-	90,390	233,340
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	123,750	1,334,490	-	-	-	-	-
Total receipts	1,904,473	2,501,348	-	-	-	90,390	233,340
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	462,799	899,357	-	-	-	-	-
Debt service - principal and interest	1,121,696	-	-	-	-	51,152	-
Capital outlay	127,790	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	703,215	1,200,000	-	-	-	-	300,000
Total disbursements	2,415,500	2,099,357	-	-	-	51,152	300,000
Excess (deficiency) of receipts over disbursements	(511,027)	401,991	-	-	-	39,238	(66,660)
Cash and investments - ending	\$ 640,307	\$ 2,320,108	\$ 983	\$ 442	\$ 549,642	\$ 607,526	\$ 422,080

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Lancaster Dusable TIF District	Joint Public Safety Training	Dalton Arms TIF District	County Market TIF District	Kenney's Ribs TIF District	Fire Capital Equipment	Truck City Of Gary Allocation Area
Cash and investments - beginning	\$ 18,634	\$ 4,281	\$ 40,694	\$ 179,352	\$ 8,481	\$ 57,339	\$ 168,955
Receipts:							
Taxes	35,431	-	75,030	361,541	5,238	-	162,719
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,500	223,804	-	-	20,671	-
Total receipts	35,431	2,500	298,834	361,541	5,238	20,671	162,719
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	36,350	-	302,013	538,405	-	-	233,783
Capital outlay	-	-	-	-	-	3,396	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	36,350	-	302,013	538,405	-	3,396	233,783
Excess (deficiency) of receipts over disbursements	(919)	2,500	(3,179)	(176,864)	5,238	17,275	(71,064)
Cash and investments - ending	\$ 17,715	\$ 6,781	\$ 37,515	\$ 2,488	\$ 13,719	\$ 74,614	\$ 97,891

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Payroll	County Health	Empowerment Zone	Empowerment Zone Revolving	Microloan	City Clerk - Civil Division	City Clerk - Criminal Division
Cash and investments - beginning	\$ 62,478	\$ 1,712	\$ 9,270	\$ 62,559	\$ 923	\$ 13,348	\$ 785,391
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	6,658	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	35,329	81,683	-	133,728	1,252,068
Total receipts	-	6,658	35,329	81,683	-	133,728	1,252,068
Disbursements:							
Personal services	-	6,662	-	59,396	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	34,133	34,532	-	135,871	1,303,625
Total disbursements	-	6,662	34,133	93,928	-	135,871	1,303,625
Excess (deficiency) of receipts over disbursements	-	(4)	1,196	(12,245)	-	(2,143)	(51,557)
Cash and investments - ending	\$ 62,478	\$ 1,708	\$ 10,466	\$ 50,314	\$ 923	\$ 11,205	\$ 733,834

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Miscellaneous Refunds	Redevelopment Depository Trust	Withholdings	Supplemental Public Defender	Confiscated Property	Salary Fee Judicial	Gary Storm Water Management District (GSWMD)
Cash and investments - beginning	\$ 16,248	\$ 77,002	\$ 1,319	\$ 33,734	\$ 147,078	\$ 26,048	\$ 4,519,912
Receipts:							
Taxes	-	-	-	-	-	-	2,565,974
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	25,984	-	32,535	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	23,938,742	-	10,966	-	1,197,701
Total receipts	-	-	23,938,742	25,984	10,966	32,535	3,763,675
Disbursements:							
Personal services	-	-	-	56,268	-	35,580	308,626
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	37,867	-	22,787
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	69,545	-	-	-	-	441,105
Utility operating expenses	-	-	-	-	-	-	885,406
Other disbursements	-	790	23,782,888	-	-	-	419,762
Total disbursements	-	70,335	23,782,888	56,268	37,867	35,580	2,077,686
Excess (deficiency) of receipts over disbursements	-	(70,335)	155,854	(30,284)	(26,901)	(3,045)	1,685,989
Cash and investments - ending	\$ 16,248	\$ 6,667	\$ 157,173	\$ 3,450	\$ 120,177	\$ 23,003	\$ 6,205,901

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	GSDWM E. Ridge Road Project	GSD WWTP General Operating	GSD Bond And Interest	GSD Sewer Construction	GSD Sewer Operating	GSD Solid Waste Disposal	GSD Debt Service
Cash and investments - beginning	\$ 42,921	\$ 1,058,737	\$ 2,063,967	\$ 27,299	\$ 700,341	\$ 10,595	\$ 4,580,092
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	23,461	-	29,503
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	20,960,161	-	-	-	-	-
Other receipts	-	9,974,943	2,614,364	53	176,165	5,450,004	610,816
Total receipts	-	30,935,104	2,614,364	53	199,626	5,450,004	640,319
Disbursements:							
Personal services	-	6,079,244	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	658,770	-	-	-	-	-
Debt service - principal and interest	-	-	2,759,732	-	-	-	-
Capital outlay	-	692,986	-	-	-	-	-
Utility operating expenses	-	13,407,771	-	-	730,428	5,427,381	99
Other disbursements	-	10,555,992	-	-	4,992	-	2,050,000
Total disbursements	-	31,394,763	2,759,732	-	735,420	5,427,381	2,050,099
Excess (deficiency) of receipts over disbursements	-	(459,659)	(145,368)	53	(535,794)	22,623	(1,409,780)
Cash and investments - ending	\$ 42,921	\$ 599,078	\$ 1,918,599	\$ 27,352	\$ 164,547	\$ 33,218	\$ 3,170,312

CITY OF GARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	GSD Grand Calumet Sedimentation	GSD Debt Service Reserve	GSD Equipment Replacement	GSD/WREP Economic Development	GSD Beach Sampling	GSD E Coli	Totals
Cash and investments - beginning	\$ 2,807,907	\$ 2,622,767	\$ 11,227,070	\$ 1,981	\$ 140,383	\$ 126,628	\$ 43,580,732
Receipts:							
Taxes	-	-	-	-	43,350	-	51,488,177
Licenses and permits	-	-	-	-	-	-	1,385,780
Intergovernmental	-	-	-	-	-	-	28,363,356
Charges for services	-	-	-	-	-	-	5,502,669
Fines and forfeits	-	-	-	-	-	-	1,215,364
Utility fees	-	-	-	-	-	-	20,960,161
Other receipts	11,291	226,519	1,569,985	-	-	-	115,786,207
Total receipts	11,291	226,519	1,569,985	-	43,350	-	224,701,714
Disbursements:							
Personal services	-	-	-	-	-	-	71,145,639
Supplies	-	-	-	-	-	-	2,325,581
Other services and charges	-	-	-	-	-	-	45,717,092
Debt service - principal and interest	-	-	-	-	-	-	9,170,496
Capital outlay	-	-	1,168,043	-	-	-	7,380,868
Utility operating expenses	1,202	-	57	-	8,299	-	20,460,643
Other disbursements	-	-	-	-	-	-	72,004,744
Total disbursements	1,202	-	1,168,100	-	8,299	-	228,205,063
Excess (deficiency) of receipts over disbursements	10,089	226,519	401,885	-	35,051	-	(3,503,349)
Cash and investments - ending	\$ 2,817,996	\$ 2,849,286	\$ 11,628,955	\$ 1,981	\$ 175,434	\$ 126,628	\$ 40,077,383

CITY OF GARY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water Management District	\$ 14,690	\$ -
Sanitary District	393,980	17,849,639
Governmental activities	<u>4,760,110</u>	<u>1,391,167</u>
Totals	<u>\$ 5,168,780</u>	<u>\$ 19,240,806</u>

CITY OF GARY
SCHEDULE OF LEASES AND DEBT
December 31, 2016

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

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	2012 Tax Increment Revenue Bond - Genesis Center/City Hall Projects	\$ 1,295,000	\$ 891,068
Revenue bonds	2016 Special Tax Revenue Bonds - Refunded 2015 BAN - Judgments and Improvements	<u>12,515,000</u>	<u>1,473,137</u>
Total governmental activities		<u>13,810,000</u>	<u>2,364,205</u>
Sanitary District:			
Revenue bonds	Sewage Works Revenue Bonds of 2011 Series A - Improvements	21,065,000	1,261,328
Revenue bonds	Sanitary District Refunding Revenue Bonds Series 2013	<u>8,495,000</u>	<u>1,503,272</u>
Total Sanitary District		<u>29,560,000</u>	<u>2,764,600</u>
Totals		<u>\$ 43,370,000</u>	<u>\$ 5,128,805</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Gary's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. 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, 2016.

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

Report on Internal Control over Compliance


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 a 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 item 2016-002, that we consider to be a material weakness.

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

December 12, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF GARY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2016	\$ -	\$ 25,804
Total - Child Nutrition Cluster				-	25,804
Total - Department of Agriculture				-	25,804
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
Community Development Block Grant			B-08-MC-180005	-	72,389
Community Development Block Grant			B-11-MC-180005	-	17,381
Community Development Block Grant			B-14-MC-180005	15,968	648,313
Community Development Block Grant			B-15-MC-180005	371,091	1,981,619
Community Development Block Grant			B-16-MC-180005	85,667	114,053
Total - Community Development Block Grants/Entitlement Grants				472,726	2,833,755
Total - CDBG - Entitlement Grants Cluster				472,726	2,833,755
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Office of Community and Rural Affairs	14.228			
Disaster Recovery Funds			DR2-09-264	-	208,064
Disaster Recovery Funds			DR2-09-265	-	10,946
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	219,010
Emergency Solutions Grant Program	Direct Grant	14.231			
Emergency Solutions Grants Program			E-14-MC-180005	41,478	148,381
Emergency Solutions Grants Program			E-15-MC-180005	190,583	103,275
Emergency Solutions Grants Program			E-16-MC-180005	18,576	18,576
Total - Emergency Solutions Grant Program				250,637	270,232
HOME Investment Partnerships Program	Direct Grant	14.239			
HOME Investment Partnerships Program			M-09-MC-180203	-	439,233
HOME Investment Partnerships Program			M-10-MC-180203	-	108,560
HOME Investment Partnerships Program			M-14-MC-180203	-	17,801
HOME Investment Partnerships Program			M-15-MC-180203	-	58,011
HOME Investment Partnerships Program			M-16-MC-180203	-	120,438
Total - HOME Investment Partnerships Program				-	744,043
Fair Housing Assistance Program - State and Local Fair Housing Assistance Partnership (FHAPP)	Direct Grant	14.401			
			FF205K165012	-	22,900
Total - Department of Housing and Urban Development				723,363	4,089,940
<u>Department of Justice</u>					
Sexual Assault Services Formula Program	Indiana Criminal Justice Institute	16.017			
Sexually Assault Services Grant (SASP)			15SASP-4454	-	13,166
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Crime Victim Assistance			2015-VAGX0064	-	150,173
Crime Victim Compensation	Indiana Criminal Justice Institute	16.576			
Crime Victim Compensation			#03214VCGX005403	-	1,230
Drug Court Discretionary Grant Program	Direct Grant	16.585			
Drug Court Discretionary Court Program/National Initiative Building Community Trust			2015-JV-FX-0005	-	67,783
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
Emergency Shelter			2015-WF-AX-0006	-	26,846
Bulletproof Vest Partnership Program	Direct Grant	16.607			
Bullet Proof Vest			BVP-FY2016	-	13,497
Equitable Sharing Program	Direct Grant	16.922			
Equitable Sharing Program			DEA-FY2015	-	108,444
Total - Department of Justice				-	381,139

CITY OF GARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
SR912			DES#1173424	-	333,198
CLC			DES#1400576	-	112,052
Total - Highway Planning and Construction				-	445,250
Total - Highway Planning and Construction Cluster				-	445,250
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pull Over	Indiana Criminal Justice Institute	20.601	FY2015-92040IN15	-	43,997
Total - Highway Safety Cluster				-	43,997
Total - Department of Transportation				-	489,247
<u>Equal Employment Opportunity Commission</u>					
Employment Discrimination-State and Local Fair Employment Practices Agency Contracts	Direct Grant	30.002			
Employment Discrimination-State and Local Fair Employment Practices Agency Contracts			EECIN140007	-	53,852
Total - Equal Employment Opportunity Commission				-	53,852
<u>Environmental Protection Agency</u>					
State Indoor Radon Grants Bioterrorism - CRI	Indiana State Department of Health	66.032	FY-2016	-	2,983
Great Lakes Program Grey to Green; Vacant to Vibrant Initiative	Direct Grant	66.469	00E01272	-	207,110
Total - Environmental Protection Agency				-	210,093
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism-CRI	Indiana State Department of Health	93.074	A-70-5-0532361	-	70,015
Immunization Cooperative Agreements Childhood Immunization	Indiana State Department of Health	93.268	A-70-5-073171	-	100,784
Social Services Block Grant SSBG	Indiana Criminal Justice Institute	93.667	D3-16-10738	-	12,260
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Family Violence Prevention and Services/Battered Women's Shelters/Family Violence	Indiana Criminal Justice Institute	93.671	1401NFVPS	-	6,593
Preventive Health Services - Sexually Transmitted Diseases Control Grants Sexually Transmitted Disease	Indiana State Department of Health	93.977	H25S004337	-	158,291
Maternal and Child Health Services Block Grant to the States Maternal and Child Health Clinic	Indiana State Department of Health	93.994	A70-4-069749	-	48,472
Total - Department of Health and Human Services				-	396,415
Total federal awards expended				\$ 723,363	\$ 5,646,490

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

CITY OF GARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. 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-87, *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 minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF GARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
66.469	CDBG - Entitlement Grants Cluster Great Lakes Program	Unmodified 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 2016-001

Subject: Financial Transactions
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the City related to payroll transactions. After payroll was processed, a Final Payroll Register was sent to each City department for review to ensure accuracy, completeness, and classification of payroll expenditures. The City had not properly implemented these controls as there was no documentation that the reviews were actually performed by each department.

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

Context

The lack of controls was a systemic problem. There were no documented controls over the payroll transactions throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the City had not implemented a proper system of internal controls.

Effect

The failure to implement controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the City's internal control processes be properly implemented to ensure that payroll transactions were accurate, complete, and properly classified.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Great Lakes Program - Cash Management, Reporting, Matching
Federal Agency: Environmental Protection Agency
Federal Program: Great Lakes Program
CFDA Number: 66.469
Federal Award Number and Year (or Other Identifying Number): 00E01272
Compliance Requirements: Cash Management, Reporting, Matching, Level of Effort, Earmarking
Audit Finding: Material Weakness

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 Cash Management, Reporting, and Matching requirements of the Matching, Level of Effort, Earmarking compliance requirements.

Cash Management

One employee completed the drawdown request and approved the subsequent payments without evidence of a proper system of oversight or review to ensure timely remittances of grant funds.

Reporting

The Semi-Annual Progress reports were prepared by one employee without evidence of a proper system of oversight or review.

Matching

Policies and procedures were not established to ensure that the City met the Matching requirements. Evidence that the City formally tracked expenditures from the grant fund and local match funds was not presented.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* 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. . . ."

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

Cause

The City's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Cash Management, Reporting, and Matching requirements of the Matching, Level of Effort, Earmarking compliance requirements.

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. The lack of segregation of duties within an internal control system could have also allowed noncompliance with the 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance with the Cash Management, Reporting, and Matching, Level of Effort, Earmarking compliance requirements.

Views of Responsible Officials

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

Auditor's Response

The Corrective Action Plan stated no action was required due to the processes the City had in place. However, evidence of those processes were not available for audit.

AUDITEE-PREPARED DOCUMENTS

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

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City Of Gary

Department of Finance

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

KAREN M. FREEMAN-WILSON
Mayor

M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2015-001 – INTERNAL CONTROLS OVER DISBURSEMENT TRANSACTION

Fiscal Year: 2015
Pass-Through Entity: N/A
Contact Person Responsible for Correction Action: M. Celita Green
Contact Phone Number: (219) 881-1363

Status of Audit Finding:

The City of Gary continues to improve controls over its disbursement transaction system. As indicated in the corrective action plan, an automatic purchase requisitioning process has been implemented. The system requires 3 levels of approvals, prior to a purchase order being established. Quotes, contracts, and documentation is uploaded during the requisitioning process. There are additional controls on appropriation availability. Additionally, letters were sent to vendors informing them that they should not accept orders from City departments, without a purchase order.

We now have a receiving department where receipt of goods and tagging occurs as a responsibility of the Receiving Manager. We are continuing to develop the RDS financial systems entry for receipts of goods into inventory and fixed assets modules. We are working to fully automate the claims process to further strengthen our Internal Controls for disbursements.

The internal audits conducted by the Internal Auditor have nearly doubled. In 2016 and 2017, we have continued to provide training to departments and individuals on Internal Controls and have taken an extra step to train on internal controls for asset management.

(Signature)
M. Celita Green

(Title)
10/30/17

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



City Of Gary
Department of Finance

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Mayor

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M. CELITA GREEN
Director of Finance

MICHELE ROBY
Chief Accountant

CORRECTIVE ACTION PLAN

FINDING 2016-001 – Financial Transactions

M. Celita Green, City Controller
Contact Phone Number: (219) 881-1363

Views of Responsible Official: Concur

Description of Corrective Action Plan:

As noted, the Payroll staff does forward to each department a final payroll register reflecting the payroll transactions for each pay period. To ensure that the final payroll registers are reviewed by department heads for accuracy and completeness, we will be adding a line for a signature to certify that the department head has reviewed and agrees with the payroll transactions on the payroll register.

A process will be developed for implementation and compliance of this internal control.

Anticipated Completion Date: March 2018



(Signature)

City Controller
(Title)

December 11, 2017
(Date)



CITY OF GARY

Karen Freeman-Wilson
Mayor

Brenda Scott Henry
Director

Department of
Green Urbanism
839 Broadway, Suite North 206
Gary, Indiana 46402
(219) 882-3000 Fax (219) 882-3012

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Brenda Scott Henry, Director
Contact Phone Number: (219) 882-3000 Ext. 6749

Views of Responsible Official:

Description of Corrective Action Plan:

Cash Management: No corrective action required. Please review the flow chart for the cash management process.

Grant Reporting: No corrective action required. Please review the flow chart for the grant reporting process.

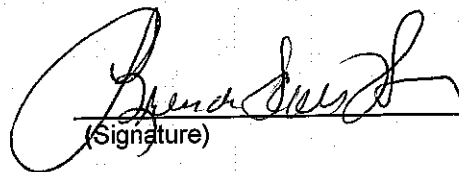
Local Match Tracking:

Policies and procedures were not established to ensure that the City met the matching requirements. Evidence that the City tracked expenditures from the grant fund and local match funds was not presented.

As indicated in the grant proposal, the matching fund consisted of grants from the Great Lakes Protection Fund (Vacant to Vibrant) and the National Fish & Wildlife Foundation. EPA did not have a formal requirement to submit cash match requirement (see semi-annual report template).

Correction Action: Project Manager will compile cash match activities monthly. The Administrative Assistant will enter cash match information semi-annually into the RDS financial system and attach a detailed cash match report/documentation.

Anticipated Completion Date: January 18, 2017.



(Signature)

Director
(Title)

12/12/2017
(Date)

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Finding 2016-002

Corrective Action: Cash Match Requirements

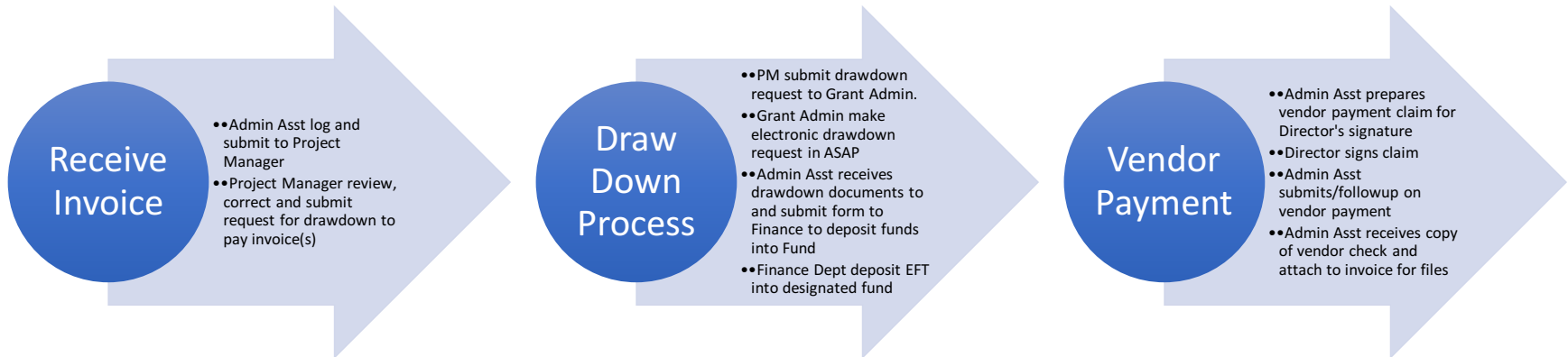
Policies and procedures were not established to ensure that the City met the matching requirements. Evidence that the City tracked expenditures from the grant fund and local match funds was not presented.

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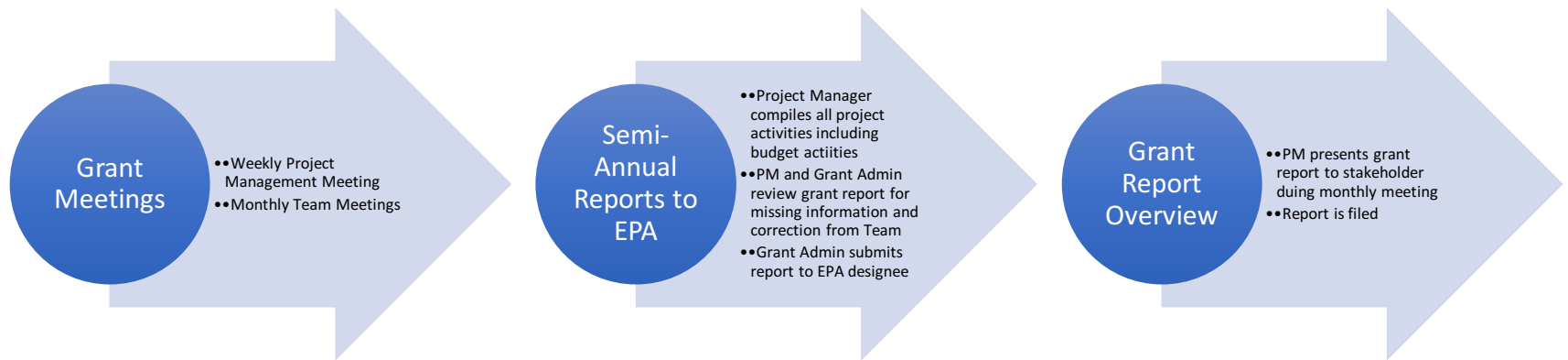
Grant Cash Management Process

-70-



Grant Reporting Process

-71-



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/>.