

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT

OF

CITY OF MICHIGAN CITY  
LAPORTE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
01/18/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-42
Schedule of Payables and Receivables .....	43
Schedule of Leases and Debt .....	44
Schedule of Capital Assets .....	45
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	48-50
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	52
Notes to Schedule of Expenditures of Federal Awards .....	53
Schedule of Findings and Questioned Costs .....	54-60
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	63
Corrective Action Plan .....	64-69
Other Reports .....	70

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Richard Murphy	01-01-17 to 12-31-18
Mayor	Ron Meer	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Stephen Janus	01-01-17 to 12-31-18
President of the Common Council	Chris Schwanke Donald Przybylinski	01-01-17 to 12-01-17 12-02-17 to 12-31-18
Superintendent of the Water Utility	Randall Russell	01-01-17 to 12-31-18
President of the Water Utility Board of Directors	L. J. Jordan, III	01-01-17 to 12-31-18
General Manager of the Sanitary District	Michael Kuss	01-01-17 to 12-31-18
President of the Sanitary District Board of Commissioners	Garry Mitchell	01-01-17 to 12-31-18
Harbormaster of the Port Authority	Tim Frame	01-01-17 to 12-31-18
President of the Port Authority Board of Directors	Sam Johns Sam Ferguson	01-01-17 to 12-31-17 01-01-18 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statement of the City of Michigan City (City), which comprises the financial position and results of operations for the year ended December 31, 2017, 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, 2017.

***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, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2018, 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 solely 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 effectiveness of the City's 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 5, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Michigan City (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 5, 2018, 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 items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

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

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 5, 2018

(This page intentionally left blank.)

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF MICHIGAN CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments			Cash and Investments
	01-01-17	Receipts	Disbursements	
General Fund	\$ 2,329,250	\$ 21,688,914	\$ 22,597,049	\$ 1,421,115
Motor Vehicle Highway	102,732	1,584,335	1,359,724	327,343
Local Road And Street	141,353	377,153	281,818	236,688
MC Unsafe Building Fund	16,304	3,750	2,005	18,049
Animal Control	5,546	2,370	2,022	5,894
Riverboat Gaming	5,921,483	10,161,817	9,309,686	6,773,614
Park And Recreation	907,251	2,512,248	2,565,544	853,955
LOIT Special Distribution Fund	1,122,996	977,533	1,443,751	656,778
Levy Excess	54,926	-	-	54,926
DEA Forfeiture	61,188	60	18,793	42,455
Cumulative Capital Development	535,570	471,457	184,105	822,922
Cumulative Channel Maintenance	2,426,835	190,582	-	2,617,417
Cumulative Capital Improvement	110,253	76,554	73,740	113,067
Cedit	561,872	2,962,372	1,819,815	1,704,429
Police Pension	246,629	1,388,907	1,582,875	52,661
Fire Pension	107,572	1,295,868	1,381,253	22,187
MCRD BONDS 2010 SINKING	-	755,073	755,031	42
MCRD BONDS 2011 RESERVE	495,470	3,519	1,916	497,073
MCRD BONDS 2011 BOND INTEREST	68	-	-	68
City Donation Fund - EOC Activity	11,194	-	-	11,194
MC Economic Dev Revolving Loan Fund	632,994	35,306	-	668,300
CZ 115 - MC Esplande Plan	5,000	-	-	5,000
AIP 15 Grant	47,873	-	-	47,873
MCRD BONDS 2010 OPER & RESERVE	25,586	5,627	1,100	30,113
MCRD BONDS 2011 SINKING	42	500,102	500,024	120
Commission For Women Fund	39,225	250	12,393	27,082
Security Deposit Fund	13,790	28,800	31,825	10,765
AIP 16 Grant	803	-	-	803
MCRD Bonds 2011 Oper & Reserve	12,099	7,326	1,100	18,325
EPA Beach Act Grant	36,843	20,453	20,453	36,843
CZM Fedder Alley Marram Grass	-	-	19,569	(19,569)
CZM Kayak Launch Hanson Park	3,311	3,401	2,800	3,912
CZM Lighthouse Museum Restoration	38,376	-	-	38,376
CMAQ IN950045 Vehicle Replacement	-	278,507	278,507	-
AIP 17 Grant	572	-	-	572
Public Arts Committee Donation Fund	24,882	1,500	17,545	8,837
Commission on SSAAM Donation Fund	16,799	4,700	11,825	9,674
Human Rights Commission Donation Fund	7,146	4,500	5,739	5,907
Daniel Bruce Memorial Donation Fund	4,335	-	-	4,335
New Police Station Project Fund	70,759	-	66,085	4,674
Triangle Bus Project	(23,109)	178,722	234,719	(79,106)
AIP 18 Grant	(2,572)	15,681	-	13,109
SSTIF Refunding 2015 Capital	18,316	-	267	18,049
SSTIF Refunding 2015 Debt Reserve	336,309	-	-	336,309
Wabash Streetscape Construction	65,315	215,071	154,967	125,419
Wabash Streetscape Debt Reserve	216,073	-	-	216,073
CDBG 2015 B15MC180022	-	84,245	84,245	-
Winding Creek Cove Project	99,379	42,824	42,682	99,521
AIP 19 Grant	(16,797)	16,797	-	-
CDBG 2016 B-16-MC-180022	-	382,223	382,223	-
Animal Control Board Donation	1,305	2,955	-	4,260
MC Promise Scholarship Fund	2,492,145	747,682	179,490	3,060,337
Worker Training Program Fund	2,500	-	-	2,500
SCU State Forfeiture Fund	5,366	-	2,630	2,736
AIP 20 Grant	(4,126)	75,696	125,406	(53,836)
CDBG 2017	-	2,802	2,802	-
MC Marketing/Promotional Non-Reverting	-	1,474	-	1,474
Cemetery Operating	394,436	477,324	514,041	357,719
Zoo Donation	169,732	100,116	149,220	120,628
Controlled Substance Excise	1,927	-	-	1,927
Fire Donation	9,449	5,816	3,186	12,079
Park Gift And Donation	3,569	35,559	12,448	26,680
Police Donation	29,120	53,061	65,946	16,235
Golf	81,613	644,763	665,412	60,964
Park Concession	184,040	303,398	206,412	281,026
MCPA Receiving	-	2,960	888	2,072
Zoo Education Nonreverting	3,841	16,216	13,818	6,239
Senior Center Nonreverting	15,241	16,980	9,565	22,656
Park And Recreation Nonreverting	60,099	78,861	92,140	46,820
Patriot Park Nonreverting	12,671	1,800	4,239	10,232
Michigan City Tree Fund	400	490	-	890

CITY OF MICHIGAN CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments			Cash and Investments
	01-01-17	Receipts	Disbursements	
Michigan City Youth Council	212	-	-	212
Millennium Park Brick	63,507	375	39,897	23,985
Mayor's Special Events	3,633	89,341	91,032	1,942
Demolition Recovery	2,570	3	-	2,573
Barker Civic Center	112,542	234,273	185,927	160,888
Police Continuing Education	108,203	27,319	40,206	95,316
Aviation Operating	49,157	232,797	255,220	26,734
Aviation Fuel	54,411	185,487	195,952	43,946
Cemetery Extension	32,611	68,969	72,920	28,660
Cemetery Merchandise And Commission	27,637	129,949	134,961	22,625
Singing Sands Bike Trail Grant	93,104	284,294	78,462	298,936
Redevelopment Operating	17,088	265,413	246,987	35,514
Refunding Bonds 2011 Operating And Reserve	10,734	4,266	1,200	13,800
Refunding Bonds 2011 Reserve	212,313	1,508	873	212,948
MCPD Seizure Fund	44,070	-	-	44,070
Refunding Bonds 2011 Sinking	37	259,656	259,630	63
MCRD Bonds 2010 Debt Svc Rsv	754,589	1,349	-	755,938
Park And Recreation Capital Improve	42,521	476	-	42,997
Blue Chip Development	2,892,634	644,511	1,049,064	2,488,081
Coolspring Ave Reconstruction Grant	660,495	-	-	660,495
Northeast TIF	351,774	282,651	293,579	340,846
Southside TIF	14,471,426	2,872,877	3,869,175	13,475,128
Northside TIF	10,778,627	4,188,251	6,203,261	8,763,617
Michigan Blvd Reconstruction Grant	4,367	-	-	4,367
AIP 14 Grant	6,259	-	-	6,259
Employee Health & Life Insurance	47,326	128,024	92,732	82,618
Cemetery Blanket And Wreath	19,466	9,540	9,433	19,573
Cemetery Flower Fund	25,888	46	404	25,530
Cemetery Dabbert Vault	2,337	4	-	2,341
Cemetery Lutz Vault	4,428	6	-	4,434
Cemetery PM GW Trust	1,053,459	32,634	22,916	1,063,177
Cemetery PM SL Trust	545,778	22,865	12,101	556,542
Cemetery Extension Trust	619,480	54,204	71,468	602,216
Cemetery Mds And Comm Trust	25,120	54,183	53,342	25,961
MC Employee Medical Trust	1,412,867	5,649,301	6,890,258	171,910
MC Employee Benefit Trust	62,644	645,015	495,429	212,230
Intergovernmental Wagering Tax	64	2,220,905	2,220,905	64
SRF Debt Reserve Fund	475,867	3,258	-	479,125
SRF Bond and Interest Fund	203,980	515,426	475,000	244,406
Vehicle Replacement Fund	94,687	643,896	380,069	358,514
Equipment Replacement Fund	1,051,685	200,004	-	1,251,689
SRF - Construction Additional Projects	-	795,311	795,311	-
Sanitary District Rainy Day Fund	81,308	-	-	81,308
Karwick Remediation Fund	-	1,426,268	-	1,426,268
Sanitary District Energy Savings Loan	-	1,820,424	329,850	1,490,574
Sewage Works Operating	1,106,553	9,922,358	9,827,824	1,201,087
Sewage Works Improvement	1,150,778	150,030	459,173	841,635
Sewage Works - Indian Springs Proj	-	65,661	65,661	-
Sewage Works - Whippoorwill Proj	-	4,183	4,183	-
Sanitary District Operating	506,829	391,719	715,443	183,105
Sanitary District Refuse	783,884	1,623,212	2,234,221	172,875
Sanitary District Special Revenue	15,910	4,617	-	20,527
Sanitary District Levy Excess	8,522	-	-	8,522
Debt Reserve	187,706	173,989	-	361,695
Payment in Lieu of Taxes	185,713	444,600	444,000	186,313
Water Dept Operating	865,522	8,707,407	8,536,638	1,036,291
Water Dept Bond And Interest	481,464	1,441,641	1,441,481	481,624
Water Dept Improvement	2,302,351	958,107	1,772,834	1,487,624
Water Dept Customer Deposit	623,453	127,781	122,251	628,983
Water Dept Contingencies	920,500	300,478	542,795	678,183
Water Utility - Imprest Funds	5,350	-	-	5,350
Water Dept Thieneman Construction Retainage	184,982	644	185,626	-
Water Dept Great Lakes Dock & Materials Retainage	50,306	79	50,385	-
MCPA Operating	1,287,130	2,289,965	2,398,570	1,178,525
MCPA Security Deposit	9,821	-	-	9,821
MCPA Surplus - Horizon	2,753,403	462,965	109,553	3,106,815
Totals	<u>\$ 70,246,251</u>	<u>\$ 99,911,015</u>	<u>\$ 101,073,040</u>	<u>\$ 69,084,226</u>

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

*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,

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*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.

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy*

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

*E. Water Utility Pension Plan*

*Plan Description*

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursement for expenditures made by the City was not received by December 31, 2017.

CITY OF MICHIGAN CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Subsequent Events***

The Ohio Street Construction Project began construction in 2018. The project is a total reconstruction of the Ohio St. corridor in Michigan City. The total cost is \$10,310,000. The funding source is a bond issued by the Redevelopment Commission. The project is scheduled to be completed in 2019.

In 2018, the Mayor's Committee on Lead announced the submittal of a grant application to go towards the removal of lead hazards and lead abatement. The Mayor's Committee on Lead applied this year for a \$2,000,000 grant to assist with these efforts. The grant award will be announced in 2019. The project scope and timeline is to be determined.

**Note 9. *Other Postemployment Benefits***

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

**Note 10. *Karwick Nature Park Remediation***

The Indiana Department of Environmental Management (IDEM) has an enforcement action against the City and Sanitary District regarding the remediation of the Karwick Nature Park dump site. IDEM has approved the proposed remediation plan and the Sanitary District is in the process of finalizing a contract with an engineering firm to design the selected remediation alternative. The latest engineer's estimate of the cost of construction of the approved remediation is less than \$3 million, which is not expected to be incurred until mid-2019. The City and Sanitary District have pursued litigation to obtain liability insurance coverage through earlier general liability policies of the City and the Sanitary District for the costs of defending against the enforcement action and constructing the remediation project. As of November 2018, the Sanitary District had obtained coverage for the legal and engineering costs of defense plus cash settlements of approximately \$2.7 million for design and construction costs. The Sanitary District has established a separate Karwick Remediation fund to be able to accurately track costs and receipts.

#### OTHER INFORMATION - UNAUDITED

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

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

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

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	General Fund	Motor Vehicle Highway	Local Road And Street	MC Unsafe Building Fund	Animal Control	Riverboat Gaming
Cash and investments - beginning	\$ 2,329,250	\$ 102,732	\$ 141,353	\$ 16,304	\$ 5,546	\$ 5,921,483
Receipts:						
Taxes	15,603,581	348,538	-	-	-	-
Licenses and permits	417,331	-	-	3,750	-	-
Intergovernmental receipts	2,017,391	1,218,775	377,153	-	-	10,155,857
Charges for services	129,166	16,892	-	-	-	-
Fines and forfeits	516,715	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,004,730	130	-	-	2,370	5,960
Total receipts	21,688,914	1,584,335	377,153	3,750	2,370	10,161,817
Disbursements:						
Personal services	18,355,196	1,010,071	-	-	-	287,512
Supplies	883,128	172,856	281,818	-	-	-
Other services and charges	3,354,910	172,835	-	2,005	2,022	314,566
Debt service - principal and interest	-	-	-	-	-	2,024,845
Capital outlay	-	-	-	-	-	3,690,788
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,815	3,962	-	-	-	2,991,975
Total disbursements	22,597,049	1,359,724	281,818	2,005	2,022	9,309,686
Excess (deficiency) of receipts over disbursements	(908,135)	224,611	95,335	1,745	348	852,131
Cash and investments - ending	\$ 1,421,115	\$ 327,343	\$ 236,688	\$ 18,049	\$ 5,894	\$ 6,773,614

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Park And Recreation	LOIT Special Distribution Fund	Levy Excess	DEA Forfeiture	Cumulative Capital Development	Cumulative Channel Maintenance
Cash and investments - beginning	\$ 907,251	\$ 1,122,996	\$ 54,926	\$ 61,188	\$ 535,570	\$ 2,426,835
Receipts:						
Taxes	1,290,817	-	-	-	437,862	155,003
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	99,039	977,533	-	-	33,595	11,893
Charges for services	1,070,319	-	-	-	-	23,686
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	52,073	-	-	60	-	-
Total receipts	2,512,248	977,533	-	60	471,457	190,582
Disbursements:						
Personal services	1,691,739	-	-	-	-	-
Supplies	200,650	-	-	2,066	-	-
Other services and charges	664,181	-	-	16,727	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	678,741	-	-	184,105	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,974	765,010	-	-	-	-
Total disbursements	2,565,544	1,443,751	-	18,793	184,105	-
Excess (deficiency) of receipts over disbursements	(53,296)	(466,218)	-	(18,733)	287,352	190,582
Cash and investments - ending	\$ 853,955	\$ 656,778	\$ 54,926	\$ 42,455	\$ 822,922	\$ 2,617,417

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Cumulative Capital Improvement	Credit	Police Pension	Fire Pension	MCRD BONDS 2010 SINKING	MCRD BONDS 2011 RESERVE
Cash and investments - beginning	\$ 110,253	\$ 561,872	\$ 246,629	\$ 107,572	\$ -	\$ 495,470
Receipts:						
Taxes	-	2,962,372	1,388,907	1,293,680	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	76,554	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	2,188	755,073	3,519
Total receipts	76,554	2,962,372	1,388,907	1,295,868	755,073	3,519
Disbursements:						
Personal services	-	-	2,798	2,799	-	-
Supplies	-	13,288	-	-	-	-
Other services and charges	19,171	1,381,059	8,610	44,397	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	54,569	196,773	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	228,695	1,571,467	1,334,057	755,031	1,916
Total disbursements	73,740	1,819,815	1,582,875	1,381,253	755,031	1,916
Excess (deficiency) of receipts over disbursements	2,814	1,142,557	(193,968)	(85,385)	42	1,603
Cash and investments - ending	\$ 113,067	\$ 1,704,429	\$ 52,661	\$ 22,187	\$ 42	\$ 497,073

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	MCRD BONDS 2011 BOND INTEREST	City Donation Fund - EOC Activity	MC Economic Dev Revolving Loan Fund	CZ 115 - MC Esplande Plan	AIP 15 Grant	MCRD BONDS 2010 OPER & RESERVE
Cash and investments - beginning	\$ 68	\$ 11,194	\$ 632,994	\$ 5,000	\$ 47,873	\$ 25,586
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	35,306	-	-	5,627
Total receipts	-	-	35,306	-	-	5,627
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,100
Total disbursements	-	-	-	-	-	1,100
Excess (deficiency) of receipts over disbursements	-	-	35,306	-	-	4,527
Cash and investments - ending	\$ 68	\$ 11,194	\$ 668,300	\$ 5,000	\$ 47,873	\$ 30,113

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	MCRD BONDS 2011 SINKING	Commission For Women Fund	Security Deposit Fund	AIP 16 Grant	MCRD Bonds 2011 Oper & Reserve	EPA Beach Act Grant
Cash and investments - beginning	\$ 42	\$ 39,225	\$ 13,790	\$ 803	\$ 12,099	\$ 36,843
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	20,453
Charges for services	-	-	28,800	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	500,102	250	-	-	7,326	-
Total receipts	500,102	250	28,800	-	7,326	20,453
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	12,393	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	500,024	-	31,825	-	1,100	20,453
Total disbursements	500,024	12,393	31,825	-	1,100	20,453
Excess (deficiency) of receipts over disbursements	78	(12,143)	(3,025)	-	6,226	-
Cash and investments - ending	\$ 120	\$ 27,082	\$ 10,765	\$ 803	\$ 18,325	\$ 36,843

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	CZM Fedder Alley Marram Grass	CZM Kayak Launch Hanson Park	CZM Lighthouse Museum Restoration	CMAQ IN950045 Vehicle Replacement	AIP 17 Grant	Public Arts Committee Donation Fund
Cash and investments - beginning	\$ -	\$ 3,311	\$ 38,376	\$ -	\$ 572	\$ 24,882
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	211,634	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	3,401	-	66,873	-	1,500
Total receipts	-	3,401	-	278,507	-	1,500
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	329
Other services and charges	-	-	-	-	-	17,216
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	19,569	2,800	-	278,507	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	19,569	2,800	-	278,507	-	17,545
Excess (deficiency) of receipts over disbursements	(19,569)	601	-	-	-	(16,045)
Cash and investments - ending	\$ (19,569)	\$ 3,912	\$ 38,376	\$ -	\$ 572	\$ 8,837

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Commission on SSAAM Donation Fund	Human Rights Commission Donation Fund	Daniel Bruce Memorial Donation Fund	New Police Station Project Fund	Triangle Bus Project	AIP 18 Grant
Cash and investments - beginning	\$ 16,799	\$ 7,146	\$ 4,335	\$ 70,759	\$ (23,109)	\$ (2,572)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	111,079	13,108
Charges for services	-	-	-	-	6,003	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,700	4,500	-	-	61,640	2,573
Total receipts	4,700	4,500	-	-	178,722	15,681
Disbursements:						
Personal services	-	-	-	-	175,040	-
Supplies	-	-	-	-	10,671	-
Other services and charges	11,825	5,739	-	-	49,008	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	66,085	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	11,825	5,739	-	66,085	234,719	-
Excess (deficiency) of receipts over disbursements	(7,125)	(1,239)	-	(66,085)	(55,997)	15,681
Cash and investments - ending	\$ 9,674	\$ 5,907	\$ 4,335	\$ 4,674	\$ (79,106)	\$ 13,109

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	SSTIF Refunding 2015 Capital	SSTIF Refunding 2015 Debt Reserve	Wabash Streetscape Construction	Wabash Streetscape Debt Reserve	CDBG 2015 B15MC180022	Winding Creek Cove Project
Cash and investments - beginning	\$ 18,316	\$ 336,309	\$ 65,315	\$ 216,073	\$ -	\$ 99,379
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	215,071	-	84,245	21,412
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	21,412
Total receipts	-	-	215,071	-	84,245	42,824
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	70,092	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	84,875	-	-	42,682
Utility operating expenses	-	-	-	-	-	-
Other disbursements	267	-	-	-	84,245	-
Total disbursements	267	-	154,967	-	84,245	42,682
Excess (deficiency) of receipts over disbursements	(267)	-	60,104	-	-	142
Cash and investments - ending	\$ 18,049	\$ 336,309	\$ 125,419	\$ 216,073	\$ -	\$ 99,521

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	AIP 19 Grant	CDBG 2016 B-16-MC-180022	Animal Control Board Donation	MC Promise Scholarship Fund	Worker Training Program Fund	SCU State Forfeiture Fund
Cash and investments - beginning	\$ (16,797)	\$ -	\$ 1,305	\$ 2,492,145	\$ 2,500	\$ 5,366
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	382,223	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	16,797	-	2,955	747,682	-	-
Total receipts	16,797	382,223	2,955	747,682	-	-
Disbursements:						
Personal services	-	-	-	71,438	-	-
Supplies	-	-	-	1,738	-	-
Other services and charges	-	-	-	105,490	-	2,630
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	824	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	382,223	-	-	-	-
Total disbursements	-	382,223	-	179,490	-	2,630
Excess (deficiency) of receipts over disbursements	16,797	-	2,955	568,192	-	(2,630)
Cash and investments - ending	\$ -	\$ -	\$ 4,260	\$ 3,060,337	\$ 2,500	\$ 2,736

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	AIP 20 Grant	CDBG 2017	MC Marketing/ Promotional Non-Reverting	Cemetery Operating	Zoo Donation	Controlled Substance Excise
Cash and investments - beginning	\$ (4,126)	\$ -	\$ -	\$ 394,436	\$ 169,732	\$ 1,927
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	75,696	2,802	-	-	-	-
Charges for services	-	-	-	437,298	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,474	40,026	100,116	-
Total receipts	75,696	2,802	1,474	477,324	100,116	-
Disbursements:						
Personal services	-	-	-	426,233	-	-
Supplies	-	-	-	13,039	12,345	-
Other services and charges	-	-	-	53,557	136,875	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	125,406	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	2,802	-	21,212	-	-
Total disbursements	125,406	2,802	-	514,041	149,220	-
Excess (deficiency) of receipts over disbursements	(49,710)	-	1,474	(36,717)	(49,104)	-
Cash and investments - ending	\$ (53,836)	\$ -	\$ 1,474	\$ 357,719	\$ 120,628	\$ 1,927

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Fire Donation	Park Gift And Donation	Police Donation	Golf	Park Concession	MCPA Receiving
Cash and investments - beginning	\$ 9,449	\$ 3,569	\$ 29,120	\$ 81,613	\$ 184,040	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	644,763	298,279	2,960
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,816	35,559	53,061	-	5,119	-
Total receipts	5,816	35,559	53,061	644,763	303,398	2,960
Disbursements:						
Personal services	-	-	-	394,176	48,834	-
Supplies	3,186	9,241	45,562	141,137	116,961	-
Other services and charges	-	3,207	-	119,897	31,586	888
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	20,384	-	2,707	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	10,202	6,324	-
Total disbursements	3,186	12,448	65,946	665,412	206,412	888
Excess (deficiency) of receipts over disbursements	2,630	23,111	(12,885)	(20,649)	96,986	2,072
Cash and investments - ending	\$ 12,079	\$ 26,680	\$ 16,235	\$ 60,964	\$ 281,026	\$ 2,072

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Zoo Education Nonreverting	Senior Center Nonreverting	Park And Recreation Nonreverting	Patriot Park Nonreverting	Michigan City Tree Fund	Michigan City Youth Council
Cash and investments - beginning	\$ 3,841	\$ 15,241	\$ 60,099	\$ 12,671	\$ 400	\$ 212
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	16,965	78,786	1,800	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	16,216	15	75	-	490	-
Total receipts	16,216	16,980	78,861	1,800	490	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	12,318	1,342	24,655	-	-	-
Other services and charges	1,500	8,223	65,973	4,239	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,512	-	-	-
Total disbursements	13,818	9,565	92,140	4,239	-	-
Excess (deficiency) of receipts over disbursements	2,398	7,415	(13,279)	(2,439)	490	-
Cash and investments - ending	\$ 6,239	\$ 22,656	\$ 46,820	\$ 10,232	\$ 890	\$ 212

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Millennium Park Brick	Mayor's Special Events	Demolition Recovery	Barker Civic Center	Police Continuing Education	Aviation Operating
Cash and investments - beginning	\$ 63,507	\$ 3,633	\$ 2,570	\$ 112,542	\$ 108,203	\$ 49,157
Receipts:						
Taxes	-	-	-	162,009	-	163,760
Licenses and permits	-	-	-	-	12,620	-
Intergovernmental receipts	-	-	-	12,430	-	12,572
Charges for services	-	-	-	46,256	14,699	16,465
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	375	89,341	3	13,578	-	40,000
Total receipts	375	89,341	3	234,273	27,319	232,797
Disbursements:						
Personal services	-	-	-	126,873	-	170,047
Supplies	-	-	-	4,435	15,489	15,571
Other services and charges	39,897	91,032	-	53,359	24,717	69,602
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	1,260	-	-
Total disbursements	39,897	91,032	-	185,927	40,206	255,220
Excess (deficiency) of receipts over disbursements	(39,522)	(1,691)	3	48,346	(12,887)	(22,423)
Cash and investments - ending	\$ 23,985	\$ 1,942	\$ 2,573	\$ 160,888	\$ 95,316	\$ 26,734

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Aviation Fuel	Cemetery Extension	Cemetery Merchandise And Commission	Singing Sands Bike Trail Grant	Redevelopment Operating	Refunding Bonds 2011 Operating And Reserve
Cash and investments - beginning	\$ 54,411	\$ 32,611	\$ 27,637	\$ 93,104	\$ 17,088	\$ 10,734
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	116,868	-	-
Charges for services	185,487	68,969	129,949	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	167,426	265,413	4,266
Total receipts	185,487	68,969	129,949	284,294	265,413	4,266
Disbursements:						
Personal services	-	-	-	-	217,566	-
Supplies	151,430	-	-	-	-	-
Other services and charges	4,522	22,371	438	78,462	29,371	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	40,000	50,549	134,523	-	50	1,200
Total disbursements	195,952	72,920	134,961	78,462	246,987	1,200
Excess (deficiency) of receipts over disbursements	(10,465)	(3,951)	(5,012)	205,832	18,426	3,066
Cash and investments - ending	\$ 43,946	\$ 28,660	\$ 22,625	\$ 298,936	\$ 35,514	\$ 13,800

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Refunding Bonds 2011 Reserve	MCPD Seizure Fund	Refunding Bonds 2011 Sinking	MCRD Bonds 2010 Debt Svc Rsv	Park And Recreation Capital Improve	Blue Chip Development
Cash and investments - beginning	\$ 212,313	\$ 44,070	\$ 37	\$ 754,589	\$ 42,521	\$ 2,892,634
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	476	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,508	-	259,656	1,349	-	644,511
Total receipts	1,508	-	259,656	1,349	476	644,511
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	143,088
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	505,976
Utility operating expenses	-	-	-	-	-	-
Other disbursements	873	-	259,630	-	-	400,000
Total disbursements	873	-	259,630	-	-	1,049,064
Excess (deficiency) of receipts over disbursements	635	-	26	1,349	476	(404,553)
Cash and investments - ending	\$ 212,948	\$ 44,070	\$ 63	\$ 755,938	\$ 42,997	\$ 2,488,081

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Coolspring Ave Reconstruction Grant	Northeast TIF	Southside TIF	Northside TIF	Michigan Blvd Reconstruction Grant	AIP 14 Grant
Cash and investments - beginning	\$ 660,495	\$ 351,774	\$ 14,471,426	\$ 10,778,627	\$ 4,367	\$ 6,259
Receipts:						
Taxes	-	282,411	2,858,262	3,876,596	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	240	14,615	311,655	-	-
Total receipts	-	282,651	2,872,877	4,188,251	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,060	1,735,100	4,737,335	-	-
Debt service - principal and interest	-	291,519	593,249	1,465,092	-	-
Capital outlay	-	-	1,540,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	826	834	-	-
Total disbursements	-	293,579	3,869,175	6,203,261	-	-
Excess (deficiency) of receipts over disbursements	-	(10,928)	(996,298)	(2,015,010)	-	-
Cash and investments - ending	\$ 660,495	\$ 340,846	\$ 13,475,128	\$ 8,763,617	\$ 4,367	\$ 6,259

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Employee Health & Life Insurance	Cemetery Blanket And Wreath	Cemetery Flower Fund	Cemetery Dabbert Vault	Cemetery Lutz Vault	Cemetery PM GW Trust
Cash and investments - beginning	\$ 47,326	\$ 19,466	\$ 25,888	\$ 2,337	\$ 4,428	\$ 1,053,459
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	128,024	9,540	46	4	6	32,634
Total receipts	128,024	9,540	46	4	6	32,634
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	9,418	404	-	-	-
Other services and charges	92,732	15	-	-	-	4,296
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	18,620
Total disbursements	92,732	9,433	404	-	-	22,916
Excess (deficiency) of receipts over disbursements	35,292	107	(358)	4	6	9,718
Cash and investments - ending	\$ 82,618	\$ 19,573	\$ 25,530	\$ 2,341	\$ 4,434	\$ 1,063,177

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Cemetery PM SL Trust	Cemetery Extension Trust	Cemetery Mds And Comm Trust	MC Employee Medical Trust	MC Employee Benefit Trust	Intergovernmental Wagering Tax
Cash and investments - beginning	\$ 545,778	\$ 619,480	\$ 25,120	\$ 1,412,867	\$ 62,644	\$ 64
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	2,220,905
Charges for services	-	42,385	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	22,865	11,819	54,183	5,649,301	645,015	-
Total receipts	22,865	54,204	54,183	5,649,301	645,015	2,220,905
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,087	-	-	365,045	158,436	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,014	71,468	53,342	6,525,213	336,993	2,220,905
Total disbursements	12,101	71,468	53,342	6,890,258	495,429	2,220,905
Excess (deficiency) of receipts over disbursements	10,764	(17,264)	841	(1,240,957)	149,586	-
Cash and investments - ending	\$ 556,542	\$ 602,216	\$ 25,961	\$ 171,910	\$ 212,230	\$ 64

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	SRF Debt Reserve Fund	SRF Bond and Interest Fund	Vehicle Replacement Fund	Equipment Replacement Fund	SRF - Construction Additional Projects	Sanitary District Rainy Day Fund
Cash and investments - beginning	\$ 475,867	\$ 203,980	\$ 94,687	\$ 1,051,685	\$ -	\$ 81,308
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,258	515,426	643,896	200,004	795,311	-
Total receipts	3,258	515,426	643,896	200,004	795,311	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	475,000	296,447	-	-	-
Capital outlay	-	-	83,622	-	795,311	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	475,000	380,069	-	795,311	-
Excess (deficiency) of receipts over disbursements	3,258	40,426	263,827	200,004	-	-
Cash and investments - ending	\$ 479,125	\$ 244,406	\$ 358,514	\$ 1,251,689	\$ -	\$ 81,308

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Karwick Remediation Fund	Sanitary District Energy Savings Loan	Sewage Works Operating	Sewage Works Improvement	Sewage Works - Indian Springs Proj	Sewage Works - Whippoorwill Proj
Cash and investments - beginning	\$ -	\$ -	\$ 1,106,553	\$ 1,150,778	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	8,312,200	-	65,661	4,183
Other receipts	1,426,268	1,820,424	1,610,158	150,030	-	-
Total receipts	1,426,268	1,820,424	9,922,358	150,030	65,661	4,183
Disbursements:						
Personal services	-	-	2,797,482	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	285,656	-	-	-
Debt service - principal and interest	-	-	-	-	65,661	4,183
Capital outlay	-	329,531	639,867	459,173	-	-
Utility operating expenses	-	-	4,594,761	-	-	-
Other disbursements	-	319	1,510,058	-	-	-
Total disbursements	-	329,850	9,827,824	459,173	65,661	4,183
Excess (deficiency) of receipts over disbursements	1,426,268	1,490,574	94,534	(309,143)	-	-
Cash and investments - ending	\$ 1,426,268	\$ 1,490,574	\$ 1,201,087	\$ 841,635	\$ -	\$ -

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Sanitary District Operating	Sanitary District Refuse	Sanitary District Special Revenue	Sanitary District Levy Excess	Debt Reserve	Payment in Lieu of Taxes
Cash and investments - beginning	\$ 506,829	\$ 783,884	\$ 15,910	\$ 8,522	\$ 187,706	\$ 185,713
Receipts:						
Taxes	189,140	1,590,252	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	82,027	27,070	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	4,485	-	-	-
Other receipts	120,552	5,890	132	-	173,989	444,600
Total receipts	391,719	1,623,212	4,617	-	173,989	444,600
Disbursements:						
Personal services	-	840,607	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	69,584	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	77,207	-	-	-	-	-
Utility operating expenses	193,785	1,324,030	-	-	-	-
Other disbursements	444,451	-	-	-	-	444,000
Total disbursements	715,443	2,234,221	-	-	-	444,000
Excess (deficiency) of receipts over disbursements	(323,724)	(611,009)	4,617	-	173,989	600
Cash and investments - ending	\$ 183,105	\$ 172,875	\$ 20,527	\$ 8,522	\$ 361,695	\$ 186,313

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Water Dept Operating	Water Dept Bond And Interest	Water Dept Improvement	Water Dept Customer Deposit	Water Dept Contingencies	Water Utility - Imprest Funds
Cash and investments - beginning	\$ 865,522	\$ 481,464	\$ 2,302,351	\$ 623,453	\$ 920,500	\$ 5,350
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	8,089,087	-	-	-	-	-
Other receipts	618,320	1,441,641	958,107	127,781	300,478	-
Total receipts	8,707,407	1,441,641	958,107	127,781	300,478	-
Disbursements:						
Personal services	1,866,355	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	1,441,481	-	-	-	-
Capital outlay	102,525	-	1,372,809	-	-	-
Utility operating expenses	3,064,221	-	-	-	-	-
Other disbursements	3,503,537	-	400,025	122,251	542,795	-
Total disbursements	8,536,638	1,441,481	1,772,834	122,251	542,795	-
Excess (deficiency) of receipts over disbursements	170,769	160	(814,727)	5,530	(242,317)	-
Cash and investments - ending	\$ 1,036,291	\$ 481,624	\$ 1,487,624	\$ 628,983	\$ 678,183	\$ 5,350

CITY OF MICHIGAN CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Water Dept Thieneman Construction Retainage	Water Dept Great Lakes Dock & Materials Retainage	MCPA Operating	MCPA Security Deposit	MCPA Surplus - Horizon	Totals
Cash and investments - beginning	\$ 184,982	\$ 50,306	\$ 1,287,130	\$ 9,821	\$ 2,753,403	\$ 70,246,251
Receipts:						
Taxes	-	-	-	-	-	32,603,190
Licenses and permits	-	-	-	-	-	433,701
Intergovernmental receipts	-	-	-	-	-	18,577,385
Charges for services	-	-	2,197,199	-	-	5,457,602
Fines and forfeits	-	-	-	-	-	516,715
Utility fees	-	-	-	-	-	16,475,616
Other receipts	644	79	92,766	-	462,965	25,846,806
Total receipts	644	79	2,289,965	-	462,965	99,911,015
Disbursements:						
Personal services	-	-	731,358	-	-	29,216,124
Supplies	-	-	388,331	-	-	2,531,408
Other services and charges	-	-	752,182	-	-	15,442,208
Debt service - principal and interest	-	-	-	-	-	6,657,477
Capital outlay	-	-	7,839	-	109,553	11,472,228
Utility operating expenses	-	-	-	-	-	9,176,797
Other disbursements	185,626	50,385	518,860	-	-	26,576,798
Total disbursements	185,626	50,385	2,398,570	-	109,553	101,073,040
Excess (deficiency) of receipts over disbursements	(184,982)	(50,306)	(108,605)	-	353,412	(1,162,025)
Cash and investments - ending	\$ -	\$ -	\$ 1,178,525	\$ 9,821	\$ 3,106,815	\$ 69,084,226

CITY OF MICHIGAN CITY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater Utility	\$ 57,450	\$ 136,373
Water Utility	28,305	604,782
Port Authority	-	24,932
Governmental activities	152,358	152,358
Totals	\$ 238,113	\$ 918,445

CITY OF MICHIGAN CITY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Wastewater Utility:				
Crossroads Bank	Equipment	\$ 216,405	12/19/2013	09/01/2018
Crossroads Bank	Equipment	66,735	12/19/2013	09/01/2018
Crossroads Bank	Equipment	<u>154,249</u>	09/01/2017	03/01/2020
Total of annual lease payments		<u>\$ 437,389</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Redevelopment Auth Elston Grove Bonds of 2011		\$ 4,255,000	\$ 489,825
General obligation bonds	Redevelopment Auth Lafayette/Barker Bonds of 2010		7,295,000	753,318
General obligation bonds	Redevelopment Auth NE Roeske Ave Bonds of 1999		228,827	497,881
General obligation bonds	Redevelopment Auth Refunding Bonds 2011 (Cleveland Ave)		820,000	257,569
General obligation bonds	Redevelopment Dist Bonds Series 2015 (Wabash Streetscape)		3,025,000	210,696
General obligation bonds	Redevelopment Dist Refunding Bonds 2015 (400 N)		3,040,000	333,011
General obligation bonds	Bond Anticipation Note of 2015 (MCPD)		<u>4,070,000</u>	<u>2,053,463</u>
Total governmental activities			<u>22,733,827</u>	<u>4,595,763</u>
Wastewater Utility:				
Notes and loans payable	Indian Springs Wastewater Improv Project IFA Loan 2004		689,355	23,580
Notes and loans payable	MCSD Small issue Loan Trail Creek Project (Whippoorwill)		47,800	6,508
Notes and loans payable	Sewage Works Revenue Bonds Series 2013 (SRF Loan)		2,230,000	140,000
Notes and loans payable	Sewage Works Revenue Bonds Series 2014A (SRF Loan)		4,474,000	263,000
Notes and loans payable	Sewage Works Revenue Bonds Series 2014B (SRF Loan)		<u>1,153,400</u>	<u>72,000</u>
Total Wastewater Utility			<u>8,594,555</u>	<u>505,088</u>
Water Utility:				
Revenue bonds	Waterworks Refunding Revenue Bonds of 2004		4,965,000	1,188,150
Revenue bonds	Waterworks Revenue Bonds Series 2015		<u>8,605,000</u>	<u>252,131</u>
Total Water Utility			<u>13,570,000</u>	<u>1,440,281</u>
Totals			<u>\$ 44,898,382</u>	<u>\$ 6,541,132</u>

CITY OF MICHIGAN CITY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2017

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

	Ending Balance
Governmental activities:	
Land	\$ 8,190,816
Infrastructure	125,546,153
Buildings	39,238,125
Improvements other than buildings	21,903,591
Machinery, equipment, and vehicles	25,505,165
Construction in progress	<u>1,525,425</u>
Total governmental activities	<u>221,909,275</u>
Wastewater Utility:	
Land	896,679
Infrastructure	78,417,003
Buildings	25,849,755
Improvements other than buildings	1,606,677
Machinery, equipment, and vehicles	13,832,001
Construction in progress	<u>1,284,017</u>
Total Wastewater Utility	<u>121,886,132</u>
Water Utility:	
Land	110,990
Infrastructure	44,527,369
Buildings	10,102,660
Improvements other than buildings	10,339,614
Machinery, equipment, and vehicles	<u>2,025,382</u>
Total Water Utility	<u>67,106,015</u>
Port Authority:	
Land	2,038,751
Infrastructure	4,809,751
Buildings	6,006,174
Improvements other than buildings	1,031,629
Machinery, equipment, and vehicles	<u>840,248</u>
Total Port Authority	<u>14,726,553</u>
Total capital assets	<u>\$ 425,627,975</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

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

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

We have audited the City of Michigan City's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

***Opinion on the 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 its major federal program for the year ended December 31, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003. Our opinion on the major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2017-003, that we consider to be a material weakness.

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

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 5, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF MICHIGAN CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program Winding Creek Cove Project	Indiana Department of Natural Resources	10.675	#300FR100UWI2011	\$ -	\$ 21,412
Total - Department of Agriculture				-	21,412
<u>Department of Commerce</u>					
Coastal Zone Management Administration Awards Wabash St Rain Gardens/Bioswale Project	Indiana Department of Natural Resources	11.419	E16-5-MKMO421	-	12,199
Total - Department of Commerce				-	12,199
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	Direct	14.218			
CDBG 2015			B-15-MC-180022	-	84,245
CDBG 2016			B-16-MC-180022	73,761	382,223
CDBG 2017			B-17-MC-180022	-	2,802
Total - CDBG - Entitlement Grants Cluster				73,761	469,270
Total - Department of Housing and Urban Development				73,761	469,270
<u>Department of Justice</u>					
Equitable Sharing Program DEA Forfeiture	Direct	16.922	FY 2017	-	18,795
Total - Department of Justice				-	18,795
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Singing Sands Lighthouse Trail Phase I Singing Sands Lighthouse Trail Phase II	Indiana Department of Transportation	20.205	DES #301165 DES #1500324	- -	408 116,460
Total - Highway Planning and Construction Cluster				-	116,868
Federal Transit Cluster Federal Transit Formula Grants Transit Operating Transit Operating Transit Triangle	Direct	20.507	IN201602602 IN-90-4681 IN-95-0052	- - -	233,228 173,000 111,079
Total - Federal Transit Formula Grants				-	517,307
Bus and Bus Facilities Formula Program Transit Capital	Direct	20.526	IN201602601	-	211,634
Total - Federal Transit Cluster				-	728,941
Highway Safety Cluster National Priority Safety Programs Operation Pull Over	Indiana Criminal Justice Institute	20.616	D3-17-11104	-	10,791
Total - Highway Safety Cluster				-	10,791
Airport Improvement Program AIP 18 AIP 20	Direct	20.106	3-18-055-018-2014 3-18-055-020	- -	11,916 72,606
Total - Airport Improvement Program				-	84,522
Total - Department of Transportation				-	941,122
<u>Environmental Protection Agency</u>					
Great Lakes Program Wabash Street Green Infrastructure Improvements Project	Direct	66.469	GL00E01407	-	202,871
Beach Monitoring and Notification Program Implementation Grants Beach Act Grant	Indiana Department of Environmental Management	66.472	A305-5-220	-	20,453
Total - Environmental Protection Agency				-	223,324
Total federal awards expended				\$ 73,761	\$ 1,686,122

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. 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 MICHIGAN CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Federal Transit Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition*

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not implemented proper segregation of duties related to receipts and disbursements when posted via a journal entry, and the financial reporting of the Water Department.

*Receipts and Disbursements - Journal Entries*

Journal entries were made by one employee without evidence of an oversight or approval process to ensure the accuracy and classification of the receipts and disbursements to the proper fund and account.

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

The City disbursed funds through an electronic payment, then posted the transaction via a journal entry. These payments were not approved by the fiscal officer or the appropriate governing board at a public meeting as required by Indiana Code.

*Financial Reporting - City and Water Department*

Annual financial data was entered into an Excel spreadsheet at the Water Department and sent to the City Controller's office for entry into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. No supporting documentation was provided to the City to ensure the amounts received and reported were accurate. An oversight or review process was not documented at the Water Department or at the City for the amounts reported for the Water Department.

*Context*

The lack of controls over financial reporting was a systemic issue throughout the audit period. The lack of controls and noncompliance related to journal entries was limited to transactions posted for bond proceeds, transfers between funds, debt payments, and other electronic payments.

*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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

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

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

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

Management of the City had not established a proper system of internal control that segregated key functions and that would have ensured proper approval of disbursements as required.

*Effect*

Without a proper system of internal control in place over journal entries that operated effectively, noncompliance remained undetected as identified in the *Condition*. Additionally, the failure to establish controls over financial reporting could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the City establish a system of internal controls related to financial reporting and transactions posted via journal entry. We also recommended that the City establish a system of internal controls to ensure that disbursements posted via a journal entry will be approved by the fiscal officer and appropriate governing board as required by Indiana Code.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition*

The City did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The City Controller's office had an oversight and review process; however, that process was not effective in detecting and correcting errors prior to submission.

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

*Context*

Due to the ineffective controls, the following errors resulted in the understatement of the Passed Through to Subrecipient and Total Federal Awards Expended on the SEFA by \$73,761 and \$30,858, respectively, as of December 31, 2017:

1. The amount passed through to subrecipients for the Community Development Block Grants/Entitlement Grants was not reported, which understated the federal passed through to subrecipient amount by \$73,761.
2. The Urban and Community Forestry Program was omitted, which understated the federal expenditures by \$21,412.
3. The Great Lakes Program federal expenditures of \$202,871 were erroneously reported as part of the Coastal Zone Management Administration Awards grant. This had a net effect of zero on the SEFA total; however, the federal expenditures were not properly reported on the SEFA.
4. The Coastal Zone Management Administration Awards expenditures were overstated by \$6,201, which was determined to be non-federal dollars received in 2017, since the grant was exhausted in 2016.
5. The Bus and Bus Facilities Formula Program federal expenditures of \$211,634 were erroneously reported as Federal Transit Formula Grants. This had a net effect of zero on the SEFA total; however, the federal expenditures were not properly reported on the SEFA.
6. The Equitable Sharing Program was omitted, which understated the federal expenditures by \$18,795.
7. The Department of Justice Joint Law Enforcement Operations, which was not a grant, was reported in error. This resulted in an overstatement of the federal expenditures by \$3,148.
8. The pass-through identifying numbers were reported incorrectly for the following programs: Federal Transit Formula Grants, Highway Planning and Construction, National Priority Safety Programs, and Beach Monitoring and Notification Program Implementation Grants.

Audit adjustments were proposed, approved by the City, and made to the SEFA.

*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.

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

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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

*Cause*

Management had not established an effective system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the City establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

*Views of Responsible Officials*

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

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

**FINDING 2017-003**

Subject: Federal Transit Cluster - Reporting  
Federal Agency: Department of Transportation  
Federal Programs: Federal Transit Formula Grants, Bus and Bus Facilities Formula Program  
CFDA Numbers: 20.507, 20.526  
Federal Award Numbers and Years (or Other Identifying Numbers): IN201602602, IN-90-4681,  
IN-95-0052

Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*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 Reporting compliance requirement.

The City had not developed, nor documented a system of internal controls for the quarterly Federal Financial Reports (FFR) to ensure that the reported data was accurate.

The City did not comply with the reporting requirements. Three of the four quarterly FFRs tested reported incorrect amounts for the federal and recipient shares of expenditures.

*Context*

The lack of controls and the noncompliance were systemic issues throughout the audit period. Thirty percent of the quarterly FFRs submitted during 2017 were inaccurate. The federal share of expenditures was overstated by \$16,827, and the recipient share of expenditures was understated by \$14,255.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following.  
. . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

*Cause*

The City's management had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

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



# MICHIGAN CITY INDIANA

Planning Department ~ Craig A. Phillips, AICP, Planning Director ~ ph: 219-873-1419 ~ fax: 219-873-1580 ~ cphillips@emichigancity.com

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2016-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: January 1, 2016 to December 31, 2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Housing and Urban Development  
Contact Person Responsible for Corrective Action: Sherry Wilson  
Contact Phone Number: 219-873-1419-Ext. 2026

### Status of Audit Finding:

Community Development Block Grants/Entitlement Grants – Suspension and Debarment

The finding states the City had not established an effective internal control system related to the grant agreement and the suspension and debarment requirements of the Procurement and Suspension and debarment compliance requirement.

The City has added a checklist that is used to control all documents related to the contractor's qualifications to enter into construction agreements with the City. The additional category has been labeled as: The Debarment Website System for Award Management (SAM). In addition to the debarment checklist the City has also added a certificate signature page to further validate contractor eligibility for participation in the City's Federal award program.

  
(Signature)

CDBG Grant Administrator

\_\_\_\_\_  
(Title)

October 24, 2018

\_\_\_\_\_  
(Date)

RON MEER – MAYOR

City of Michigan City ~ City Hall ~ 100 East Michigan Boulevard, Michigan City, IN 46360 ~ ph: 219-873-1400 ~ fax: 219-873-1515  
web: emichigancity.com ~ e-mail: mayormeer@emichigancity.com



# MICHIGAN CITY INDIANA

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

## CORRECTIVE ACTION PLAN

### **FINDING 2017-001**

Contact Person Responsible for Corrective Action: Richard Murphy

Contact Phone Number: 219-873-1404

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

### Description of Corrective Action Plan:

1. The New World ERP General Ledger currently requires two approvals prior to posting any Journal Entries. The Controller, Assistant Controller and 2<sup>nd</sup> Assistant Controller have approval rights. Any journal prepared by the Assistant or 2<sup>nd</sup> Assistant Controller will be reviewed and approved by another employee with approval rights prior to posting.
2. All electronic payments will be entered in the New World ERP Accounts Payable system as an EFT payment. A payment register will be presented to the appropriate governing board for approval.
3. Prior to entering the Water Department data into the Indiana Gateway for Government Units financial reporting system, the Controller's office will review the data using the financial statements which are sent to the Controller's office monthly.

### Anticipated Completion Date:

Item 1 was implemented February 2018. Item 2 was implemented September 2018. Item 3 will be implemented with the review of the 2018 Annual Report.

  
(Signature)

  
(Title)

  
(Date)

RON MEER – MAYOR



# DEPARTMENT OF WATER WORKS

*Pure Filtered Water*

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

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

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

November 27, 2018

## CORRECTIVE ACTION PLAN

Finding 2017-001

Contact Person Responsible of Corrective Action:

Randall E. Russell, Superintendent Department of Water Works, Michigan City, IN  
219-874-3228

and

Richard Murphy, Controller for the City of Michigan City, IN  
218-873-1400

### Views of Department of Water Works Superintendent:

Based on our discussions with the Field Examiner, Tuesday November 27, 2018, we informed her of two things. First the Water Board reviews the Departments financial reports once per month, and then those reports are sent to the Controller's office as per ordinance, for their use and review.

Second, the CTAR report is completed and returned to the Controller's office again using year-end Department figures from the December financial statement.

She mentioned that the Department financial reports were not properly approved.

### Description of Action Plan:

First, all Department Financial Reports will be voted on and approved by the Water Board of Directors with the motion and second noted in the Board Regular meeting minutes.

Second, Once the CTAR report is completed by our Department's Accountant, he will make a copy for Department files, which will then be reviewed, attested to and dated by either the Superintendent or Assistant Superintendent. Again, once that report has been reviewed, the CTAR report will be sent back to the Controller's office for their use and files.

### Anticipated Completion Date:

The Financial Reports will be voted on at the Water Boards next regular meeting which is scheduled for November 27, 2018.

The copy of the CTAR report will be witnessed and attested to just prior to submitting report to Controller's office in early 2019.

Randall E. Russell



Superintendent  
Department of Water Works  
November 27, 2018



CORRECTIVE ACTION PLAN

**FINDING 2017-001**

Contact Person Responsible for Corrective Action: Scott Kistler

Contact Phone Number: 874-7799

Views of Responsible Official: The Michigan City Sanitary District ("District") understands the comment and will implement the corrective action plan to resolve the issue.

Description of Corrective Action Plan:

1. The New World ERP General Ledger currently requires two approvals prior to posting any Journal Entries. If the entry is entered by the District's Bookkeeper, the District's Financial Manager will approve the entry prior to posting the entry. If the entry is entered by the District's Financial Manager, the Controller, Assistant Controller or the 2<sup>nd</sup> Assistant Controller will approve the entry prior to posting the entry.
2. All electronic payments will be entered in the New World ERP Accounts Payable system as an EFT payment. Monthly, the District and / or City Controller's office will prepare an EFT payment register for the District which will be presented to the District's Board of Commissioners for their approval.

Anticipated Completion Date:

Item 1 was implemented November 2018.

Item 2 was implemented November 2018.

Scott Kistler  
(Signature)

MESD Financial Manager  
(Title)

December 3<sup>rd</sup> 2018  
(Date)



# MICHIGAN CITY INDIANA

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

## CORRECTIVE ACTION PLAN

### **FINDING 2017-002**

Contact Person Responsible for Corrective Action: Richard Murphy

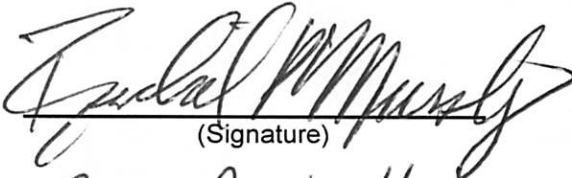

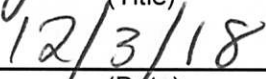
Contact Phone Number: 219-873-1404

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

### Description of Corrective Action Plan:

- 1 Prior to submitting the SEFA, the 2<sup>nd</sup> Assistant Controller will review the Community Development Block Grant to ensure the pass-through amounts to the subrecipients are accurately reported.
- 2 The policy to track grants from inception to award will be reviewed. Prior to compiling the data for the SEFA, the Assistant Controller will have all grant receiving departments review the proposed SEFA to check for omissions or closed or misreported grants. The SEFA will also be reviewed by the 2<sup>nd</sup> Assistant Controller prior to submission in Gateway  
  
The pass through identifying numbers will be checked by the 2<sup>nd</sup> controller prior to submission in Gateway.

Anticipated Completion Date: The Corrective Action Plan will be implemented with the review of the 2018 Annual Report.

  
(Signature)  
  
(Title)  
  
(Date)

RON MEER – MAYOR

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



# MICHIGAN CITY INDIANA

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

## CORRECTIVE ACTION PLAN

### **FINDING 2017-003**

Contact Person Responsible for Corrective Action: Richard Murphy

Contact Phone Number: 219-873-1404

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

### Description of Corrective Action Plan:

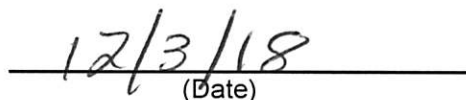
1. Prior to submitting the Quarterly Federal Financial Reports (FFR), a signature form indicating review by the Assistant Controller will be completed and filed with the Transit Director's grant files.

### Anticipated Completion Date:

This procedure will be implemented with the 4<sup>th</sup> Quarter reporting in January 2019.

  
(Signature)

  
(Title)

  
(Date)

RON MEER – MAYOR

#### 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/>.