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

ANNUAL FINANCIAL REPORT

2009

CITY OF GARY

LAKE COUNTY, INDIANA



**FILED**  
09/30/2010



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	M. Celita Green	01-01-09 to 12-31-10
Mayor	Rudolph Clay, Sr.	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Geraldine B. Tousant	01-01-09 to 12-31-10
President of the Common Council	Ronier Scott	01-01-09 to 12-31-10
President of the Board of Sanitary Commissioners	Richard Comer	01-01-09 to 12-31-10



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gary (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note IV.G. to the financial statements, the City has been forced to drastically reduce budgets and expenditures due to legislative tax caps. The amount of budget reductions that would be required for the City to fully implement the current tax legislation raises substantial doubt about the City's ability to continue as a going concern. The City's plans in regards to these matters are also discussed in Note IV.G. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated June 24, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. As a result of such limited procedures, we believe that the Management Discussion and Analysis is not in conformity with accounting principles generally accepted in the United States because it omits condensed financial information concerning Program and General receipts, Program disbursements, and Transfers. However, we did not audit the information and express no opinion on it.

The City has not presented Schedules of Funding Progress or Schedule of Contributions From the Employer and Other Contributing Entities, that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 24, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gary (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, the Board of Sanitary Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 24, 2010

**CITY OF GARY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2009**

The City of Gary management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected. We are also responsible for ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The City of Gary provides its financial statements, a narrative, overview, and analysis of financial activities for the fiscal year ended December 31, 2009. While viewing the basic financial statements, the notes to the financial statements and other additional information provided.

The information contained in this management discussion and analysis should be considered as only an intricate part of the greater whole. The footnotes and other Required Supplemental Information (RSI) will provide a more thorough understanding of the City of Gary's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total receipts decreased by \$5M, while total disbursements decreased by \$24M from 2008 to 2009.
- Fines, forfeits, and other fees increased by \$2.4M
- Inter-fund loans decreased by \$7.1M
- Casino Fund City Development Funds decreased by \$6M
- General Government and Public Safety receipts increased by \$1.9M

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The purpose of this discussion and analysis is to provide a preface, summary, and analysis of the City of Gary's basic financial statements. The City of Gary's statements consist of the following components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

These statements are structured to present readers with a broad overview of the City of Gary's financial position in a method comparable to private sector businesses, using the economic resources measurement focus.

The Statement of Activities and Net Assets-Cash and Investments Basis focuses on the net cost of various activities provided by the governmental entity, and distinguish between restricted and non-restricted net assets. This statement serves the purpose of the traditional income statement, and provides reporting of the results of all activities of the City of Gary for the year ended December 31, 2009. This statement presents information that shows how the City of Gary's net assets changed during the fiscal year. All changes in net assets are reported as soon as a cash transaction relating to the event occurs. Increases in net assets generally indicate an improvement in the financial position, while disbursements may indicate deterioration in the financial position.

The government-wide financial statements distinguish the functions of the City of Gary that are principally supported by taxes and intergovernmental revenues (governmental activities). The government-wide financial statements report information on all of the non-fiduciary activities of the primary government.

The Government-Wide Financial Statements report information on all of the non-fiduciary activities of the primary government. The general fund is the primary operating fund of the primary government. Also included in primary government are internal service funds, pension trust funds, and agency funds activities.

The primary government report also includes certain legally separate business-type activity for which the primary government is financially accountable, and from which the business-type activity recovers a significant portion of its cost from user fees and charges. The government activities of the City of Gary include public safety, highway and streets, economic development, culture and recreation, and health and welfare. The business-

type activity includes the operation of Gary Sanitary District wastewater utility, sanitation, and the Gary Storm Water Management District.

The Mayor of the City of Gary is the special administrator for the Gary Sanitary District. The Mayor appoints the board, and a financial benefit and burden relationship exists. As a result, the business-type activity's financial information is presented as a department of the city.

### **Fund Financial Statements**

The City of Gary uses fund accounting to demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a group of self-balancing related accounts, which are segregated and used for the purpose of attaining specific objectives or activities in accordance with special regulations, restrictions, or limitations.

The funds for the City of Gary are represented by three categories: governmental funds, proprietary funds, and fiduciary funds. The emphasis of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in GASB Statement No. 34. For the year 2009, the General Fund, Casino Gaming Fund, and Redevelopment Bond Fund are identified as Major funds. A budgetary comparison statement has been provided for General and major special revenue funds to demonstrate compliance as required supplementary information.

**Government Funds:** includes most of the City's basic services and are used to account for fundamentally the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the current financial resources measurement focus and cash basis of accounting. It focuses on near term inflows and outflows of expendable resources. Such information may be useful in evaluating a government's near-term financing requirements.

Since government funds focus is not as broad as government-wide financial statements, a valuable comparison can be made with the information presented for governmental funds against similar information presented for governmental activities in the government-wide financial statements. The comparison provides readers with a thorough understanding of the long-term impact of the government are near-term financing. The Statement of Assets and Fund Balances, and Receipts, Disbursements, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds:**

The City of Gary maintains two different types of proprietary funds, the Enterprise Funds and Internal Service Funds. **Enterprise Funds** are used to account for the financing of services to the general public, and report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and storm water management operations. **Internal Service Funds** are used to accumulate and allocate costs internally among the City's various functions between departments and agencies, such as group health insurance benefits, and unemployment and worker's compensation benefits. Since these services primarily benefit government as opposed to business-type functions, they have been included within governmental activities in the government-wide financial statements.

Government-wide statements and proprietary funds financial statements provide the same type of information, except proprietary fund statements offer more details.

**Fiduciary Funds:**

These funds are used to account for assets held by the municipality in a trustee capacity or as an agent for individuals, organizations, or other governmental units or funds. Included in fiduciary funds are pension trust and agency funds. Financial information for fiduciary funds is not reflected in the government-wide financial statements because the resources are not available to support the city's operations.

**Notes to the Basic Financial Statements.** The financial statement notes provide additional information that is imperative to a full understanding of the data provided in the government-wide and fund financial statements.

**Supplemental Information**

In addition to the basic financial statements and accompanying notes, this report provides supplementary information for budget to actual that is required by the Government Accounting Standards Board Statement No. 34.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The financial analysis of the government-wide statements will focus on the net assets, and changes in net assets of the City of Gary's governmental and business-type activities. Net assets may serve as a meaningful indicator of a government's financial position.

Statement of Activities and Net Assets presents financial data for Disbursements and Program Receipts for Primary Government. Program Receipts consist of receipts from Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. Operating Grants and Contributions are monies received from parties outside the City and are generally restricted to one or more specific programs. Some of the city's grants are reimbursable, whereas receipts are not received until a disbursement

has been incurred. Thus, receipts are not always received in the period for which the disbursement was incurred.

Below is a comparison of the net expense and revenue and changes in net assets for 2008 and 2009:

## Statement of Activities and Net Assets

### CITY OF GARY PARTIAL STATEMENT OF ACTIVITIES AND NET ASSETS – CASH AND INVESTMENT BASIS For The Year Ended December 31, 2009

Functions/Programs	2009			2008			Total Change	Percent of Change
	Disbursements	Receipts	Total For Activities	Disbursements	Receipts	Total For Activities		
			Primary Government			Primary Government		
Primary government: Governmental activities:								
Total governmental activities	170,172,857	17,575,475	(152,597,382)	105,971,301	18,560,415	(87,410,886)	(65,186,496)	75%
Business-type activities:			Business-Type Activities			Business-Type Activities		
Total business-type activities	44,183,759	24,235,318	(19,948,441)	31,526,449	18,359,654	(13,166,795)	(6,781,646)	52%
Total primary government	<b>214,356,616</b>	<b>41,810,793</b>	<b>(172,545,823)</b>	<b>137,497,750</b>	<b>157,207,302</b>	<b>(100,577,681)</b>	<b>(71,968,142)</b>	<b>72%</b>

In 2009, the total disbursements for Government Activities totaled \$170,172,857. In 2008, the total disbursements were \$105,971,301. The \$65,185,496 increase in disbursements is mostly contributed to delayed payable 2008 property taxes distributed in 2009. As a result of the late property tax distributions, Tax Anticipation Warrants were repaid for 2008 in 2009. Approximately 45% of 2008 property taxes were received in 2009.

Disbursements for Business-Type activities increased by 40% while revenues increased by 32%. The increases were due to a combination of events. The City of Gary transferred garbage collection services to the Gary Sanitary District. A fee was established to partially cover the cost of these services, while the balance of the services remained as part of the property tax levy. This additional service increased the disbursements and receipts substantially for the Gary Sanitary District. Gary Sanitary District also experienced delayed property taxes due in 2008 and distributed in 2009, resulting in 2008 tax anticipated warrant repayments in 2009.

Another component of the Statement of Activities and Net Assets includes cash, investments, and total net assets. Some of the city's net assets are restricted. These resources are subject to external restrictions as to how they may be used. Grantors,

contributors and other branches of the government may impose restrictions as regulated by law through constitutional provisions or legislation. Restricted net assets decreased by 31%.

**CITY OF GARY**  
**PARTIAL STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS**  
**For The Year Ended December 31, 2009**

Functions/Programs	2009			2008			
	<u>Net (Disbursement) Receipt and Changes in Net Assets</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>			
	<u>Primary Government</u>			<u>Primary Government</u>			
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals	Total Increase/Decrease
<u>Assets</u>							
Cash and investments	(3,496,785)	2,300,344	(1,196,441)	(6,544,057)	9,043,750	2,499,693	(3,696,134)
Restricted assets:							0
Cash and investments	<u>9,367,641</u>	<u>7,002,163</u>	<u>16,369,804</u>	<u>14,768,393</u>	<u>8,843,247</u>	<u>23,611,640</u>	<u>(7,241,836)</u>
							0
Total assets	<u>5,870,856</u>	<u>9,302,507</u>	<u>15,173,363</u>	<u>8,224,336</u>	<u>17,886,997</u>	<u>26,111,333</u>	<u>(10,937,970)</u>
<u>Net Assets</u>							
Restricted for:							
General government	75,741	0	75,741	236,741	0	236,741	(161,000)
Public safety	1,489,777	0	1,489,777	706,730	0	706,730	783,047
Highways and streets	94,255	0	94,255	1,072,046	0	1,072,046	(977,791)
Sanitation	1,434,363	0	1,434,363	1,592,820	0	1,592,820	(158,457)
Health and welfare	888	0	888	55,073	0	55,073	(54,185)
Economic development	12	0	12	804,690	0	804,690	(804,678)
Urban redevelopment and housing	272,107	0	272,107	389,938	0	389,938	(117,831)
Debt service	4,047,843	3,526,554	7,574,397	5,083,916	5,242,331	10,326,247	(2,751,850)
Capital outlay	1,952,655	0	1,952,655	4,826,439	0	4,826,439	(2,873,784)
Other purposes	0	3,475,609	3,475,609	0	3,600,916	3,600,916	(125,307)
Unrestricted	<u>(3,496,785)</u>	<u>2,300,344</u>	<u>(1,196,441)</u>	<u>(6,544,057)</u>	<u>9,043,750</u>	<u>2,499,693</u>	<u>(3,696,134)</u>
							0
Total net assets	<u>5,870,856</u>	<u>9,302,507</u>	<u>15,173,363</u>	<u>8,224,336</u>	<u>17,886,997</u>	<u>26,111,333</u>	<u>(10,937,970)</u>

Unrestricted net assets are the final component represented. Unrestricted resources for the city may be used to meet its continued obligations to citizens and creditors. Rising medical health costs and increased unemployment obligations are contributors to the negative balances in unrestricted net assets.

Total Cash and Investments decreased by \$3,696,134 from 2008 to 2009. Much of the decreased can be attributed to Gary Sanitary District's reduced property tax levy as required by HEA1001, combined with less than favorable property tax collections for the City, as well as Gary Sanitary District.

In the case of both the City and Gary Sanitary District, a large portion of the deficit balance in unrestricted net assets was principally due to the recording of prior year Tax Anticipation Warrant repayments. There was also a substantial decrease in Casino receipts in 2009 due to litigation regarding the City Development agreement.

**DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009**

	<u>2009</u>	<u>2008</u>	<u>Increase/ Decrease</u>
	<u>General</u>	<u>General</u>	
Receipts:			
Total receipts	66,538,041	71,621,273	(5,083,232)
Disbursements:			
Total disbursements	120,666,878	144,698,356	(24,031,478)
Excess (deficiency) of receipts over			
Disbursements	(54,128,837)	(73,077,083)	18,948,246
Other financing sources (uses):			
Net proceeds from borrowings	0		
Total other financing sources (uses)	50,709,040	61,741,586	(11,032,546)
Excess (deficiency) of receipts and other			
financing sources over disbursements			
and other financing uses	(3,419,797)	(11,335,497)	7,915,700
Cash and investment fund balance – beginning	(6,374,231)	4,961,266	(11,335,497)
			0
Cash and investment fund balance – ending	<u>(9,794,028)</u>	<u>(6,374,231)</u>	<u>(3,419,797)</u>

Disbursements decreased in 2009 for the General Fund primarily due to a decrease in the property tax levy from \$62M in 2008 to \$54M in 2009. Of the levied \$54M in 2009 property taxes, the City only received \$47.8M. Of the \$47.8M, a repayment of \$7.5M from the General fund was reimbursed to the County due to a State Auditor's error in the formula used to calculate relief from Distress Unit Appeal Board. The 2009 property taxes resulted in a shortfall of \$13.8M, negatively impacting the City's cash balance.

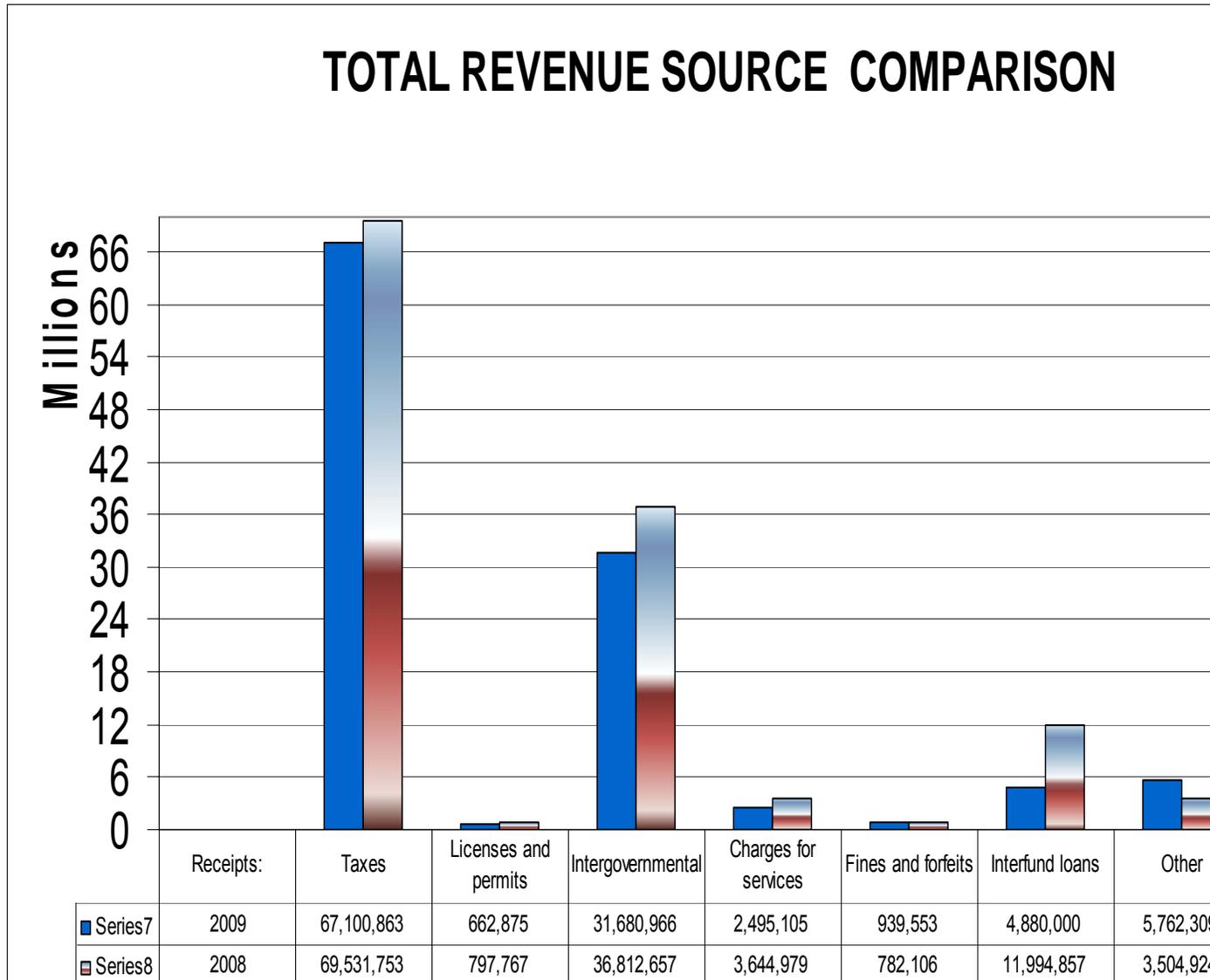
## GOVERNMENT FUND STATEMENTS FINANCIAL ANALYSIS

Authoritative accounting and financial reporting standards for state and local government require that government-wide financial statements be accompanied by fund-based presentations. To ensure adherence to these financial and legal requirements, the City of Gary uses the fund accounting system.

Governmental Funds: The City of Gary's governmental funds provides information on inflows and outflows, which is beneficial in determining the City's financial requirements. It focuses on current financial resources. The financial statements for governmental funds report a separate column for *each individual major fund*, with data from all non-major governmental funds aggregated into a single other *governmental funds column*.

Property taxes continue to represent a significant funding source of revenues needed to support the services provided by the City. In 2012, it is projected that due to HEA1001 property tax revenues will be reduced nearly 50%, which makes it critical for the City to find ways to diversify its revenue stream to reduce the dependency on general property taxes. Currently the City's property taxes, along with intergovernmental tax revenues, carry a major share of the cost of public safety services.

Below is a comparison of the city's revenue sources:



## BUDGETARY HIGHLIGHTS

### SPECIAL REVENUE FUND BUDGETARY SCHEDULE

#### Casino Gaming Revenues

Casino Gaming revenue is a major special fund for the City of Gary. Actual receipts in 2009 totaled \$17,020,967, while 2008 receipts totaled \$24,507,275. Total 2009 disbursements were \$3,648,907 which included repayments of the 2% circuit breaker loan, and RDA payments, and interfund loans. Other classified non-expenditures approved by the Common Council totaled \$12,890,688, a decrease of \$5.9M from 2008, which included transfers for bond payments and general fund subsidies.

## **GENERAL FUND BUDGETARY SCHEDULE**

There were no material changes in revenues from Original Budget to Final Budget

The Law Department and Controller's Office experienced variances between the actual and budget expenditures. The Law department had an increasing amount of demands for settlement of cases resulting in \$66,446 over budget. The Controller's Office noted increases in gasoline cost during the first 10 months of 2009, and increases in the utilities expenses resulting in an over budget of \$717,275 .

Total actual expenditures increased from \$77,341,720 to \$120,666,878. This increase was due to \$57M repaid in 2009 for 2008 tax anticipation warrants, which are un-appropriated line items. However, the net change in fund balance was an increase from <\$11,335,497> in 2008 to <\$3,419,797 >.

## **ECONOMIC FACTORS AND GENERAL OUTLOOK**

The City of Gary had a population of approximately 102,671 at the 2000 census. It has experience transitions from decreases in population of local residents to increases in populations from Chicago residents. The City looks forward to the final results of the 2010 census.

The unemployment rate for the City of Gary is estimated at 15.5%, compared to the National average of 6.9%. It is estimated that there are 1,900 foreclosures, 10,472 mortgages, and a foreclosure rate of 18.1%.

As in the case of most of Lake County, the City of Gary's economic condition is highly dependent on the steel industry. The city continues to explore means to diversify its economic base. Other large industry includes Majestic Star Casinos, educational institutions, and trucking transport companies.

Assessed values were not available in time to establish property tax rates and levies as required in February of each year. Consequently, the county distributed 2008, payable 2009 final tax distributions in January 2010, as opposed to December 2009. It is projected that 2009 final tax distributions will be distributed in 2010 by the statutory deadline of December 31, 2010.

The City of Gary faces financial and economical challenges as a result of recent state laws that caps the circuit breaker for property taxes, and freezes the levy growth. HEA1001 requires the City to reduce its property tax levy over 50% from its 2008 levy. These reductions have had an impact on staffing levels in nearly every existing department, while other departments have been completely abolished.

The City has eliminated over 400 positions, consolidated departments, outsourced trash collection, and streamlined services. It has also implemented a water hydrant and trash collections fee, instituted furlough days and reductions in salaries, reconstructed medical and dental insurance plans, and unions have conceded to several of its employee benefits.

In addition, due to the recession and its affect on local homeowners and businesses, the property tax collections rate has declined to 74% in 2009. This decline appears to be a trend over the past few years for various reasons ranging from reassessment, to trending, to economic conditions.

The City is currently in litigation with the owner of the Majestic Star Casinos regarding the City Development Agreement. Due to the litigation, Majestic Star has withheld in 2009 approximately \$6M that is payable to the City on an annual basis, along with approximately \$5M from the prior year.

These decreases in revenues from property taxes and gaming revenues have had a tremendous affect on the city's financial position. It is a tough state of affairs to reduce the city's levy by 50%, and at the same time lose 27% in uncollected taxes, and \$6M per

year in City Development Gaming revenues. At the same time, property taxes distributions have been delayed for more than 5 months, placing an incredible burden on the City to continue its operations with little capacity for interfund borrowing, which results in negative cash flows through year-end.

Amidst these and other challenging circumstances, however, the City remains optimistic in its efforts to adjust to ever changing situations. Through its innovative efforts it will continue to improve its position to attract new businesses into the community, offer commendable services to its stakeholders, and strive to create a positive financial position.

### **REQUESTS FOR INFORMATION**

The financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Gary's financial position. Any questions regarding information provided in this report or requests for additional financial information should be addressed to the City Controller, Finance Department, 401 Broadway, Suite 100, Gary, IN 46402.

CITY OF GARY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 111,592,656	\$ 1,836,104	\$ 6,614,526	\$ -	\$ (103,142,026)	\$ -	\$ (103,142,026)
Public safety	33,604,883	2,862,865	90,251	-	(30,651,767)	-	(30,651,767)
Highways and streets	5,242,957	-	2,828,787	962,782	(1,451,388)	-	(1,451,388)
Sanitation	355,773	-	-	-	(355,773)	-	(355,773)
Health and welfare	2,533,406	3,596	2,145,380	-	(384,430)	-	(384,430)
Economic development	262,066	-	-	-	(262,066)	-	(262,066)
Culture and recreation	3,135,835	231,184	-	-	(2,904,651)	-	(2,904,651)
Urban redevelopment and housing	5,301,824	-	-	-	(5,301,824)	-	(5,301,824)
Principal and interest on indebtedness	8,143,457	-	-	-	(8,143,457)	-	(8,143,457)
<b>Total governmental activities</b>	<b>170,172,857</b>	<b>4,933,749</b>	<b>11,678,944</b>	<b>962,782</b>	<b>(152,597,382)</b>	<b>-</b>	<b>(152,597,382)</b>
<b>Business-type activities:</b>							
Sanitary District	42,424,734	23,432,287	249,766	501,702	-	(18,240,979)	(18,240,979)
Storm Water Management District	1,759,025	34,819	16,744	-	-	(1,707,462)	(1,707,462)
<b>Total business-type activities</b>	<b>44,183,759</b>	<b>23,467,106</b>	<b>266,510</b>	<b>501,702</b>	<b>-</b>	<b>(19,948,441)</b>	<b>(19,948,441)</b>
<b>Total primary government</b>	<b>\$ 214,356,616</b>	<b>\$ 28,400,855</b>	<b>\$ 11,945,454</b>	<b>\$ 1,464,484</b>	<b>(152,597,382)</b>	<b>(19,948,441)</b>	<b>(172,545,823)</b>
<b>General receipts:</b>							
Property taxes					67,075,972	7,626,672	74,702,644
Intergovernmental					18,702,244	-	18,702,244
Other local sources					63,541,183	-	63,541,183
Net proceeds from borrowings					-	3,709,990	3,709,990
Grants and contributions not restricted to specific programs					1,716,174	-	1,716,174
Investment earnings					110,829	32,289	143,118
Interfund loans					(967,500)	60,000	(907,500)
Transfers - internal activities					65,000	(65,000)	-
<b>Total general receipts</b>					<b>150,243,902</b>	<b>11,363,951</b>	<b>161,607,853</b>
Change in net assets					(2,353,480)	(8,584,490)	(10,937,970)
Net assets - beginning					8,224,336	17,886,997	26,111,333
<b>Net assets - ending</b>					<b>\$ 5,870,856</b>	<b>\$ 9,302,507</b>	<b>\$ 15,173,363</b>
<b>Assets</b>							
Cash and investments					\$ (3,496,785)	\$ 2,300,344	\$ (1,196,441)
Restricted assets:							
Cash and investments					9,367,641	7,002,163	16,369,804
<b>Total assets</b>					<b>\$ 5,870,856</b>	<b>\$ 9,302,507</b>	<b>\$ 15,173,363</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
General government					\$ 75,741	\$ -	\$ 75,741
Public safety					1,489,777	-	1,489,777
Highways and streets					94,255	-	94,255
Sanitation					1,434,363	-	1,434,363
Health and welfare					888	-	888
Economic development					12	-	12
Urban redevelopment and housing					272,107	-	272,107
Debt service					4,047,843	3,526,554	7,574,397
Capital outlay					1,952,655	-	1,952,655
Other purposes					-	3,475,609	3,475,609
Unrestricted					(3,496,785)	2,300,344	(1,196,441)
<b>Total net assets</b>					<b>\$ 5,870,856</b>	<b>\$ 9,302,507</b>	<b>\$ 15,173,363</b>

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

CITY OF GARY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General	Casino Gaming	Redevelopment Bond	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 57,670,444	\$ -	\$ -	\$ 9,430,419	\$ 67,100,863
Licenses and permits	648,466	-	-	14,409	662,875
Intergovernmental	2,597,809	16,002,991	-	13,080,166	31,680,966
Charges for services	688,189	-	-	1,806,916	2,495,105
Fines and forfeits	637,145	-	-	302,408	939,553
Interfund loans	3,710,000	870,000	-	300,000	4,880,000
Other	585,988	147,976	5,921	5,022,424	5,762,309
<b>Total receipts</b>	<b>66,538,041</b>	<b>17,020,967</b>	<b>5,921</b>	<b>29,956,742</b>	<b>113,521,671</b>
<b>Disbursements:</b>					
General government	87,458,337	517,985	1,051	6,715,692	94,693,065
Public safety	32,314,586	-	-	1,169,583	33,484,169
Highways and streets	-	-	-	5,242,957	5,242,957
Sanitation	-	-	-	355,773	355,773
Health and welfare	815,828	-	-	1,717,578	2,533,406
Economic development	-	-	-	262,066	262,066
Culture and recreation	2,339	-	-	3,133,496	3,135,835
Urban redevelopment and housing	-	-	-	5,301,824	5,301,824
Interfund loans	60,000	1,170,000	-	3,747,500	4,977,500
Debt service:					
Principal	-	1,838,189	4,767,959	888,715	7,494,863
Interest	-	61,733	371,548	215,313	648,594
Capital outlay:					
General government	15,788	61,000	-	2,469,610	2,546,398
Public safety	-	-	-	120,714	120,714
<b>Total disbursements</b>	<b>120,666,878</b>	<b>3,648,907</b>	<b>5,140,558</b>	<b>31,340,821</b>	<b>160,797,164</b>
Excess (deficiency) of receipts over disbursements	(54,128,837)	13,372,060	(5,134,637)	(1,384,079)	(47,275,493)
<b>Other financing sources (uses):</b>					
Transfers in	7,040,000	42,000	5,050,135	865,553	12,997,688
Transfers out	-	(12,890,688)	-	(42,000)	(12,932,688)
Other receipts	43,669,040	6,807	-	2,281,314	45,957,161
<b>Total other financing sources (uses)</b>	<b>50,709,040</b>	<b>(12,841,881)</b>	<b>5,050,135</b>	<b>3,104,867</b>	<b>46,022,161</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,419,797)	530,179	(84,502)	1,720,788	(1,253,332)
Cash and investment fund balance - beginning	(6,374,231)	27,327	3,585,002	12,494,073	9,732,171
Cash and investment fund balance - ending	\$ (9,794,028)	\$ 557,506	\$ 3,500,500	\$ 14,214,861	8,478,839
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					(2,607,983)
Net assets of governmental activities					\$ 5,870,856
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ (9,794,028)	\$ 557,506	\$ -	\$ 8,347,720	\$ (888,802)
Restricted assets:					
Cash and investments	-	-	3,500,500	5,867,141	9,367,641
<b>Total cash and investment assets - ending</b>	<b>\$ (9,794,028)</b>	<b>\$ 557,506</b>	<b>\$ 3,500,500</b>	<b>\$ 14,214,861</b>	<b>\$ 8,478,839</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 75,741	\$ 75,741
Public safety	-	-	-	1,489,777	1,489,777
Highways and streets	-	-	-	94,255	94,255
Sanitation	-	-	-	1,434,363	1,434,363
Health and welfare	-	-	-	888	888
Economic development	-	-	-	12	12
Urban redevelopment and housing	-	-	-	272,107	272,107
Debt service	-	-	3,500,500	547,343	4,047,843
Capital outlay	-	-	-	1,952,655	1,952,655
Unrestricted	(9,794,028)	557,506	-	8,347,720	(888,802)
<b>Total cash and investment fund balance - ending</b>	<b>\$ (9,794,028)</b>	<b>\$ 557,506</b>	<b>\$ 3,500,500</b>	<b>\$ 14,214,861</b>	<b>\$ 8,478,839</b>

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

CITY OF GARY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2009

	Sanitary District	Storm Water Management District	Totals	Internal Service Funds
Operating receipts:				
Metered/measured	\$ 20,796,494	\$ -	\$ 20,796,494	\$ -
Fees - solid waste	1,915,547	-	1,915,547	-
Charges for services	-	-	-	13,253,045
Interfund loan proceeds	3,980,000	-	3,980,000	-
Miscellaneous	<u>720,246</u>	<u>34,819</u>	<u>755,065</u>	<u>-</u>
Total operating receipts	<u>27,412,287</u>	<u>34,819</u>	<u>27,447,106</u>	<u>13,253,045</u>
Operating disbursements:				
Salaries and wages	1,481,213	106,082	1,587,295	-
Employee pensions and benefits	223,667	16,926	240,593	-
Purchased power	2,068,990	-	2,068,990	-
Material and supplies	42,394	-	42,394	-
Contractual services	22,875,918	1,345,487	24,221,405	-
Insurance claims and expense	593,092	51,271	644,363	14,353,193
Equipment and capital improvements	6,398,517	125,912	6,524,429	-
Interfund loans made/repaid	3,920,000	-	3,920,000	-
Miscellaneous	<u>644,548</u>	<u>113,347</u>	<u>757,895</u>	<u>-</u>
Total operating disbursements	<u>38,248,339</u>	<u>1,759,025</u>	<u>40,007,364</u>	<u>14,353,193</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(10,836,052)</u>	<u>(1,724,206)</u>	<u>(12,560,258)</u>	<u>(1,100,148)</u>
Nonoperating receipts (disbursements):				
Property taxes	6,908,670	718,002	7,626,672	-
Investment income	30,243	2,046	32,289	-
Net proceeds from borrowings	3,709,990	-	3,709,990	-
Grants	249,766	16,744	266,510	-
Debt service of principal	(7,213,175)	-	(7,213,175)	-
Interest disbursements	<u>(883,220)</u>	<u>-</u>	<u>(883,220)</u>	<u>-</u>
Total nonoperating receipts (disbursements)	<u>2,802,274</u>	<u>736,792</u>	<u>3,539,066</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(8,033,778)</u>	<u>(987,414)</u>	<u>(9,021,192)</u>	<u>(1,100,148)</u>
Capital contributions	501,702	-	501,702	-
Transfers in	3,965,540	64,397	4,029,937	-
Transfers out	<u>(4,094,937)</u>	<u>-</u>	<u>(4,094,937)</u>	<u>-</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	<u>(7,661,473)</u>	<u>(923,017)</u>	<u>(8,584,490)</u>	<u>(1,100,148)</u>
Cash and investment fund balance - beginning	<u>16,538,943</u>	<u>1,348,054</u>	<u>17,886,997</u>	<u>(1,507,835)</u>
Cash and investment fund balance - ending	<u>\$ 8,877,470</u>	<u>\$ 425,037</u>	<u>\$ 9,302,507</u>	<u>\$ (2,607,983)</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,875,307	\$ 425,037	\$ 2,300,344	\$ (2,607,983)
Restricted assets:				
Cash and investments	<u>7,002,163</u>	<u>-</u>	<u>7,002,163</u>	<u>-</u>
Total cash and investment assets - December 31	<u>\$ 8,877,470</u>	<u>\$ 425,037</u>	<u>\$ 9,302,507</u>	<u>\$ (2,607,983)</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 3,526,554	\$ -	\$ 3,526,554	\$ -
Other purposes	3,475,609	-	3,475,609	-
Unrestricted	<u>1,875,307</u>	<u>425,037</u>	<u>2,300,344</u>	<u>(2,607,983)</u>
Total cash and investment fund balance - December 31	<u>\$ 8,877,470</u>	<u>\$ 425,037</u>	<u>\$ 9,302,507</u>	<u>\$ (2,607,983)</u>

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

CITY OF GARY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 2,866,050	
State	10,646,042	
Interfund loans	870,000	
Other	5,407,195	
Total contributions	19,789,287	
Investment earnings:		
Interest	47	
Total additions	19,789,334	
Deductions:		
Benefits	10,511,568	
Administrative and general	6,839,231	
Interfund loans	1,270,000	
Total deductions	18,620,799	
Excess (deficiency) of total additions over total deductions	1,168,535	
Cash and investment fund balance - beginning	888,389	
Cash and investment fund balance - ending	\$ 2,056,924	\$ 3,403,912

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

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, storm water, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government:	City of Gary
Blended Component Units:	Gary Building Corporation Gary Economic Development Corporation

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

Gary Building Corporation: The City appoints a voting majority of the Gary Building Corporation's board and a financial benefit/burden relationship exists between the City and the Gary Building Corporation. Although it is legally separate from the City, the Gary Building Corporation is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

Gary Economic Development Corporation: The City appoints a voting majority of the Gary Economic Development Corporation's board and a financial benefit/burden relationship exists between the City and the Gary Economic Development Corporation. Although it is legally separate from the City, the Gary Economic Development Corporation is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

Joint Venture

The City is a participant in a joint venture to operate Gary/Hammond/East Chicago Empowerment Zone (Empowerment Zone) which was created to provide new jobs empowering low-income persons and families to be economically self-sufficient. The City is obligated by contract to be the lead entity to administer all federal grant funds provided for use in the Empowerment Zone. The Empowerment Zone's continued existence depends on the Empowerment Zone's ability to be awarded continued federal funding. Complete financial statements for the Empowerment Zone can be obtained from the administrative offices at 839 Broadway, Gary, Indiana 46402.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City is a participant with Lake, Porter, and LaPorte Counties and all municipalities in the three counties in a joint venture to operate the Northwestern Indiana Regional Planning Commission (NIRPC) which was created as a multi-purpose area-wide planning agency for such fields as transportation, environmental protection, and comprehensive planning. NIRPC's enabling legislation (Indiana Code 36-7-6) provides that the participating counties must provide funding not to exceed seventy cents per capita. Complete financial statements for NIRPC can be obtained from their administrative offices at 6100 Southport Road, Portage, Indiana 46368.

The City is a participant in a joint venture to operate the Regional Development Authority (RDA) which was created to assist in funding and developing all transportation services (including Gary/Chicago Airport expansion and other airport projects, rail projects and services, bus projects and services), shoreline development projects and activities, and economic development projects. The City is obligated by contract and Indiana Statute to remit \$3,500,000 annually to supplement the RDA. Complete financial statements for the RDA can be obtained from their administrative offices at 9800 Connecticut Drive, Crown Point, Indiana 46307.

The City is a participant with Lake and Porter Counties, and certain cities in the two counties, in a joint venture to operate the Regional Bus Authority (RBA). The RBA was created to enhance the quality of life in Northwest Indiana by assuring the availability of a regional bus transportation system. Complete financial statements for the RBA can be obtained from their administrative offices at 6100 Southport Road, Portage, Indiana 46368.

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the voting majority of the Gary Housing Authority, Gary Public Transportation Corporation, and the Gary/Chicago Regional Airport Authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The casino gaming fund is used to account for riverboat admissions tax revenue and may be used for any legal or corporate purpose of the City.

The redevelopment bond fund is used to account for the accumulation of resources for, and the payment of, redevelopment debt principal and interest.

The City reports the following major enterprise funds:

The sanitary district fund accounts for the operation of the wastewater treatment plant, the storm water management district, pumping stations, collection systems, and sanitation services.

The storm water management district fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service funds account for group health insurance, unemployment, and workmen's compensation provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension plans, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies, as well as other entities, and serve as control of accounts for cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2009
General Fund:	
Law Department	\$ 66,448
Controller	6,185,069
Fire Department	17,088
Youth Services	3,439

These disbursements were funded by available fund balances in the City's records.

C. Cash and Investment Balance Deficits

At December 31, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
Major Fund:	
General	\$ 9,794,028
Other Governmental Funds:	
Protective Services Grant I	1,033,929
Emergency Shelter	319,738
Health and Human Services	178,476
Cops Technology	65,561
Leased Properties Gary Building Corporation	695,441
Lead Free 4 Me	3,344
CHRP	117,655
Lead Base Paint Hazard Control Grant	280
Metro Center	1,511
Internal Service Funds:	
Self-Insurance	2,468,775
WCI/UCI Benefits	139,208

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the shortfall in tax collections or due to the reimbursement nature of some grants; these reimbursement grant deficits are to be repaid from future receipts.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$13,465,810. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ 654,379
Government sponsored enterprise Investment pools	459,089
	4,998,557
Total	\$ 6,112,025

Statutory Authorization for Investments

IC 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

The following investments held by the City were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Primary Government:

Investment Type	2009 In the Government's Name
U.S. treasuries and securities	\$ 654,379
Government sponsored enterprise	459,089
Total	\$ 1,113,468

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 26,320	\$ 146,955	\$ 481,104
Government sponsored enterprise	71,866	32,044	355,179
Investment pools	508,118	-	-
<b>Totals</b>	<b>\$ 606,304</b>	<b>\$ 178,999</b>	<b>\$ 836,283</b>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	Moody's Rating	City's Investments	
		Government Sponsored Enterprise	Investment Pools
AAA	Aaa	\$ 459,089	\$ 338,897
AA	Aa	-	169,221
<b>Totals</b>		<b>\$ 459,089</b>	<b>\$ 508,118</b>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
Casino Gaming Fund	General Fund	\$ 7,040,000
	Redevelopment Bond Fund	5,050,135
	Other governmental funds	800,553
Other governmental funds	Casino Gaming Fund	42,000
Various Sanitary District Funds	Other governmental funds	65,000
	Storm Water Management District	64,397
	Various Sanitary District Funds	3,965,540
Total		\$ 17,027,625

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

The City transferred \$7,040,000 from the Casino Gaming Fund to the General Fund to provide operating subsidies. Additionally, the City transferred \$5,050,135 from the Casino Gaming Fund to the Redevelopment Bond Fund to service current bond debt requirements.

IV. Other Information

A. Risk Management

The City is 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.

The risks of theft of, damage to and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. The risks of job related illnesses or injuries to employees and medical benefits to employees and dependents (excluding postemployment benefits) are covered by commercial insurance from independent third parties for the Sanitary District only.

Group Health Insurance

The City has chosen to establish a risk financing fund for risks associated with Group Health Insurance. The risk financing fund is accounted for in the Self-Insurance, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are charged to each fund that accounts for employee payroll, based upon the number of covered employees and their respective coverage. These interfund premiums are reported as quasi-external interfund transactions

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Job Related Illnesses or Injuries and Unemployment Insurance

The City (excluding the Sanitary District) has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries and unemployment insurance. The risk financing fund is accounted for in the WCI/UCI Benefit, an internal service fund, where assets are set aside for claim settlements. A premium is charged to each fund that accounts for employee payroll, based upon the percentage of each fund's current year payroll as it relates to total payroll.

Vehicle and Liability Insurance

The City pays for all vehicle and liability claims from the General and Casino Gaming Funds.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Subsequent Events

The City of Gary has sought assistance for 2010 from the Distressed Unit Appeals Board (DUAB), pursuant to state statute. Indiana Code 6-1.1-20.6 and House Enrolled Act 1001 have significantly reduced the amount of taxes the City is able to collect. On April 26, 2010, the DUAB granted three Gary Taxing Units (the City, the Sanitary District and the Storm Water District) a combined estimated \$21,000,000 in 2010 budget relief.

On March 23, 2010, the Gary Sanitary District (GSD) notified United Water that the Operating Agreement between United Water and GSD, originally signed in 1998, and renewed in May 2008 for a term of five (5) Years, was being terminated after the expiration of 90 days. The termination date was originally set for 90 days, but was extended two weeks by mutual agreement of the parties. GSD and United Water are presently negotiating a transition agreement with a goal of seamless transition of operations.

GSD calculates that it can perform the same services rendered by United Water under the current operating agreement at a savings of approximately \$4,386,000 per year.

The City received final settlement of the 2008 pay 2009 property tax collections in January 2010. Subsequently, an error by the Auditor of State's office was discovered related to the allocation of the property taxes. This resulted in the City receiving approximately \$8,300,000 more in taxes than it should have. This has been discussed with the DUAB and representatives of the State of Indiana. On June 11, 2010, County officials announced that the City would lose \$7,500,000 from its 2009 pay 2010 property tax advance distribution to make up for the overpayment.

The Common Council passed an ordinance establishing a trash collection fee in 2009. In *Eaton vs. Gary Sanitary District*, the Plaintiffs have challenged the passage of the ordinance.

The City is in the process of purchasing flex fuel and hybrid crew-cab trucks (eleven), SUVs (nine), and police cars (eighty-five) with a \$3,000,000 grant from the Federal Highway Administration.

The City is considering establishing a line of credit with a local financial institution, which would then convert in 2011 to a four year revenue note, to be repaid by Casino Gaming revenues.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Contingent Liabilities

The City has outstanding unpaid judgments totaling \$920,500. The City also has pending lawsuits of which the outcomes cannot be reasonably determined; however, unfavorable outcomes could result in damages to the City approximating from \$824,000 to \$3,115,000.

The City is defendant in a lawsuit filed by Barden and Majestic Star, whereby the casino operator alleges that the City of Gary has failed to abide by several agreements allegedly entered into under the prior administration.

D. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported on the Schedule of Long-Term Debt.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$48,758,000.

E. Termination Benefits

Police officers and firefighters who retire from the City on or after attaining age 52 with at least 20 years of service are provided health benefits as authorized by Indiana Code 5-10-8-2.2. Currently, 49 police and 41 fire pensioners meet these eligibility requirements. Disbursements for the termination benefits are recognized on a pay-as-you-go basis. For the year ended December 31, 2009, disbursements for these termination benefits totaled \$715,220.

F. Municipal Solid Waste Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the City to place a final cover on its municipal landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expenditure in each period based on landfill capacity used as of each year end date. The City has recognized all the estimated costs of closure and post-closure care since the landfill capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2004. The City closed the landfill on May 1, 1997. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a trust to finance closure and post-closure care, to obtain a line of credit, obtain a bond in an amount sufficient to finance the estimated closure and post-closure care costs, obtain insurance, or fulfill the financial requirements set forth in 329 IAC 2-12. The City has chosen to make contributions to a trust. At December 31, 2009, investments of \$1,207,568 (\$1,207,568 market value) are held

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

for these purposes. These are reported as restricted assets on the Statement of Activities and Net Assets – Cash and Investment Basis. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by future tax revenue.

G. Current and Future Financial Considerations

The City of Gary sought assistance from the Distressed Unit Appeals Board (Board) pursuant to State statute. Indiana Code 6-1.1-20.6 and House Enrolled Act 1001 have, and will, significantly reduce the amount of taxes that the City is able to collect. If the City had been required to immediately comply with this tax legislation, they would need to reduce their 2009 budget by over \$30 million and their 2010 budget by an additional \$6 million.

In May 2009, the Board provided tax relief to the City by increasing the tax caps, commonly referred to as "circuit breaker" caps, imposed by Indiana Code 6-1.1-20.6. The tax caps for property owners across the State are set at 1.5%, 2.5% and 3.5% for homeowners, landlords, and commercial properties, respectively. The tax caps for Gary residents will be 2%, 3.27% and 4.55%. The City estimated a cash shortfall of about \$7,000,000 when considering this relief combined with steps already taken by the City to reduce the budget. A condition imposed by the Board for providing the relief is that the City was required to hire a fiscal monitor to assist in identifying new cuts as the City prepared for 2010 when the tax caps will be set to decrease again. Public Financial Management (PFM) was hired as monitor for a 90 day contract and was paid by the City, with approval by the Board.

To reduce costs for 2009, the City outsourced their solid waste collection and instituted a Garbage Collection Fee effective January 1, 2009. The City eliminated another 100 civilian employee positions in June, 2009 in an effort to reduce 2009's \$7,000,000 cash shortfall. This brought the total number of layoffs in 2009 to 350. The City is currently negotiating new cost saving agreements with the labor unions representing police officers, firefighters, and other City employees. The City has instituted ten mandatory furlough days for 2010. These days apply to all employees paid from tax-supported funds, except for those who work in public safety. The City is also considering, among other things, additional outsourcing of services, consolidation and/or elimination of City departments, instituting new fees and increasing current fees for various services.

The City again petitioned the Board on December 8, 2009, for relief from the "circuit breaker" caps for 2010. The Board held a hearing on January 6, 2010, where petitions were presented and PFM presented their findings. On April 26, 2010, the Board reviewed the City's compliance with PFM's recommendations and provided tax relief to the City for 2010 by increasing the tax caps imposed by Indiana Code 6-1.1-20.6. The tax caps for property owners across the State are set at 1%, 2% and 3% for homeowners, landlords, and commercial properties, respectively. The tax caps for Gary residents will be 1.5%, 2.65% and 3.79%.

H. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Common Council on March 11, 2008.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Storm Water Utility

The current rate structure was approved by the Common Council on February 25, 2002.

I. Pollution Remediation Obligation

The United States District Court issued a Consent Decree initiated by the Environmental Protection Agency (EPA) in 2002, whereby the Gary Sanitary District (District) was required to accumulate funds for the Grand Calumet Sedimentation Fund. A limit will be placed on the costs the District will have to incur for the study and remediation of river sediments. This limit was set at \$2,500,000. In addition, a special administrator will be required to certify, on January 31 of each year, whether or not the District is complying with the terms of the Decree. The Modified Consent Decree Semi-Annual Progress Report, dated February 26, 2010, certified that the District has deposited all required funds into its Grant Calumet Sedimentation Fund. The balance of this fund at December 31, 2009, is \$ 3,475,609.

On April 7, 2009, the United States Environmental Protection Agency issued its Final Decision for a Proposed Remedy under the 2002 Modified Consent Decree and Judgment regarding the disposal and clean-up alternative for the Ralston Street Lagoon (RSL). The EPA selected Alternative 8, filling the Lagoon. The site shall be prepared for construction by September 30, 2010. Within 54 months of EPA approval of the Detailed Design, the construction shall be completed.

J. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$973,553.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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. Due to the delay in the receipt of the 07 pay 08 property taxes, which were received in 2009, the contributions made by the City during the period were \$1,318,160.

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$5,571,419 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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. Due to the delay in the receipt of the 07 pay 08 property taxes, which were received in 2009, the contributions made by the City during the period were \$1,547,890.

CITY OF GARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$5,074,623 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$3,638,774.

CITY OF GARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
 For The Year Ended December 31, 2009

	General Fund				Casino Gaming Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues:</b>								
Taxes:								
Property	\$ 54,215,164	\$ 54,215,164	\$ 57,670,444	\$ 3,455,280	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,427,192	1,427,192	648,466	(778,726)	-	-	-	-
Intergovernmental	3,158,820	3,158,820	2,597,809	(561,011)	-	-	16,002,991	16,002,991
Charges for services	1,033,313	1,033,313	688,189	(345,124)	-	-	-	-
Fines and forfeits	528,187	528,187	637,145	108,958	-	-	-	-
Interfund loans	5,000,000	5,000,000	3,710,000	(1,290,000)	-	-	870,000	870,000
Other	1,241,645	1,241,645	585,988	(655,657)	-	-	147,976	147,976
<b>Total revenues</b>	<b>66,604,321</b>	<b>66,604,321</b>	<b>66,538,041</b>	<b>(66,280)</b>	<b>-</b>	<b>-</b>	<b>17,020,967</b>	<b>17,020,967</b>
<b>Expenditures:</b>								
General government:								
Dept 10 Mayor	-	-	-	-	-	-	-	-
Personal services	439,390	418,414	418,414	-	-	-	-	-
Other services and charges	91,700	59,515	55,590	3,925	-	-	-	-
<b>Total Mayor</b>	<b>531,090</b>	<b>477,929</b>	<b>474,004</b>	<b>3,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 20 Common Council								
Personal services	585,745	599,796	599,770	26	-	-	-	-
Supplies	25,216	14,246	14,246	-	-	-	-	-
Other services and charges	438,642	385,661	374,343	11,318	-	-	-	-
Capital outlay	17,940	5,507	5,506	1	-	-	-	-
<b>Total Common Council</b>	<b>1,067,543</b>	<b>1,005,210</b>	<b>993,865</b>	<b>11,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 30 City Court								
Personal services	1,347,489	1,368,739	1,368,014	725	-	-	-	-
Supplies	71,974	59,311	59,311	-	-	-	-	-
Other services and charges	170,886	109,441	106,912	2,529	-	-	-	-
Capital outlay	1,500	500	-	500	-	-	-	-
<b>Total City Court</b>	<b>1,591,849</b>	<b>1,537,991</b>	<b>1,534,237</b>	<b>3,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 40 City Clerk								
Personal services	1,145,220	1,124,820	1,124,793	27	-	-	-	-
Supplies	20,675	9,131	7,529	1,602	-	-	-	-
Other services and charges	249,040	245,601	244,904	697	-	-	-	-
Capital outlay	24,476	10,282	10,282	-	-	-	-	-
<b>Total City Clerk</b>	<b>1,439,411</b>	<b>1,389,834</b>	<b>1,387,508</b>	<b>2,326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 50 Law								
Personal services	185,714	192,714	192,533	181	-	-	-	-
Other services and charges	1,007,600	1,156,645	1,223,274	(66,629)	-	-	-	-
<b>Total Law</b>	<b>1,193,314</b>	<b>1,349,359</b>	<b>1,415,807</b>	<b>(66,448)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 80 MIS								
Personal services	170,633	168,633	168,058	575	-	-	-	-
Supplies	2,500	2,500	2,500	-	-	-	-	-
Other services and charges	252,500	241,153	224,880	16,273	-	-	-	-
<b>Total MIS</b>	<b>425,633</b>	<b>412,286</b>	<b>395,438</b>	<b>16,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 90 Public Works								
Personal services	527,741	521,641	521,383	258	-	-	-	-
Other services and charges	81,500	75,025	70,234	4,791	-	-	-	-
<b>Total Public Works</b>	<b>609,241</b>	<b>596,666</b>	<b>591,617</b>	<b>5,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 100 City Hall Maintenance								
Supplies	59,600	38,698	29,995	8,703	-	-	-	-
Other services and charges	588,000	567,725	552,435	15,290	-	-	-	-
<b>Total City Hall Maintenance</b>	<b>647,600</b>	<b>606,423</b>	<b>582,430</b>	<b>23,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dept 120 Building								
Personal services	241,458	241,458	241,457	1	-	-	-	-
Other services and charges	8,600	8,600	8,409	191	-	-	-	-
<b>Total Building</b>	<b>250,058</b>	<b>250,058</b>	<b>249,866</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

CITY OF GARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
 For The Year Ended December 31, 2009  
 (Continued)

	General Fund				Casino Gaming Fund			
Expenditures (continued):								
General government (continued):								
Dept 130 Planning and Development								
Personal services	97,232	97,232	97,231	1	-	-	-	-
Other services and charges	2,730	2,730	1,788	942	-	-	-	-
Total Planning and Development	99,962	99,962	99,019	943	-	-	-	-
Dept 160 Human Relations								
Personal services	72,958	76,912	76,912	-	-	-	-	-
Other services and charges	8,750	750	205	545	-	-	-	-
Total Human Relations	81,708	77,662	77,117	545	-	-	-	-
Dept 170 Human Resources								
Personal services	125,035	125,035	125,033	2	-	-	-	-
Other services and charges	39,000	33,530	32,191	1,339	-	-	-	-
Total Human Resources	164,035	158,565	157,224	1,341	-	-	-	-
Dept 171 Labor Relations								
Personal services	1,356	1,356	1,355	1	-	-	-	-
Total Labor Relations	1,356	1,356	1,355	1	-	-	-	-
Dept 220 General Services								
Personal services	1,683,075	1,760,666	1,736,998	23,668	-	-	-	-
Supplies	4,000	4,000	3,551	449	-	-	-	-
Other services and charges	28,825	28,107	20,305	7,802	-	-	-	-
Total General Services	1,715,900	1,792,773	1,760,854	31,919	-	-	-	-
Dept 226 Demolition								
Personal services	190,941	190,941	190,492	449	-	-	-	-
Total Demolition	190,941	190,941	190,492	449	-	-	-	-
Dept 330 City Operations Division								
Personal services	120,054	120,055	120,055	-	-	-	-	-
Other services and charges	6,300	6,300	4,422	1,878	-	-	-	-
Total City Operations Division	126,354	126,355	124,477	1,878	-	-	-	-
Dept 350 Community Services								
Personal services	-	9,310	9,308	2	-	-	-	-
Total Community Services	-	9,310	9,308	2	-	-	-	-
Dept 410 Public Information								
Personal services	-	10,474	10,474	-	-	-	-	-
Total Public Information	-	10,474	10,474	-	-	-	-	-
Dept 430 Vehicle Maintenance								
Personal services	735,997	720,997	718,879	2,118	-	-	-	-
Supplies	595,500	582,042	528,469	53,573	-	-	-	-
Other services and charges	281,050	274,417	246,085	28,332	-	-	-	-
Total Vehicle Maintenance	1,612,547	1,577,456	1,493,433	84,023	-	-	-	-
Dept 600 Controller								
Personal services	1,051,459	750,918	750,918	-	-	-	-	-
Supplies	152,000	141,547	130,086	11,461	-	-	-	-
Other services and charges	5,099,856	5,920,889	6,649,625	(728,736)	-	-	-	-
Total Controller	6,303,315	6,813,354	7,530,629	(717,275)	-	-	-	-
Dept 601 Miscellaneous/Insurance								
Personal services	6,760,256	5,608,514	4,782,600	825,914	-	-	-	-
Other services and charges	100,000	100,000	97,288	2,712	-	-	-	-
Total Miscellaneous/Insurance	6,860,256	5,708,514	4,879,888	828,626	-	-	-	-

CITY OF GARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
 For The Year Ended December 31, 2009  
 (Continued)

	General Fund				Casino Gaming Fund			
Expenditures (continued):								
General government (continued):								
Casino gaming general government								
Other services and charges	-	-	-	-	60,414	218,992	517,985	(298,993)
Capital outlay	-	-	-	-	23,971	58,530	61,000	(2,470)
Total casino gaming general government	-	-	-	-	84,385	277,522	578,985	(301,463)
Total general government	24,912,113	24,192,478	23,959,042	233,436	84,385	277,522	578,985	(301,463)
Public safety:								
Dept 240 Police Commission								
Personal Services	60,703	59,103	58,926	177	-	-	-	-
Supplies	1,500	1,500	747	753	-	-	-	-
Other Services and Charges	106,000	93,800	88,123	5,678	-	-	-	-
Total Police Commission	168,203	154,403	147,795	6,608	-	-	-	-
Dept 250 Police								
Personal Services	13,214,302	13,192,293	13,186,942	5,350	-	-	-	-
Supplies	5,000	5,000	4,837	163	-	-	-	-
Other Services and Charges	342,480	304,825	306,801	(1,976)	-	-	-	-
Total Police	13,561,782	13,502,118	13,498,580	3,538	-	-	-	-
Dept 258 Police Support Services								
Personal Services	1,926,906	1,882,798	1,878,884	3,914	-	-	-	-
Supplies	18,088	16,730	15,886	844	-	-	-	-
Other Services and Charges	91,200	90,260	77,730	12,530	-	-	-	-
Total Police Support Services	2,036,194	1,989,788	1,972,500	17,288	-	-	-	-
Dept 280 Fire Commission								
Personal Services	53,110	53,110	52,035	1,075	-	-	-	-
Supplies	3,000	1,176	1,176	-	-	-	-	-
Other Services and Charges	71,200	64,125	64,113	12	-	-	-	-
Total Fire Commission	127,310	118,411	117,324	1,087	-	-	-	-
Dept 290 Fire								
Personal Services	13,988,768	13,979,194	13,978,969	226	-	-	-	-
Supplies	12,500	12,057	11,581	476	-	-	-	-
Other Services and Charges	139,950	139,950	157,740	(17,790)	-	-	-	-
Capital Outlay	-	-	-	-	-	130,000	-	130,000
Total Fire	14,141,218	14,131,202	14,148,290	(17,088)	-	130,000	-	130,000
Dept 300 Ambulance								
Personal Services	2,425,895	2,403,554	2,403,554	-	-	-	-	-
Supplies	1,500	1,500	-	1,500	-	-	-	-
Other Services and Charges	5,000	2,200	1,794	406	-	-	-	-
Total Ambulance	2,432,395	2,407,254	2,405,348	1,906	-	-	-	-
Dept 310 Civil Defense								
Personal Services	27,721	27,721	24,748	2,973	-	-	-	-
Total Civil Defense	27,721	27,721	24,748	2,973	-	-	-	-
Total public safety	32,494,823	32,330,897	32,314,586	16,311	-	130,000	-	130,000
Health and welfare:								
Dept 180 Emergency Referral								
Personal Services	1,356	1,356	-	1,356	-	-	-	-
Total Emergency Referral	1,356	1,356	-	1,356	-	-	-	-
Dept 190 Status of Women								
Personal Services	8,649	8,649	8,000	649	-	-	-	-
Total Status of Women	8,649	8,649	8,000	649	-	-	-	-
Dept 200 Health								
Personal Services	512,756	506,908	506,908	-	-	-	-	-
Supplies	60,000	45,883	35,401	10,481	-	-	-	-
Other Services and Charges	132,300	131,098	128,970	2,127	-	-	-	-
Total Health	705,056	683,888	671,279	12,608	-	-	-	-

CITY OF GARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
For The Year Ended December 31, 2009  
(Continued)

	General Fund				Casino Gaming Fund			
Expenditures (continued):								
Health and welfare (continued):								
Dept 210 Environmental Affairs								
Personal Services	118,704	108,745	108,745	-	-	-	-	-
Other Services and Charges	<u>29,250</u>	<u>29,222</u>	<u>27,804</u>	<u>1,418</u>	-	-	-	-
Total Environmental Affairs	<u>147,954</u>	<u>137,967</u>	<u>136,549</u>	<u>1,418</u>	-	-	-	-
Total health and welfare	<u>863,015</u>	<u>831,860</u>	<u>815,828</u>	<u>16,032</u>	-	-	-	-
Culture and recreation:								
Dept 420 Youth Services								
Other Services and Charges	-	(1,100)	2,339	(3,439)	-	-	-	-
Total culture and recreation	<u>-</u>	<u>(1,100)</u>	<u>2,339</u>	<u>(3,439)</u>	-	-	-	-
Unappropriated:								
Tax anticipation loans repaid	-	55,714,600	55,714,600	-	-	-	-	-
Interfund loans	-	60,000	60,000	-	-	1,170,000	(1,170,000)	-
Refund to Lake County money received in error	-	2,210,460	2,210,460	-	-	-	-	-
Additional insurance costs	-	-	5,467,794	(5,467,794)	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>122,229</u>	<u>(122,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total unappropriated	<u>-</u>	<u>57,985,060</u>	<u>63,575,083</u>	<u>(5,590,023)</u>	<u>-</u>	<u>-</u>	<u>1,170,000</u>	<u>(1,170,000)</u>
Debt service:								
Principal								
Interest	-	-	-	-	1,838,189	1,838,189	1,838,189	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,733</u>	<u>61,733</u>	<u>61,733</u>	<u>-</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,922</u>	<u>1,899,922</u>	<u>1,899,922</u>	<u>-</u>
Total expenditures	<u>58,269,951</u>	<u>115,339,195</u>	<u>120,666,878</u>	<u>(5,327,684)</u>	<u>1,984,307</u>	<u>2,307,444</u>	<u>3,648,907</u>	<u>(1,341,463)</u>
Other financing sources (uses):								
Operating transfers in	-	-	7,040,000	7,040,000	-	-	42,000	42,000
Operating transfers out	-	-	-	-	-	-	(12,890,688)	(12,890,688)
Other receipts	<u>-</u>	<u>-</u>	<u>43,669,040</u>	<u>43,669,040</u>	<u>-</u>	<u>-</u>	<u>6,807</u>	<u>6,807</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50,709,040</u>	<u>50,709,040</u>	<u>-</u>	<u>-</u>	<u>(12,841,881)</u>	<u>(12,841,881)</u>
Net change in fund balances	8,334,370	(48,734,874)	(3,419,797)	55,970,444	(1,984,307)	(2,307,444)	530,179	5,520,549
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(6,374,231)</u>	<u>(6,374,231)</u>	<u>-</u>	<u>-</u>	<u>27,327</u>	<u>27,327</u>
Fund balances - December 31	<u>\$ 8,334,370</u>	<u>\$ (48,734,874)</u>	<u>\$ (9,794,028)</u>	<u>\$ 49,596,213</u>	<u>\$ (1,984,307)</u>	<u>\$ (2,307,444)</u>	<u>\$ 557,506</u>	<u>\$ 5,547,876</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Unsafe Building	Parks And Recreation	Ambulance/Ems Nonreverting
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,569,592	\$ -
Licenses and permits	-	-	-	14,409	-	-
Intergovernmental	2,828,787	962,782	-	-	58,287	-
Charges for services	-	-	78,188	-	33,693	699,303
Fines and forfeits	-	-	18,948	-	-	-
Interfund loans	-	-	-	-	-	-
Other	113,508	48	2,483	-	1,632	10,684
<b>Total receipts</b>	<b>2,942,295</b>	<b>962,830</b>	<b>99,619</b>	<b>14,409</b>	<b>1,663,204</b>	<b>709,987</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	85,047	-	-	423,941
Highways and streets	3,045,732	1,533,637	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,765,808	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	120,714
<b>Total disbursements</b>	<b>3,045,732</b>	<b>1,533,637</b>	<b>85,047</b>	<b>-</b>	<b>2,765,808</b>	<b>544,655</b>
Excess (deficiency) of receipts over disbursements	(103,437)	(570,807)	14,572	14,409	(1,102,604)	165,332
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	13,977	1,001	505	-	1,088,566	761
<b>Total other financing sources (uses)</b>	<b>13,977</b>	<b>1,001</b>	<b>505</b>	<b>-</b>	<b>1,088,566</b>	<b>761</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(89,460)	(569,806)	15,077	14,409	(14,038)	166,093
Cash and investment fund balance - beginning	407,985	664,061	96,367	144,490	114,079	209,626
Cash and investment fund balance - ending	\$ 318,525	\$ 94,255	\$ 111,444	\$ 158,899	\$ 100,041	\$ 375,719
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 318,525	\$ -	\$ 111,444	\$ 158,899	\$ 100,041	\$ 375,719
Restricted assets:						
Cash and investments	-	94,255	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 318,525</b>	<b>\$ 94,255</b>	<b>\$ 111,444</b>	<b>\$ 158,899</b>	<b>\$ 100,041</b>	<b>\$ 375,719</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	94,255	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	318,525	-	111,444	158,899	100,041	375,719
<b>Total cash and investment fund balance - ending</b>	<b>\$ 318,525</b>	<b>\$ 94,255</b>	<b>\$ 111,444</b>	<b>\$ 158,899</b>	<b>\$ 100,041</b>	<b>\$ 375,719</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Protective Services Grant I	Protective Services Grant II	Equal Opportunity Commission HR	Tourism Project	Local Law Enforcement Block Grant	Youth Services Bureau
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 21,600	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	10,322	-	28,850	-	-	208,357
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	174,206	-	-	-	150
<b>Total receipts</b>	<b>10,322</b>	<b>174,206</b>	<b>28,850</b>	<b>21,600</b>	<b>-</b>	<b>208,507</b>
<b>Disbursements:</b>						
General government	-	-	33,545	-	-	216,519
Public safety	-	124,899	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-
General government	-	170,632	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>295,531</b>	<b>33,545</b>	<b>-</b>	<b>-</b>	<b>216,519</b>
Excess (deficiency) of receipts over disbursements	10,322	(121,325)	(4,695)	21,600	-	(8,012)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,322	(121,325)	(4,695)	21,600	-	(8,012)
Cash and investment fund balance - beginning	(1,044,251)	598,447	14,652	49,801	79	255,369
Cash and investment fund balance - ending	<u>\$ (1,033,929)</u>	<u>\$ 477,122</u>	<u>\$ 9,957</u>	<u>\$ 71,401</u>	<u>\$ 79</u>	<u>\$ 247,357</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ (1,033,929)	\$ -	\$ 9,957	\$ 71,401	\$ -	\$ 247,357
Restricted assets:	-	-	-	-	-	-
Cash and investments	-	477,122	-	-	79	-
Total cash and investment assets - ending	<u>\$ (1,033,929)</u>	<u>\$ 477,122</u>	<u>\$ 9,957</u>	<u>\$ 71,401</u>	<u>\$ 79</u>	<u>\$ 247,357</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	477,122	-	-	79	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(1,033,929)	-	9,957	71,401	-	247,357
Total cash and investment fund balance - ending	<u>\$ (1,033,929)</u>	<u>\$ 477,122</u>	<u>\$ 9,957</u>	<u>\$ 71,401</u>	<u>\$ 79</u>	<u>\$ 247,357</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Home Program	Emergency Shelter Grant	Brownfield	Healthy Families	Marquette Park	Gleason Golf Course
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	340,838	159,294	123,525	-	-	-
Charges for services	-	-	-	-	96,165	101,123
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	4,800	1,748	35,526
<b>Total receipts</b>	<b>340,838</b>	<b>159,294</b>	<b>123,525</b>	<b>4,800</b>	<b>97,913</b>	<b>136,649</b>
<b>Disbursements:</b>						
General government	-	-	-	5,237	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	159,294	-	-	-	-
Economic development	-	-	262,066	-	-	-
Culture and recreation	-	-	-	-	91,282	150,112
Urban redevelopment and housing	334,685	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-
General government	-	-	-	-	16,283	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>334,685</b>	<b>159,294</b>	<b>262,066</b>	<b>5,237</b>	<b>107,565</b>	<b>150,112</b>
Excess (deficiency) of receipts over disbursements	6,153	-	(138,541)	(437)	(9,652)	(13,463)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,153	-	(138,541)	(437)	(9,652)	(13,463)
Cash and investment fund balance - beginning	32,210	888	138,553	16,479	11,996	13,529
Cash and investment fund balance - ending	<u>\$ 38,363</u>	<u>\$ 888</u>	<u>\$ 12</u>	<u>\$ 16,042</u>	<u>\$ 2,344</u>	<u>\$ 66</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 16,042	\$ 2,344	\$ 66
Restricted assets:	-	-	-	-	-	-
Cash and investments	38,363	888	12	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 38,363</u>	<u>\$ 888</u>	<u>\$ 12</u>	<u>\$ 16,042</u>	<u>\$ 2,344</u>	<u>\$ 66</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:	-	-	-	-	-	-
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	888	-	-	-	-
Economic development	-	-	12	-	-	-
Urban redevelopment and housing	38,363	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	16,042	2,344	66
<b>Total cash and investment fund balance - ending</b>	<u>\$ 38,363</u>	<u>\$ 888</u>	<u>\$ 12</u>	<u>\$ 16,042</u>	<u>\$ 2,344</u>	<u>\$ 66</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Emergency Shelter	Comprehensive Community Program	Homeownership	Landfill Closure	Landfill Trust	Solid Waste Recycling Project
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	355,646	-	-	-	-	-
Charges for services	-	-	-	-	-	650,742
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	6,159	54,247	3,100	10,931	56,992	402
<b>Total receipts</b>	<b>361,805</b>	<b>54,247</b>	<b>3,100</b>	<b>10,931</b>	<b>56,992</b>	<b>651,144</b>
<b>Disbursements:</b>						
General government	-	19,695	-	-	-	721,824
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	107,441	248,332	-
Health and welfare	583,268	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	6,429	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	78,915
Interest	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-
General government	-	-	-	-	-	17,803
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>583,268</b>	<b>19,695</b>	<b>6,429</b>	<b>107,441</b>	<b>248,332</b>	<b>818,542</b>
Excess (deficiency) of receipts over disbursements	(221,463)	34,552	(3,329)	(96,510)	(191,340)	(167,398)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	68,430	-	-	123,324	6,069	-
<b>Total other financing sources (uses)</b>	<b>68,430</b>	<b>-</b>	<b>-</b>	<b>123,324</b>	<b>6,069</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(153,033)	34,552	(3,329)	26,814	(185,271)	(167,398)
Cash and investment fund balance - beginning	(166,705)	29,633	3,488	199,982	1,392,838	753,178
Cash and investment fund balance - ending	\$ (319,738)	\$ 64,185	\$ 159	\$ 226,796	\$ 1,207,567	\$ 585,780
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ (319,738)	\$ 64,185	\$ 159	\$ -	\$ -	\$ 585,780
Restricted assets:	-	-	-	-	-	-
Cash and investments	-	-	-	226,796	1,207,567	-
<b>Total cash and investment assets - ending</b>	<b>\$ (319,738)</b>	<b>\$ 64,185</b>	<b>\$ 159</b>	<b>\$ 226,796</b>	<b>\$ 1,207,567</b>	<b>\$ 585,780</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	226,796	1,207,567	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(319,738)	64,185	159	-	-	585,780
<b>Total cash and investment fund balance - ending</b>	<b>\$ (319,738)</b>	<b>\$ 64,185</b>	<b>\$ 159</b>	<b>\$ 226,796</b>	<b>\$ 1,207,567</b>	<b>\$ 585,780</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Environmental Management	PGCI Project Grant	Health And Human Services	Supplemental Adult Probation Services	Gary Health Department Rental	HIV Substance Abuse Prevention
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	189,851	-	649,688	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	66,869	108,498	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	110	-
<b>Total receipts</b>	<b>189,851</b>	<b>-</b>	<b>716,557</b>	<b>108,498</b>	<b>110</b>	<b>-</b>
<b>Disbursements:</b>						
General government	191,313	-	-	112,282	81	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	875,595	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	2,776	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>191,313</b>	<b>-</b>	<b>878,371</b>	<b>112,282</b>	<b>81</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(1,462)	-	(161,814)	(3,784)	29	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	6,178	-	25,538	-	-	-
<b>Total other financing sources (uses)</b>	<b>6,178</b>	<b>-</b>	<b>25,538</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,716	-	(136,276)	(3,784)	29	-
Cash and investment fund balance - beginning	7,295	18,659	(42,200)	84,715	5,516	8,523
Cash and investment fund balance - ending	<u>\$ 12,011</u>	<u>\$ 18,659</u>	<u>\$ (178,476)</u>	<u>\$ 80,931</u>	<u>\$ 5,545</u>	<u>\$ 8,523</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 12,011	\$ 18,659	\$ (178,476)	\$ 80,931	\$ 5,545	\$ 8,523
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 12,011</u>	<u>\$ 18,659</u>	<u>\$ (178,476)</u>	<u>\$ 80,931</u>	<u>\$ 5,545</u>	<u>\$ 8,523</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	12,011	18,659	(178,476)	80,931	5,545	8,523
Total cash and investment fund balance - ending	<u>\$ 12,011</u>	<u>\$ 18,659</u>	<u>\$ (178,476)</u>	<u>\$ 80,931</u>	<u>\$ 5,545</u>	<u>\$ 8,523</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Cops In School	Park Nonreverting	Park Pavilion	National Park Service	Vehicle Auction	Bioterrorism
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	203	-	-	-
Fines and forfeits	-	93,457	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	36,937	-	-	78,787	139,972
<b>Total receipts</b>	<b>-</b>	<b>130,394</b>	<b>203</b>	<b>-</b>	<b>78,787</b>	<b>139,972</b>
<b>Disbursements:</b>						
General government	-	-	2,858	-	105,033	-
Public safety	-	-	-	-	-	70,114
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	126,294	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	24,855	19,709
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>126,294</b>	<b>2,858</b>	<b>-</b>	<b>129,888</b>	<b>89,823</b>
Excess (deficiency) of receipts over disbursements	-	4,100	(2,655)	-	(51,101)	50,149
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,100	(2,655)	-	(51,101)	50,149
Cash and investment fund balance - beginning	504	4,760	2,764	802	235,410	12,541
Cash and investment fund balance - ending	<u>\$ 504</u>	<u>\$ 8,860</u>	<u>\$ 109</u>	<u>\$ 802</u>	<u>\$ 184,309</u>	<u>\$ 62,690</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 504	\$ 8,860	\$ 109	\$ 802	\$ 184,309	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	62,690
<b>Total cash and investment assets - ending</b>	<u>\$ 504</u>	<u>\$ 8,860</u>	<u>\$ 109</u>	<u>\$ 802</u>	<u>\$ 184,309</u>	<u>\$ 62,690</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	62,690
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	504	8,860	109	802	184,309	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 504</u>	<u>\$ 8,860</u>	<u>\$ 109</u>	<u>\$ 802</u>	<u>\$ 184,309</u>	<u>\$ 62,690</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Cops Technology	Community Development Block Grant	Redevelopment Operating	Summer Jobs Training Program	Fair Housing Project	Genesis Civic Center
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 291,637	\$ -	\$ -	\$ 1,022,771
Licenses and permits	-	-	-	-	-	-
Intergovernmental	793,371	4,472,484	8,018	-	33,600	54,860
Charges for services	-	-	11	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	300,000
Other	-	38	5,503	5,000	-	-
<b>Total receipts</b>	<b>793,371</b>	<b>4,472,522</b>	<b>305,169</b>	<b>5,000</b>	<b>33,600</b>	<b>1,377,631</b>
<b>Disbursements:</b>						
General government	-	-	-	64,428	-	1,592,387
Public safety	183,870	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	4,470,141	312,066	-	99,939	-
Interfund loans	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-
General government	675,064	-	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>858,934</b>	<b>4,470,141</b>	<b>312,066</b>	<b>64,428</b>	<b>99,939</b>	<b>1,592,387</b>
Excess (deficiency) of receipts over disbursements	(65,563)	2,381	(6,897)	(59,428)	(66,339)	(214,756)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	65,000	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	197	555	-	195	325,846
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>197</b>	<b>555</b>	<b>65,000</b>	<b>195</b>	<b>325,846</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,563)	2,578	(6,342)	5,572	(66,144)	111,090
Cash and investment fund balance - beginning	2	187,819	183,854	10,512	150,389	34,853
Cash and investment fund balance - ending	<u>\$ (65,561)</u>	<u>\$ 190,397</u>	<u>\$ 177,512</u>	<u>\$ 16,084</u>	<u>\$ 84,245</u>	<u>\$ 145,943</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ (65,561)	\$ -	\$ 177,512	\$ -	\$ 84,245	\$ 145,943
Restricted assets:	-	-	-	-	-	-
Cash and investments	-	190,397	-	16,084	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (65,561)</u></b>	<b><u>\$ 190,397</u></b>	<b><u>\$ 177,512</u></b>	<b><u>\$ 16,084</u></b>	<b><u>\$ 84,245</u></b>	<b><u>\$ 145,943</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	190,397	-	16,084	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(65,561)	-	177,512	-	84,245	145,943
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (65,561)</u></b>	<b><u>\$ 190,397</u></b>	<b><u>\$ 177,512</u></b>	<b><u>\$ 16,084</u></b>	<b><u>\$ 84,245</u></b>	<b><u>\$ 145,943</u></b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Media	Clerk Perpetuation	Genesis Center Operating	Leased Properties Gary Building Corporation	State Air Grant	Hazardous Material
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	16,836	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	11,116	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	442,966	-	790,845	41,522	-	-
<b>Total receipts</b>	<b>442,966</b>	<b>11,116</b>	<b>790,845</b>	<b>41,522</b>	<b>16,836</b>	<b>-</b>
<b>Disbursements:</b>						
General government	263,216	67,586	725,649	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	15,170	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	600,000	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	30,762	-	13,016	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>893,978</b>	<b>67,586</b>	<b>738,665</b>	<b>-</b>	<b>15,170</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(451,012)	(56,470)	52,180	41,522	1,666	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(451,012)	(56,470)	52,180	41,522	1,666	-
Cash and investment fund balance - beginning	1,014,367	132,211	90,362	(736,963)	37,706	5,969
Cash and investment fund balance - ending	\$ 563,355	\$ 75,741	\$ 142,542	\$ (695,441)	\$ 39,372	\$ 5,969
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 563,355	\$ -	\$ 142,542	\$ (695,441)	\$ 39,372	\$ 5,969
Restricted assets:						
Cash and investments	-	75,741	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 563,355</b>	<b>\$ 75,741</b>	<b>\$ 142,542</b>	<b>\$ (695,441)</b>	<b>\$ 39,372</b>	<b>\$ 5,969</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ 75,741	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	563,355	-	142,542	(695,441)	39,372	5,969
<b>Total cash and investment fund balance - ending</b>	<b>\$ 563,355</b>	<b>\$ 75,741</b>	<b>\$ 142,542</b>	<b>\$ (695,441)</b>	<b>\$ 39,372</b>	<b>\$ 5,969</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Lead Base Training	Dusable Apartments	Economic Development Bond Commission	Crime Victim Assistance	Alcohol And Drug Treatment	New Birth Grant
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	42	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	-	42	-	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(42,000)	-	-	-
Other receipts	750	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>750</b>	<b>-</b>	<b>(42,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	750	-	(41,958)	-	-	-
Cash and investment fund balance - beginning	3	5,240	44,144	5,600	256,674	22
Cash and investment fund balance - ending	<u>\$ 753</u>	<u>\$ 5,240</u>	<u>\$ 2,186</u>	<u>\$ 5,600</u>	<u>\$ 256,674</u>	<u>\$ 22</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 753	\$ 5,240	\$ 2,186	\$ 5,600	\$ 256,674	\$ 22
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 753</u>	<u>\$ 5,240</u>	<u>\$ 2,186</u>	<u>\$ 5,600</u>	<u>\$ 256,674</u>	<u>\$ 22</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	753	5,240	2,186	5,600	256,674	22
Total cash and investment fund balance - ending	<u>\$ 753</u>	<u>\$ 5,240</u>	<u>\$ 2,186</u>	<u>\$ 5,600</u>	<u>\$ 256,674</u>	<u>\$ 22</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Neighborhood Revitalization	Boy Scouts	Remote Encoding Center	EDI Bar Code Center	Mayor Donations	Lakefront Development
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	110,001	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	129,371	-	24,745	1,274,950
<b>Total receipts</b>	<b>110,001</b>	<b>-</b>	<b>129,371</b>	<b>-</b>	<b>24,745</b>	<b>1,274,950</b>
<b>Disbursements:</b>						
General government	-	-	-	-	27,431	75,000
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	34,620	-	-	-	-	-
Interfund loans	-	-	-	-	-	31,000
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>34,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,431</b>	<b>106,000</b>
Excess (deficiency) of receipts over disbursements	75,381	-	129,371	-	(2,686)	1,168,950
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	75,381	-	129,371	-	(2,686)	1,168,950
Cash and investment fund balance - beginning	92,426	500	349,490	8,296	12,236	789
Cash and investment fund balance - ending	<u>\$ 167,807</u>	<u>\$ 500</u>	<u>\$ 478,861</u>	<u>\$ 8,296</u>	<u>\$ 9,550</u>	<u>\$ 1,169,739</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 167,807	\$ 500	\$ 478,861	\$ 8,296	\$ 9,550	\$ 1,169,739
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 167,807</u>	<u>\$ 500</u>	<u>\$ 478,861</u>	<u>\$ 8,296</u>	<u>\$ 9,550</u>	<u>\$ 1,169,739</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	167,807	500	478,861	8,296	9,550	1,169,739
Total cash and investment fund balance - ending	<u>\$ 167,807</u>	<u>\$ 500</u>	<u>\$ 478,861</u>	<u>\$ 8,296</u>	<u>\$ 9,550</u>	<u>\$ 1,169,739</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Social Services	Special Events	City Council Donations	Lead Free 4 Me	Special Project Donations	Economic Development Trust
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,515	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	1,170
Interfund loans	-	-	-	-	-	-
Other	8,074	11,200	-	-	-	124,078
<b>Total receipts</b>	<b>12,589</b>	<b>11,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,248</b>
<b>Disbursements:</b>						
General government	11,567	13,793	6,132	-	-	43,238
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	8,180	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	6,500	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>18,067</b>	<b>13,793</b>	<b>6,132</b>	<b>8,180</b>	<b>-</b>	<b>43,238</b>
Excess (deficiency) of receipts over disbursements	(5,478)	(2,593)	(6,132)	(8,180)	-	82,010
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	1,015	4,836	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,015</b>	<b>4,836</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,478)	(2,593)	(5,117)	(3,344)	-	82,010
Cash and investment fund balance - beginning	5,480	2,704	23,210	-	4,420	666,137
Cash and investment fund balance - ending	\$ 2	\$ 111	\$ 18,093	\$ (3,344)	\$ 4,420	\$ 748,147
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 2	\$ 111	\$ 18,093	\$ (3,344)	\$ 4,420	\$ 748,147
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2</b>	<b>\$ 111</b>	<b>\$ 18,093</b>	<b>\$ (3,344)</b>	<b>\$ 4,420</b>	<b>\$ 748,147</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	2	111	18,093	(3,344)	4,420	748,147
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2</b>	<b>\$ 111</b>	<b>\$ 18,093</b>	<b>\$ (3,344)</b>	<b>\$ 4,420</b>	<b>\$ 748,147</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Community Development Loan Program	Police Donations	Weed And Seed	Welfare Excess	Human Relations	Homeland Security Fund
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	1,113,379	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	8	36,500	-	67	-	-
<b>Total receipts</b>	<b>8</b>	<b>36,500</b>	<b>-</b>	<b>1,113,446</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	163,560	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,560</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	8	36,500	-	949,886	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8	36,500	-	949,886	-	-
Cash and investment fund balance - beginning	16,032	1,355	10,442	-	2,000	280
Cash and investment fund balance - ending	<u>\$ 16,040</u>	<u>\$ 37,855</u>	<u>\$ 10,442</u>	<u>\$ 949,886</u>	<u>\$ 2,000</u>	<u>\$ 280</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 16,040	\$ 37,855	\$ 10,442	\$ -	\$ 2,000	\$ 280
Restricted assets:						
Cash and investments	-	-	-	949,886	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 16,040</u>	<u>\$ 37,855</u>	<u>\$ 10,442</u>	<u>\$ 949,886</u>	<u>\$ 2,000</u>	<u>\$ 280</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	949,886	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	16,040	37,855	10,442	-	2,000	280
<b>Total cash and investment fund balance - ending</b>	<u>\$ 16,040</u>	<u>\$ 37,855</u>	<u>\$ 10,442</u>	<u>\$ 949,886</u>	<u>\$ 2,000</u>	<u>\$ 280</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Filing Fees	CHRP	Neighborhood Stabilization Program	Lead Base Paint Hazard Control Grant	Grand Trunk Corporation	Fifth Third Lease
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	66,058	110,728	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	2,350	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	1,187,500	-
<b>Total receipts</b>	<b>2,350</b>	<b>-</b>	<b>66,058</b>	<b>110,728</b>	<b>1,187,500</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	117,655	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	76,071	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	43,944	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	34,937	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>117,655</b>	<b>43,944</b>	<b>111,008</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	2,350	(117,655)	22,114	(280)	1,187,500	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	733,680
Transfers out	-	-	-	-	-	-
Other receipts	-	-	5,149	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>5,149</b>	<b>-</b>	<b>-</b>	<b>733,680</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,350	(117,655)	27,263	(280)	1,187,500	733,680
Cash and investment fund balance - beginning	-	-	-	-	-	(733,680)
Cash and investment fund balance - ending	\$ 2,350	\$ (117,655)	\$ 27,263	\$ (280)	\$ 1,187,500	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,350	\$ (117,655)	\$ -	\$ (280)	\$ 1,187,500	\$ -
Restricted assets:						
Cash and investments	-	-	27,263	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,350</b>	<b>\$ (117,655)</b>	<b>\$ 27,263</b>	<b>\$ (280)</b>	<b>\$ 1,187,500</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	27,263	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	2,350	(117,655)	-	(280)	1,187,500	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,350</b>	<b>\$ (117,655)</b>	<b>\$ 27,263</b>	<b>\$ (280)</b>	<b>\$ 1,187,500</b>	<b>\$ -</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	2007 Multi- Purpose Revenue Bonds	2007 GO Judgment Funding Bonds	Cumulative Capital Development	Cumulative Capital Improvement	Baseball Maintenance	15Th And Fulton Project
<b>Receipts:</b>						
Taxes	\$ -	\$ 732,851	\$ 641,171	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	30,079	25,091	315,054	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	2,799	116	7,307	-	170,675	-
<b>Total receipts</b>	<b>2,799</b>	<b>763,046</b>	<b>673,569</b>	<b>315,054</b>	<b>170,675</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	19,567	17,698	-	159,461	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	350,000	-	-	-
Debt service:						
Principal	-	640,000	-	-	-	-
Interest	-	215,313	-	-	-	-
Capital outlay:						
General government	608,679	-	257,031	535,498	-	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>608,679</b>	<b>874,880</b>	<b>624,729</b>	<b>535,498</b>	<b>159,461</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(605,880)	(111,834)	48,840	(220,444)	11,214	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(605,880)	(111,834)	48,840	(220,444)	11,214	-
Cash and investment fund balance - beginning	1,153,223	345,691	724,437	611,024	-	3,459
Cash and investment fund balance - ending	\$ 547,343	\$ 233,857	\$ 773,277	\$ 390,580	\$ 11,214	\$ 3,459
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 233,857	\$ -	\$ -	\$ 11,214	\$ 3,459
Restricted assets:						
Cash and investments	547,343	-	773,277	390,580	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 547,343</b>	<b>\$ 233,857</b>	<b>\$ 773,277</b>	<b>\$ 390,580</b>	<b>\$ 11,214</b>	<b>\$ 3,459</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	547,343	-	-	-	-	-
Capital outlay	-	-	773,277	390,580	-	-
Unrestricted	-	233,857	-	-	11,214	3,459
<b>Total cash and investment fund balance - ending</b>	<b>\$ 547,343</b>	<b>\$ 233,857</b>	<b>\$ 773,277</b>	<b>\$ 390,580</b>	<b>\$ 11,214</b>	<b>\$ 3,459</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Burr Street Project	Grant/Buchanan Street Project	Park Construction	Mainwater Project	Casino Capital	Clean Up/Beautification
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	248	176	3,849	-	18,726	465
<b>Total receipts</b>	<b>248</b>	<b>176</b>	<b>3,849</b>	<b>-</b>	<b>18,726</b>	<b>465</b>
<b>Disbursements:</b>						
General government	-	-	26,600	-	27,882	-
Public safety	-	-	-	-	-	-
Highways and streets	-	663,588	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	57,717	-
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>663,588</b>	<b>26,600</b>	<b>-</b>	<b>85,599</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	248	(663,412)	(22,751)	-	(66,873)	465
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	66,873	-
Transfers out	-	-	-	-	-	-
Other receipts	-	608,422	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>608,422</b>	<b>-</b>	<b>-</b>	<b>66,873</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	248	(54,990)	(22,751)	-	-	465
Cash and investment fund balance - beginning	151,846	79,031	23,321	72,577	-	6,615
Cash and investment fund balance - ending	\$ 152,094	\$ 24,041	\$ 570	\$ 72,577	\$ -	\$ 7,080
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ 570	\$ -	\$ -	\$ 7,080
Restricted assets:						
Cash and investments	152,094	24,041	-	72,577	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 152,094</b>	<b>\$ 24,041</b>	<b>\$ 570</b>	<b>\$ 72,577</b>	<b>\$ -</b>	<b>\$ 7,080</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	152,094	24,041	-	72,577	-	-
Unrestricted	-	-	570	-	-	7,080
<b>Total cash and investment fund balance - ending</b>	<b>\$ 152,094</b>	<b>\$ 24,041</b>	<b>\$ 570</b>	<b>\$ 72,577</b>	<b>\$ -</b>	<b>\$ 7,080</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended December 31, 2009  
 (Continued)

	911 Equipment	Small Farms TIF District	Consolidated Area TIF District	Lakefront TIF District	6Th Avenue & Broadway Tif District
<b>Receipts:</b>					
Taxes	\$ -	\$ 338,701	\$ 1,272,484	\$ 2,366,885	\$ 1,797
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>338,701</b>	<b>1,272,484</b>	<b>2,366,885</b>	<b>1,797</b>
<b>Disbursements:</b>					
General government	-	491	368,443	695,212	210
Public safety	497	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Interfund loans	-	-	1,500,000	1,260,000	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	4,848	-	-	-	-
Public safety	-	-	-	-	-
<b>Total disbursements</b>	<b>5,345</b>	<b>491</b>	<b>1,868,443</b>	<b>1,955,212</b>	<b>210</b>
Excess (deficiency) of receipts over disbursements	(5,345)	338,210	(595,959)	411,673	1,587
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,345)	338,210	(595,959)	411,673	1,587
Cash and investment fund balance - beginning	6,640	56,664	721,818	38,805	28,670
Cash and investment fund balance - ending	<u>\$ 1,295</u>	<u>\$ 394,874</u>	<u>\$ 125,859</u>	<u>\$ 450,478</u>	<u>\$ 30,257</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 394,874	\$ 125,859	\$ 450,478	\$ 30,257
Restricted assets:					
Cash and investments	1,295	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 1,295</u>	<u>\$ 394,874</u>	<u>\$ 125,859</u>	<u>\$ 450,478</u>	<u>\$ 30,257</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	1,295	-	-	-	-
Unrestricted	-	394,874	125,859	450,478	30,257
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,295</u>	<u>\$ 394,874</u>	<u>\$ 125,859</u>	<u>\$ 450,478</u>	<u>\$ 30,257</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	TIF Replacement	Downtown Mall TIF District	Madison Avenue TIF District	Washington Manor TIF District	Consolidated Area Exp TIF District
<b>Receipts:</b>					
Taxes	\$ 327,874	\$ 14,126	\$ -	\$ 10,399	\$ 292,671
Licenses and permits	-	-	-	-	-
Intergovernmental	9,865	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>337,739</b>	<b>14,126</b>	<b>-</b>	<b>10,399</b>	<b>292,671</b>
<b>Disbursements:</b>					
General government	147,874	14,589	97,521	140	383,573
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Interfund loans	-	-	-	-	-
Debt service:					
Principal	169,800	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
<b>Total disbursements</b>	<b>317,674</b>	<b>14,589</b>	<b>97,521</b>	<b>140</b>	<b>383,573</b>
Excess (deficiency) of receipts over disbursements	20,065	(463)	(97,521)	10,259	(90,902)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,065	(463)	(97,521)	10,259	(90,902)
Cash and investment fund balance - beginning	533,891	27,754	176,804	1,040	740,515
Cash and investment fund balance - ending	\$ 553,956	\$ 27,291	\$ 79,283	\$ 11,299	\$ 649,613
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 553,956	\$ 27,291	\$ 79,283	\$ 11,299	\$ 649,613
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ 553,956	\$ 27,291	\$ 79,283	\$ 11,299	\$ 649,613
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	553,956	27,291	79,283	11,299	649,613
Total cash and investment fund balance - ending	\$ 553,956	\$ 27,291	\$ 79,283	\$ 11,299	\$ 649,613

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Midwest Center TIF District	Lancaster Dusable TIF District	Fema Grant - Fire Department	Joint Public Safety Training	Dalton Arms TIF District
<b>Receipts:</b>					
Taxes	\$ 70,610	\$ 92,069	\$ -	\$ -	\$ 59,565
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other	-	-	-	325	-
<b>Total receipts</b>	<b>70,610</b>	<b>92,069</b>	<b>-</b>	<b>325</b>	<b>59,565</b>
<b>Disbursements:</b>					
General government	52,425	189,730	-	-	60,910
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Interfund loans	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
<b>Total disbursements</b>	<b>52,425</b>	<b>189,730</b>	<b>-</b>	<b>-</b>	<b>60,910</b>
Excess (deficiency) of receipts over disbursements	18,185	(97,661)	-	325	(1,345)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,185	(97,661)	-	325	(1,345)
Cash and investment fund balance - beginning	30,467	115,316	53,998	11,341	78,230
Cash and investment fund balance - ending	<u>\$ 48,652</u>	<u>\$ 17,655</u>	<u>\$ 53,998</u>	<u>\$ 11,666</u>	<u>\$ 76,885</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 48,652	\$ 17,655	\$ 53,998	\$ 11,666	\$ 76,885
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 48,652</u>	<u>\$ 17,655</u>	<u>\$ 53,998</u>	<u>\$ 11,666</u>	<u>\$ 76,885</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	48,652	17,655	53,998	11,666	76,885
Total cash and investment fund balance - ending	<u>\$ 48,652</u>	<u>\$ 17,655</u>	<u>\$ 53,998</u>	<u>\$ 11,666</u>	<u>\$ 76,885</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	County Market TIF District	SR912 TIF District 1	SR912 TIF District 2	Kenney's Ribs TIF District	Fire Capital Equipment
<b>Receipts:</b>					
Taxes	\$ 184,665	\$ 8,970	\$ 64,717	\$ 45,264	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other	-	-	-	-	2,907
<b>Total receipts</b>	<b>184,665</b>	<b>8,970</b>	<b>64,717</b>	<b>45,264</b>	<b>2,907</b>
<b>Disbursements:</b>					
General government	4,112	140	140	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Interfund loans	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
<b>Total disbursements</b>	<b>4,112</b>	<b>140</b>	<b>140</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	180,553	8,830	64,577	45,264	2,907
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	180,553	8,830	64,577	45,264	2,907
Cash and investment fund balance - beginning	-	-	-	-	-
Cash and investment fund balance - ending	\$ 180,553	\$ 8,830	\$ 64,577	\$ 45,264	\$ 2,907
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 180,553	\$ 8,830	\$ 64,577	\$ 45,264	\$ 2,907
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ 180,553	\$ 8,830	\$ 64,577	\$ 45,264	\$ 2,907
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	180,553	8,830	64,577	45,264	2,907
Total cash and investment fund balance - ending	\$ 180,553	\$ 8,830	\$ 64,577	\$ 45,264	\$ 2,907

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Major Moves Capital Projects	Gary City Center Allocation Area	Truck City Of Gary Allocation Area	Metro Center	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,430,419
Licenses and permits	-	-	-	-	14,409
Intergovernmental	-	-	-	-	13,080,166
Charges for services	-	-	-	147,488	1,806,916
Fines and forfeits	-	-	-	-	302,408
Interfund loans	-	-	-	-	300,000
Other	-	-	-	-	5,022,424
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,488</b>	<b>29,956,742</b>
<b>Disbursements:</b>					
General government	-	-	-	150,160	6,715,692
Public safety	-	-	-	-	1,169,583
Highways and streets	-	-	-	-	5,242,957
Sanitation	-	-	-	-	355,773
Health and welfare	-	-	-	-	1,717,578
Economic development	-	-	-	-	262,066
Culture and recreation	-	-	-	-	3,133,496
Urban redevelopment and housing	-	-	-	-	5,301,824
Interfund loans	-	-	-	-	3,747,500
Debt service:					
Principal	-	-	-	-	888,715
Interest	-	-	-	-	215,313
Capital outlay:					
General government	-	-	-	-	2,469,610
Public safety	-	-	-	-	120,714
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,160</b>	<b>31,340,821</b>
Excess (deficiency) of receipts over disbursements	-	-	-	(2,672)	(1,384,079)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	865,553
Transfers out	-	-	-	-	(42,000)
Other receipts	-	-	-	-	2,281,314
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,104,867</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,672)	1,720,788
Cash and investment fund balance - beginning	538,791	-	-	1,161	12,494,073
Cash and investment fund balance - ending	<u>\$ 538,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,511)</u>	<u>\$ 14,214,861</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ -	\$ (1,511)	\$ 8,347,720
Restricted assets:					
Cash and investments	538,791	-	-	-	5,867,141
<b>Total cash and investment assets - ending</b>	<u>\$ 538,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,511)</u>	<u>\$ 14,214,861</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 75,741
Public safety	-	-	-	-	1,489,777
Highways and streets	-	-	-	-	94,255
Sanitation	-	-	-	-	1,434,363
Health and welfare	-	-	-	-	888
Economic development	-	-	-	-	12
Urban redevelopment and housing	-	-	-	-	272,107
Debt service	-	-	-	-	547,343
Capital outlay	538,791	-	-	-	1,952,655
Unrestricted	-	-	-	(1,511)	8,347,720
<b>Total cash and investment fund balance - ending</b>	<u>\$ 538,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,511)</u>	<u>\$ 14,214,861</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 SANITARY DISTRICT FUNDS  
 As Of And For The Year Ended December 31, 2009

	WWTP General Operating	Bond And Interest	Sewer Construction	Sewer Operating	Solid Waste Disposal	Debt Service
Operating receipts:						
Metered/measured	\$ 20,796,494	\$ -	\$ -	\$ -	\$ -	\$ -
Fees - solid waste	1,915,547	-	-	-	-	-
Interfund loan proceeds	995,000	-	100,000	775,000	1,985,000	125,000
Miscellaneous	252,674	-	-	173,586	158,369	85,617
<b>Total operating receipts</b>	<b>23,959,715</b>	<b>-</b>	<b>100,000</b>	<b>948,586</b>	<b>2,143,369</b>	<b>210,617</b>
Operating disbursements:						
Salaries and wages	1,481,213	-	-	-	-	-
Employee pensions and benefits	223,667	-	-	-	-	-
Purchased power	2,068,990	-	-	-	-	-
Material and supplies	42,394	-	-	-	-	-
Contractual services	15,618,379	-	-	-	6,217,746	-
Insurance claims and expense	593,092	-	-	-	-	-
Equipment and capital improvements	924,757	-	412,445	3,814,227	-	-
Interfund loans made/repaid	705,000	-	-	1,595,000	-	325,000
Miscellaneous	377,579	-	80	61,847	173,819	31,223
<b>Total operating disbursements</b>	<b>22,035,071</b>	<b>-</b>	<b>412,525</b>	<b>5,471,074</b>	<b>6,391,565</b>	<b>356,223</b>
Excess (deficiency) of operating receipts over operating disbursements	1,924,644	-	(312,525)	(4,522,488)	(4,248,196)	(145,606)
Nonoperating receipts (disbursements):						
Property taxes	-	-	-	2,080,530	3,676,403	1,151,737
Investment income	2,529	2,557	1,038	170	355	194
Net proceeds from borrowings	-	-	-	443,873	2,097,268	-
Grants	169,384	-	-	-	-	-
Debt service of principal	-	(1,115,000)	-	(35,486)	(3,312,175)	(2,750,514)
Interest disbursements	-	(223,894)	-	-	(178,422)	(480,904)
<b>Total nonoperating receipts (disbursements)</b>	<b>171,913</b>	<b>(1,336,337)</b>	<b>1,038</b>	<b>2,489,087</b>	<b>2,283,429</b>	<b>(2,079,487)</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	2,096,557	(1,336,337)	(311,487)	(2,033,401)	(1,964,767)	(2,225,093)
Capital contributions	-	-	-	-	-	501,702
Transfers in	220,989	1,200,000	-	-	848,823	195,728
Transfers out	(3,744,550)	-	-	-	-	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(1,427,004)	(136,337)	(311,487)	(2,033,401)	(1,115,944)	(1,527,663)
Cash and investment fund balance - beginning	2,688,667	1,613,515	339,213	2,315,398	1,194,986	1,923,267
Cash and investment fund balance - ending	<u>\$ 1,261,663</u>	<u>\$ 1,477,178</u>	<u>\$ 27,726</u>	<u>\$ 281,997</u>	<u>\$ 79,042</u>	<u>\$ 395,604</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 1,261,663	\$ -	\$ 27,726	\$ 281,997	\$ 79,042	\$ -
Restricted assets:						
Cash and investments	-	1,477,178	-	-	-	395,604
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,261,663</b>	<b>\$ 1,477,178</b>	<b>\$ 27,726</b>	<b>\$ 281,997</b>	<b>\$ 79,042</b>	<b>\$ 395,604</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ 1,477,178	\$ -	\$ -	\$ -	\$ 395,604
Other purposes	-	-	-	-	-	-
Unrestricted	1,261,663	-	27,726	281,997	79,042	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,261,663</b>	<b>\$ 1,477,178</b>	<b>\$ 27,726</b>	<b>\$ 281,997</b>	<b>\$ 79,042</b>	<b>\$ 395,604</b>

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 SANITARY DISTRICT FUNDS  
 As Of And For The Year Ended December 31, 2009  
 (Continued)

	Capital Improvement	Grand Calumet Sedimentation	Debt Service Reserve	Equipment Replacement	GSD/WREP Economic Development	Marquette Park Lagoon
Operating receipts:						
Metered/measured	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees - solid waste	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-
Miscellaneous	-	-	-	-	50,000	-
Total operating receipts	-	-	-	-	50,000	-
Operating disbursements:						
Salaries and wages	-	-	-	-	-	-
Employee pensions and benefits	-	-	-	-	-	-
Purchased power	-	-	-	-	-	-
Material and supplies	-	-	-	-	-	-
Contractual services	-	-	-	389,510	-	-
Insurance claims and expense	-	-	-	-	-	-
Equipment and capital improvements	50,000	-	-	656,544	-	-
Interfund loans made/repaid	-	-	-	1,295,000	-	-
Miscellaneous	-	-	-	-	-	-
Total operating disbursements	50,000	-	-	2,341,054	-	-
Excess (deficiency) of operating receipts over operating disbursements	(50,000)	-	-	(2,341,054)	50,000	-
Nonoperating receipts (disbursements):						
Property taxes	-	-	-	-	-	-
Investment income	96	15,439	7,398	219	91	77
Net proceeds from borrowings	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Debt service of principal	-	-	-	-	-	-
Interest disbursements	-	-	-	-	-	-
Total nonoperating receipts (disbursements)	96	15,439	7,398	219	91	77
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(49,904)	15,439	7,398	(2,340,835)	50,091	77
Capital contributions	-	-	-	-	-	-
Transfers in	-	-	-	1,500,000	-	-
Transfers out	-	-	(59,175)	-	(65,000)	(98,295)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(49,904)	15,439	(51,777)	(840,835)	(14,909)	(98,218)
Cash and investment fund balance - beginning	51,316	3,460,170	1,705,549	1,023,641	17,089	99,247
Cash and investment fund balance - ending	\$ 1,412	\$ 3,475,609	\$ 1,653,772	\$ 182,806	\$ 2,180	\$ 1,029
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 1,412	\$ -	\$ -	\$ 182,806	\$ 2,180	\$ 1,029
Restricted assets:						
Cash and investments	-	3,475,609	1,653,772	-	-	-
Total cash and investment assets - December 31	\$ 1,412	\$ 3,475,609	\$ 1,653,772	\$ 182,806	\$ 2,180	\$ 1,029
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,653,772	\$ -	\$ -	\$ -
Other purposes	-	3,475,609	-	-	-	-
Unrestricted	1,412	-	-	182,806	2,180	1,029
Total cash and investment fund balance - December 31	\$ 1,412	\$ 3,475,609	\$ 1,653,772	\$ 182,806	\$ 2,180	\$ 1,029

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 SANITARY DISTRICT FUNDS  
 As Of And For The Year Ended December 31, 2009  
 (Continued)

	State Revolving Fund	Beach Sampling	E.Coli	Lagoon Restoration	GSD/GSWMD Watershed Management Plan	Totals
Operating receipts:						
Metered/measured	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,796,494
Fees - solid waste	-	-	-	-	-	1,915,547
Interfund loan proceeds	-	-	-	-	-	3,980,000
Miscellaneous	-	-	-	-	-	720,246
Total operating receipts	-	-	-	-	-	27,412,287
Operating disbursements:						
Salaries and wages	-	-	-	-	-	1,481,213
Employee pensions and benefits	-	-	-	-	-	223,667
Purchased power	-	-	-	-	-	2,068,990
Material and supplies	-	-	-	-	-	42,394
Contractual services	628,305	-	21,978	-	-	22,875,918
Insurance claims and expense	-	-	-	-	-	593,092
Equipment and capital improvements	540,544	-	-	-	-	6,398,517
Interfund loans made/repaid	-	-	-	-	-	3,920,000
Miscellaneous	-	-	-	-	-	644,548
Total operating disbursements	1,168,849	-	21,978	-	-	38,248,339
Excess (deficiency) of operating receipts over operating disbursements	(1,168,849)	-	(21,978)	-	-	(10,836,052)
Nonoperating receipts (disbursements):						
Property taxes	-	-	-	-	-	6,908,670
Investment income	-	1	14	50	15	30,243
Net proceeds from borrowings	1,168,849	-	-	-	-	3,709,990
Grants	-	-	31,027	49,355	-	249,766
Debt service of principal	-	-	-	-	-	(7,213,175)
Interest disbursements	-	-	-	-	-	(883,220)
Total nonoperating receipts (disbursements)	1,168,849	1	31,041	49,405	15	2,802,274
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	-	1	9,063	49,405	15	(8,033,778)
Capital contributions	-	-	-	-	-	501,702
Transfers in	-	-	-	-	-	3,965,540
Transfers out	-	-	-	(63,520)	(64,397)	(4,094,937)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	-	1	9,063	(14,115)	(64,382)	(7,661,473)
Cash and investment fund balance - beginning	-	1,083	25,295	15,121	65,386	16,538,943
Cash and investment fund balance - ending	\$ -	\$ 1,084	\$ 34,358	\$ 1,006	\$ 1,004	\$ 8,877,470
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 1,084	\$ 34,358	\$ 1,006	\$ 1,004	\$ 1,875,307
Restricted assets:						
Cash and investments	-	-	-	-	-	7,002,163
Total cash and investment assets - December 31	\$ -	\$ 1,084	\$ 34,358	\$ 1,006	\$ 1,004	\$ 8,877,470
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,526,554
Other purposes	-	-	-	-	-	3,475,609
Unrestricted	-	1,084	34,358	1,006	1,004	1,875,307
Total cash and investment fund balance - December 31	\$ -	\$ 1,084	\$ 34,358	\$ 1,006	\$ 1,004	\$ 8,877,470

CITY OF GARY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As Of And For The Year Ended December 31, 2009

	<u>Self-Insurance</u>	<u>WCI/UCI Benefit</u>	<u>Totals</u>
Operating receipts:			
Charges for services	\$ 11,458,915	\$ 1,794,130	\$ 13,253,045
Operating disbursements:			
Insurance claims and expense	<u>12,912,855</u>	<u>1,440,338</u>	<u>14,353,193</u>
Excess (deficiency) of receipts over disbursements	<u>(1,453,940)</u>	<u>353,792</u>	<u>(1,100,148)</u>
Cash and investment fund balance - beginning	<u>(1,014,835)</u>	<u>(493,000)</u>	<u>(1,507,835)</u>
Cash and investment fund balance - ending	<u>\$ (2,468,775)</u>	<u>\$ (139,208)</u>	<u>\$ (2,607,983)</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	<u>\$ (2,468,775)</u>	<u>\$ (139,208)</u>	<u>\$ (2,607,983)</u>
Total cash and investment assets - December 31	<u>\$ (2,468,775)</u>	<u>\$ (139,208)</u>	<u>\$ (2,607,983)</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ (2,468,775)</u>	<u>\$ (139,208)</u>	<u>\$ (2,607,983)</u>
Total cash and investment fund balance - December 31	<u>\$ (2,468,775)</u>	<u>\$ (139,208)</u>	<u>\$ (2,607,983)</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 1,318,160	\$ 1,547,890	\$ 2,866,050
State	5,571,419	5,074,623	10,646,042
Interfund loans	645,000	225,000	870,000
Other	<u>2,506,024</u>	<u>2,901,171</u>	<u>5,407,195</u>
 Total contributions	 <u>10,040,603</u>	 <u>9,748,684</u>	 <u>19,789,287</u>
 Investment receipts:			
Interest	<u>24</u>	<u>23</u>	<u>47</u>
 Total additions	 <u>10,040,627</u>	 <u>9,748,707</u>	 <u>19,789,334</u>
 Deductions:			
Benefits	5,487,715	5,023,853	10,511,568
Administrative and general	3,298,721	3,540,510	6,839,231
Interfund loans	<u>1,045,000</u>	<u>225,000</u>	<u>1,270,000</u>
 Total deductions	 <u>9,831,436</u>	 <u>8,789,363</u>	 <u>18,620,799</u>
 Excess (deficiency) of total additions over total deductions	  209,191	  959,344	  1,168,535
 Cash and investment fund balance - beginning	 <u>268,697</u>	 <u>619,692</u>	 <u>888,389</u>
 Cash and investment fund balance - ending	 <u>\$ 477,888</u>	 <u>\$ 1,579,036</u>	 <u>\$ 2,056,924</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Payroll	County Health	Empowerment Zone	NIMBOC Empowerment Zone	Empowerment Zone Revolving	Microloan	Empowerment Zone SBA Microloan
Additions:							
Agency fund additions	\$ 5,313	\$ 6,334	\$ 1,156,260	\$ 20,602	\$ 376,733	\$ 26,330	\$ 15,654
Deductions:							
Agency fund deductions	38,899	4,836	1,209,213	18,987	379,643	98,830	36,314
Excess (deficiency) of additions over deductions	(33,586)	1,498	(52,953)	1,615	(2,910)	(72,500)	(20,660)
Cash and investment fund balance - beginning	67,019	30	89,835	606	330,807	79,550	28,401
Cash and investment fund balance - ending	<u>\$ 33,433</u>	<u>\$ 1,528</u>	<u>\$ 36,882</u>	<u>\$ 2,221</u>	<u>\$ 327,897</u>	<u>\$ 7,050</u>	<u>\$ 7,741</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Empowerment Zone SBA Loss Reserve	Regional Development Authority	Miscellaneous Refunds	Redevelopment Depository Trust	Withholdings	Supplemental Public Defender
Additions:						
Agency fund additions	\$ 49	\$ 400,000	\$ 1,182	\$ 5,617	\$ 21,955,547	\$ 3,667
Deductions:						
Agency fund deductions	-	400,000	-	570	22,026,166	-
Excess (deficiency) of additions over deductions	49	-	1,182	5,047	(70,619)	3,667
Cash and investment fund balance - beginning	30,153	-	10,608	58,905	1,698,215	6,031
Cash and investment fund balance - ending	<u>\$ 30,202</u>	<u>\$ -</u>	<u>\$ 11,790</u>	<u>\$ 63,952</u>	<u>\$ 1,627,596</u>	<u>\$ 9,698</u>

CITY OF GARY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	IEDC Empowerment Zone	Confiscated Property	Salary Fee Judicial	City Clerk - Civil Division	City Clerk - Criminal Division	Totals
Additions:						
Agency fund additions	<u>\$ 3,796</u>	<u>\$ 89,696</u>	<u>\$ 24,048</u>	<u>\$ 140,620</u>	<u>\$ 1,083,264</u>	<u>\$ 25,314,712</u>
Deductions:						
Agency fund deductions	<u>4,000</u>	<u>65,274</u>	<u>24,858</u>	<u>146,175</u>	<u>1,244,667</u>	<u>25,698,432</u>
Excess (deficiency) of additions over deductions	(204)	24,422	(810)	(5,555)	(161,403)	(383,720)
Cash and investment fund balance - beginning	<u>14,318</u>	<u>142,931</u>	<u>5,388</u>	<u>16,050</u>	<u>1,208,785</u>	<u>3,787,632</u>
Cash and investment fund balance - ending	<u>\$ 14,114</u>	<u>\$ 167,353</u>	<u>\$ 4,578</u>	<u>\$ 10,495</u>	<u>\$ 1,047,382</u>	<u>\$ 3,403,912</u>

CITY OF GARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 21,597,214
Infrastructure	135,005,624
Buildings	143,394,483
Improvements other than buildings	11,814,346
Machinery and equipment	42,799,044
Construction in progress	<u>5,326,411</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 359,937,122</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Sanitary District - Wastewater:	
Capital assets, not being depreciated:	
Land	\$ 1,333,943
Construction in progress	2,556,972
Capital assets, being depreciated:	
Buildings and improvements	102,089,740
Transmission lines	191,969,308
Machinery and equipment	59,369,843
All other capital assets	<u>3,115,493</u>
 Total Wastewater capital assets	 <u><u>360,435,299</u></u>
Sanitary District - Storm Water:	
Capital assets, not being depreciated:	
Land	114,354
Construction in progress	1,691,719
Capital assets, being depreciated:	
Buildings and improvements	1,367,825
Transmission lines	3,897,701
Machinery and equipment	<u>258,620</u>
 Total Storm water capital assets	 <u><u>7,330,219</u></u>
 Total business-type activities capital assets	 <u><u>\$ 367,765,518</u></u>

CITY OF GARY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire trucks, cars, and heavy duty lawn equipment	\$ 302,681	\$ 318,462
Three ten ton trucks, salt spreaders, excavator and accessories	435,771	137,761
Recycling trucks	215,347	78,915
Notes and loans payable:		
2004 Circuit breaker loan	939,555	949,961
Improving neighborhoods through revitalization revolving loan	430,092	167,807
Use agreement****	679,200	254,700
Bonds payable:		
General obligation bonds:		
2007 Judgment funding bonds	4,660,000	878,713
Revenue bonds:		
2004A Redevelopment authority lease rental revenue refunding bonds *	1,164,229	937,117
2004B Redevelopment authority lease rental revenue refunding bonds **	2,730,391	2,196,883
2007 Redevelopment authority lease rental revenue refunding bonds	1,098,267	417,332
2007A Multipurpose revenue bonds	2,680,000	1,080,780
Taxable economic revenue bonds:***		
Madison avenue townhomes, 1996	79,283	79,283
25th and grant street project, 2004B	180,553	180,553
Lancaster apartments, 2004B	17,655	17,655
Gary progress development, llc - Dalton arms project, 2007	76,885	76,885
Rolling plains properties, llc - Truck city, 2007	394,874	394,874
<b>Total governmental activities debt</b>	<b><u>\$ 16,084,782</u></b>	<b><u>\$ 8,167,681</u></b>
Business-type activities:		
Sanitary District		
Loans payable:		
1993 SRF Loan	\$ 4,131,000	\$ 1,118,940
2000 SRF Loan	8,171,594	1,145,000
General obligation bonds:		
2003 Improvement refunding bonds	5,155,000	1,423,587
<b>Total business-type activities debt</b>	<b><u>\$ 17,457,594</u></b>	<b><u>\$ 3,687,527</u></b>

\* bond shall bear interest at a rate equal to eighty-three percent (83%) of the floating thirty day (30) Libor rate plus

one hundred eight (108) basis points, thus, interest due within one year was not available

\*\* bond shall bear interest at a rate equal to the floating thirty day (30) Libor rate plus one hundred eight (108) basis

points, thus, interest due within one year was not available

\*\*\* The City issued several Taxable Economic Development Revenue Bonds to provide funds for the acquisition, development, and renovation of properties within the City. The bonds do not constitute a corporate obligation of the City, but constitute a special limited obligation of the government, payable solely from the tax increment financing (TIF) revenues. The City is not obligated to pay the debt service on the bonds from any source other than the TIF revenues. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The City received \$675,000 TIF revenues during 2009 towards these Taxable Economic Development Revenue Bonds. Thus, the City is obligated to pay the debt service of the bonds up to \$749,250 which includes the current year TIF revenues in addition to the ending fund balance from the previous year. Therefore, the total of all the Taxable Economic Development Revenue Bonds was reported for the principal and interest payments due within one year of \$749,250.

\*\*\*\* During 2002, the City entered into a use agreement with Broad Ridge Partners LLC for the utilization of parking and concourse areas for a period of 99 years. The City agreed to pay compensation for the use of the public improvements an annual amount payable in semi-annual installments over a period of 10 years totaling \$1,698,000.

CITY OF GARY  
OTHER REPORT

The annual report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

City Clerk

CITY OF GARY  
AUDIT RESULTS AND COMMENTS

ACCOUNTS PAYABLE

Checks to vendors and other suppliers of goods and services were issued up to five months after the invoice dates. Some of these checks were then retained by the City for up to two months after issuance before being released to the vendor.

By statute, the City is responsible for funding a portion of the operations of the Regional Development Authority (RDA). The City is obligated to pay \$875,000 quarterly, totaling \$3,500,000 for the year. The City only paid \$400,000 in 2009 leaving a balance of \$3,100,000 still outstanding. A payment plan has been arranged by the City with the RDA to pay the amounts obligated for 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC (IC) 36-7.5-4-2(c) states in part: ". . . each fiscal officer shall transfer eight hundred seventy-five thousand dollars (\$875,000) to the development authority fund before the last business day of January, April, July, and October of each year . . ."

OVERDRAWN CASH BALANCES

The following lists the funds and overdrawn cash balances at December 31, 2009:

Fund	2009
Major Fund:	
General	\$ 9,794,028
Other Governmental Funds:	
Protective Services Grant I	1,033,929 *
Emergency Shelter	319,738 * #
Health and Human Services	178,475 * #
Cops Technology	65,561 #
Leased Properties - Gary Bldg Corp.	695,441 *
Lead Free 4 Me	3,344 #
CHRP	117,655 #
Lead Base Paint Hazard Control Grant	280 #
Metro Center	1,511
Internal Service Funds:	
Self-Insurance	2,468,775 *
WCI/UCI Benefits	139,208 *

\* - fund has been overdrawn for two or more years

# - reimbursable grant fund

Several of the funds have been overdrawn continuously for two or more years, as identified above.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TEMPORARY TRANSFER OF FUNDS

Various temporary transfers between certain funds have been made and not repaid within the time frame permitted by statute. The following summarizes the temporary transfer activity of the City for 2009:

<u>Loan To</u>	<u>Loan From</u>	Loans Outstanding January 1, 2009	Loans	Repayments	Loans Outstanding December 31, 2009
General	Other governmental funds	\$ 4,055,000	\$3,710,000	\$ -	\$ 7,765,000
	Proprietary funds	12,497,127	-	60,000	12,437,127
Other governmental funds	Gaming Revenues	880,000	-	-	880,000
	Other governmental funds	290,000	-	-	290,000
	All others	37,500	-	37,500	-
Pension trust funds	Other governmental funds	400,000	870,000	1,270,000	-
Proprietary funds	Proprietary funds	<u>2,750,000</u>	<u>3,270,000</u>	<u>650,000</u>	<u>5,370,000</u>
Totals		<u>\$ 20,909,627</u>	<u>\$ 7,850,000</u>	<u>\$ 2,017,500</u>	<u>\$ 26,742,127</u>

Of the amounts outstanding and not repaid by December 31, 2009, \$19,762,127 has been outstanding since 2008 or prior, as noted below:

<u>Receiving Fund</u>	<u>Disbursing Fund</u>	Outstanding Balance
General	Burr Street Project	\$ 55,000
General	Sanitary District	12,437,127
Cumulative Capital Improvement	Burr Street Project	145,000
Cumulative Capital Improvement	Grant/Buchanan Street Project	<u>145,000</u>
Outstanding since 2006		<u>12,782,127</u>
General Fund	Lakefront TIF District	4,000,000
Parks and Recreation	Casino Gaming	250,000
Genesis Convention Center	Casino Gaming	<u>630,000</u>
Outstanding since 2008		<u>4,880,000</u>
Various Sanitary District Funds since 2007	Various Sanitary District Funds since 2007	<u>2,100,000</u>
Total		<u>\$ 19,762,127</u>

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

TEMPORARY TRANSFERS OF FUNDS AT THE SANITARY DISTRICT

Review of the temporary transfers (loans) made in 2009 revealed that nine of them were made from various funds prior to being approved by the governing body. These loans were made anywhere between four to twenty-eight days prior to approval.

Temporary transfers (loans) were made from the Gary Sanitary District (District) to the City in 2006. The due date of these loans was extended through June 30, 2009, by multiple resolutions, each citing an emergency. On July 14, 2009, the District Board approved Resolution 09-12 approving repayment of temporary loans totaling \$12,497,127. Resolution 09-13, also passed on July 14, 2009, issued a loan of \$12,497,127 from Sanitary District Funds Nos. 670, 420, and 435 to the City of Gary. No financial transactions were actually posted to the records regarding these resolutions. The repayment and new loans existed only in the resolutions as there were insufficient funds to make the physical loans. On November 10, 2009, the Board approved Resolution 09-37 authorizing partial payment of \$60,000 which was posted to the financials records of the City and Sanitary District. The District Board issued Resolution 09-43 declaring an emergency and extended the remaining loans until June 30, 2010.

Two other loans were issued in 2007 and extended to 2009. These loans, for \$2,350,000 and \$400,000, were extended to June 30, 2009. On July 14, 2009, the District Board approved Resolution 09-14 and 09-16 authorizing repayment of the loans of \$400,000 and \$2,350,000, respectively. The District Board then approved two more resolutions, 09-15 and 09-17, issuing loans of \$400,000 and \$2,350,000, respectively. No financial transactions were actually posted to the records regarding these resolutions; the resolutions served as the repayment of the existing loan and the new loan made. The District Board approved partial loan repayments totaling \$650,000. These repayments were posted to the financial records and applied to the \$2,350,000 loan during the 2009 year, which reduced the outstanding balance to \$1,700,000. On November 11, 2009, the District Board approved Resolution 09-44 and 09-45 declaring an emergency and extended the loans of \$400,000 and \$1,700,000, respectively, until June 30, 2010.

A similar comment appeared in the prior report.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 36-1-8-4 concerning temporary transfers states in part:

"(a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

On August 3, 2009, the City was charged an overdraft fee of \$5,300 for overdrawing its payroll bank account. The funds necessary to cover the disbursements was transferred late in the business day on July 30, creating the overdraft in the bank account. The City contacted a bank official and was advised that the bank would cover the submitted checks until August 3, when the wire transfer of funds would be processed. Due to this communication with the bank, no service fee should have been charged. The City Controller has been in contact with the bank in 2010 to request reimbursement for the service charge.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

In 2009, the City repaid the outstanding balance of the Tax Anticipation Warrant (TAW) held by Fifth/Third Bank. The TAW had been rolled over from 2008, with approval of the Bank, with the majority of it being paid off in April 2009. The balance of the roll over TAW was not due until June 30, 2009. A payoff request was received on June 26, 2009, which included a late charge of \$23,692.77. Controller's office staff contacted the Bank about removing the charge. The Bank then withdrew the principal and interest repayment on July 1st, from an intercept account. As part of the withdrawal, the Bank also withdrew the late charge. The City Controller has been in contact with the bank in 2010 to request reimbursement for the service charge. On June 14, 2010, the bank sent written notice to the City that the late charge had been inadvertently assessed and a resolution is in progress.

In January 2010, the City was charged late fees of \$78 on a credit card invoice for charges made in October 2009. The City paid the late fees in February 2010.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTS PAYABLE VOUCHERS (CLAIMS)

Contracts

The City contracts with vendors for various goods and services. These contracts required that the vendor submit itemized invoices; however, itemized documentation was not provided. A written contract was not available for one claim paid for snow removal and lawn care.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 5-11-10-1.6(c) states in part: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (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 . . ."

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Other Concerns

The City has not adopted an Ordinance in accordance with Indiana Code 36-1-3 which enables the City to pay for items considered promotional in nature. A similar comment appeared in the prior report.

The City applied to the Distressed Unit Appeals Board (DUAB) of the State for financial relief for 2009. Such relief came in the form of reducing the circuit breaker tax caps imposed by Indiana Statute for the 2008 pay 2009 property taxes. The DUAB report noted that "cost side reduction is the only option to address both circuit breaker caps and to restore fiscal stability."

In 2009, the City spent \$135,308 from the General Fund for "Grants and Subsidies" or promotion of the City. From the Casino Gaming Fund, \$97,979 was spent on promotion of the City. All of the money spent from the Casino Gaming Fund on promotion of the City is at the direction of the Council. In 2009, some of the promotion of the City expenditures included: Donations to various churches, schools and other organizations, including donations toward advertisements in publications and tickets for events such as dinners.

In 2010 (as of April 29, 2010), the City has spent \$1,057 and \$1,000 from the General Fund and the Casino Gaming Fund, respectively, for donations.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. IC 36-10-2-4 and 5 allow cities and towns to establish, aid, maintain, and operate libraries, museums, cultural historical and scientific facilities and programs, community service facilities and programs, neighborhood centers, community centers, civic centers, convention centers, auditorium arenas, and stadiums. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 36-7-2-7 states: "A unit may promote economic development and tourism."

IC 36-7-2-7 allows cities and towns to promote economic development and tourism. Such statute replaced a prior law which authorized cities and towns to budget and appropriate funds from the general fund to pay the expense of, or to reimburse city or town officials as the case may be, for expenses incurred in promoting the best interest of the city or town. Accordingly, a Home Rule ordinance needs to be adopted in accordance with IC 36-1-3 in order to enable a city or town to pay for such expenses. Additionally, an appropriation for such expenses must also be obtained. (Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2005)

STADIUM AGREEMENT AND PAYMENTS

The City (through the Department of Redevelopment) has a resolution (2232) concerning the lease of the baseball stadium. For the purposes of this comment, the other party to the lease will be referred to as the Railcats. The lease states the following:

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Article V.C. "The City shall perform all maintenance, restoration, replacement, and repairs for the Stadium and the Stadium Area . . . as necessary to keep the entire Stadium and Stadium area in very good condition and repair . . ." Article XV.C. states in part: " . . . all costs associated with the use, upkeep, maintenance and replacement of such equipment [certain heavy equipment] shall be at the City's sole cost, whether incurred and to be paid by the City directly, as provided hereunder, or incurred by NSV to be reimbursed by the City, . . ."

In addition to the lease, the City contracted with the Railcats for cleaning the stadium in 2009.

We reviewed the 2009 payments made to the Railcats relating to the lease and contract and noted the following:

1. The Railcats incurred and paid for various costs related to maintenance, restoration, replacement, and repairs for the Stadium and the Stadium Area. The costs included outfield netting, fire protection service agreement, roofing and flashing repairs, painting. These costs, which were incurred throughout the year, were then submitted to the City for reimbursement. The agreement does not provide for the Railcats to perform these duties or to be paid for the related costs, except for certain equipment.
2. Due to the City not performing the maintenance, restoration, replacement, etc; sales tax costs are being incurred by the Railcats and paid for by the City. The largest example observed was due to the purchase of 125 Hinge arm units for the stadium seats. Sales tax on this purchase was \$421.12.
3. Much of the documentation submitted for reimbursement lacked itemized invoices or store receipts. Payments were made based upon credit card statements with hand written notations describing the purpose of the purchase, a letter listing the amounts owed, or a vendor billing without the supporting invoices. Amounts paid by the City without adequate documentation for 2009 totaled \$124,115.23.
4. The Railcats had accounts with Ace Hardware, Allied Waste, and other vendors. Due to late payments to these vendors, finance charges and late payment fees of \$303.72 were incurred by the Railcats and reimbursed by the City. A potential contributing factor to the finance charges is that the City did not approve or make any payments to the Railcats in 2009 until November 18, for expenses incurred since December 2008.
5. The lease (Article VI), provides for the Railcats to maintain field preparation and maintenance and for the City to reimburse the Railcats for all reasonable costs associated with the field. The lease provides for the City to receive an estimated budget for the grounds and for such maintenance costs by March 1 each year. The budget for 2009 was not received until 2010. This noncompliance with the lease prevented responsible City officials from being able to utilize the budget and compare to payments made to determine reasonableness of the reimbursed costs.
6. The City reimbursed the Railcats for compensation for a Manager of Facilities for 2009 and for a Maintenance manager position for 4 months of 2009. These costs are not addressed in the lease or the grounds budget.
7. The 2008 contract for cleaning of the stadium by the Railcats expired December 31, 2008. The 2009 cleaning contract was approved by the Board of Works on October 7, 2009, and the Mayor on November 19, 2009. The approval of the contracts occurred after the performance of the 2009 cleaning services.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 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:

- (1) there is a fully itemized invoice or bill for the claim; . . ."

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### AWARDS OF PUBLIC WORKS CONTRACTS

The bid for the demolition of buildings located at 700 to 718 Broadway was awarded on April 15, 2009, to Investment Recovery, LLC, for \$175,000. The bid package for Investment Recovery did not contain the following:

- (1) Performance bond or irrevocable letter of credit from an Indiana financial institution
- (2) Non-collusion affidavit
- (3) Financial statements

The bid for the roof replacement at the Public Safety Facility was awarded on June 10, 2009, to E.C. Babilla for \$112,497. The bid package for E.C. Babilla did not contain a performance bond or irrevocable letter of credit from an Indiana financial institution.

The board shall award the contract for public work or improvements to the lowest responsible and responsive bidder or the board may reject all bids submitted. [IC 36-1-12-4(b) (8)]

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

In determining whether a bidder is a responsible bidder, the board may consider the following factors:

1. The ability and capacity of the bidder to perform the work.
2. The integrity, character, and reputation of the bidder.
3. The competence and experience of the bidder. [IC 36-1-12-4(b) (11)]

In determining whether a bidder is responsive, the board may consider the following factors:

1. Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.
2. Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.
3. Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract. [IC 36-1-12-4(b)(10)]

For public works contracts of less than two hundred fifty thousand dollars (\$250,000), the board may waive the performance bond requirement and accept from a contractor an irrevocable letter of credit for an equivalent amount from an Indiana financial institution instead of a performance bond.

[IC 36-1-12-14(h)]

The board shall require the bidder to submit an affidavit that the bidder has not entered into a combination or agreement:

1. Relative to the price to be bid by a person;
2. To prevent a person from bidding; or,
3. To induce a person to refrain from bidding and that his bid is made without reference to any other bid. [IC 36-1-12-4(b)(12)]

Section III, Contractor's Financial Statement, of General Form 96 states: "Any bid submitted without said financial statement as required by statute shall thereby be rendered invalid."

Bids shall be submitted on prescribed General Form 96 (Bid for Construction). (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

[IC 36-1-12-4(b)(7)]

#### INVESTMENT MATURITY LIMITATIONS

The City's Landfill trust account has purchased 15 investments totaling \$836,282.35, which have a stated maturity date in excess of two years.

IC 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

VENDING CONTRACT

A vending contract was entered into for the sale of tee shirts for the Michael Jackson Memorial event held at the baseball stadium. The contract was signed by the Mayor and was not presented to and/or awarded by the Board of Works.

The vending contract provided for the payment of a \$1,500 advance to the City in exchange for exclusive vending rights inside the stadium. According to the contract this payment was considered a donation and was receipted into the Mayor Donations Fund. Since the payment was in exchange for usage of City property, it should have been receipted into the General Fund of the City.

The contract required the vendor to provide sales revenue amounts to the City, as the City could receive additional funds if enough tee shirts were sold. Sales figures were not provided to the City until inquiry during the audit.

IC 36-9-6-2 states in part: ". . . the works board shall supervise the streets, alleys, sewers, public grounds, and other property of the city . . ."

GAAFR (Governmental Accounting, Auditing and Financial Reporting) defines the General Fund as the fund used to account for all financial resources except those required to be accounted for in another fund. The General Fund is the general operating fund of the municipality. Tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures of the municipality are paid from the General Fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3)

DONATIONS

The City issued a receipt for a \$20,000 donation in September 2009. The donation was made to the City by Meyer Waste Systems (d/b/a Able Disposal which is a subsidiary of Republic Services). No written documentation was provided by the City regarding the intent or purpose of the donation. Oral instruction regarding the donation was later provided. The City has several donation funds. This donation was receipted into the Mayor Donations Fund.

Additionally, a \$36,500 donation was received on June 4, 2009, from the Embassies of Christ (a local religious organization). This was receipted into the Police Donation Fund. No written documentation was provided to the City regarding the intent or purpose of the donation, although there was oral instruction obtained later regarding its use for police purposes.

Due to the lack of written documentation by donors, the City does not have the ability to ensure that these donations were spent in accordance with the donor's wishes or if they were receipted into the proper fund. The City does not have a procedure to formally accept and document the purpose of donations received.

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

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Following is a brief list of procedures to be followed by city and town officials in receiving and accounting for monetary contributions, donations, or gifts received by the municipality. (Since the term "donation" in this instance is synonymous to "contribution" and "gift" that term will be used.)

1. Unrestricted donations are defined as those to which the donor has not attached terms, conditions, or purposes.
2. Restricted donations are defined as those to which the donor has attached terms, conditions, or purposes.
3. The governing body of the unit has the option and responsibility to either accept or reject, in writing, any proposed donation.
4. If the donation is a restricted donation, the board must agree, in writing, to the terms, conditions, or purposes attached to the proposed donation.
5. Restricted donations can only be accepted for purposes within the scope of general statutory authority.
6. Income or revenues in the form of tax distributions, tax receipts, fees, rentals, contractual payments, etc., are not to be considered donations.
7. Donations which are accepted must be handled in one of the two following methods:
  - A. Unrestricted donations shall be receipted into the applicable operating fund of the unit (i.e., city or town operating (general) fund; cemetery operating fund, park and recreation operating fund, airport operating fund, etc.). Expenditure of such donated revenue from the operating fund shall be made only after an appropriation has been provided for the purpose of the expenditure. Claims must be filed and approved in the regular legal manner.
  - B. A restricted donation shall be placed into a separate fund after such fund is established by the legislative body of the unit. Any appropriate descriptive name may be given the donation fund. The donation can be expended only for the purpose and under the terms and conditions agreed to on accepting the donation.

Pursuant to Attorney General Official Opinion No. 68 of 1961, no further appropriation is required for expenditure of a restricted donation for the designated purpose. Even though no further appropriation is required, claims must be filed and approved in the regular legal manner before disbursements can be made from the fund. (The Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2006)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Gary Commission for Women, a department of the City of Gary, did not comply with the directives of the Indiana Family and Social Services Administration for grant F1-0-45-10-86-0732. The City received grant funding on October 15, 2009, and November 25, 2009, totaling \$4,205 into fund 222, department 365. The grant is a reimbursement grant. As of December 31, 2009, the ledger for fund 222, department 365 reflected that these grant funds had not been disbursed. The grant agreement states

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

under section 6(a): "Funding shall be paid to Grantee as a reimbursement for authorized expenses incurred pursuant to this grant agreement . . . Grantee must maintain and implement written procedures to minimize the time elapsing between the transfer of funds to Grantee and Grantee's issuance or redemption of checks, warrants or payments by other means for project purposes."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EMPLOYEE SERVICE RECORDS

The Collective Bargaining Agreement between the City of Gary and the American Federation of State, County, and Municipal Employees, Council 62 Local 3491-01 Article 12.2 states, "Employees shall earn one sick day per calendar month. Unused sick leave will continue to be available to employees as long as they are employed in a full time capacity." Article 9 states: "Employees shall be entitled to vacations in accordance with the following schedule:"

<u>Years:</u>	<u>Working Days Per Year</u>
1-5	10
6-10	15
11-20	20
21+	25

(For some departments, such as Police and Fire, a different policy is in place with varying leave accrual rates.)

Employee earnings records show that the City is not complying with the leave policy. Some employees are credited with vacation leave earned all in one month, while the majority earns the leave monthly. This is also true for sick leave accruals. Also, we observed two employees in the Animal Control Department that had sick leave balances in excess of 90 days when the accrual limit is 90 days.

In a sample of 10 new hires in 2009, 50% of the Employee Service Records were not presented for audit. As a result, we could not determine if the Employee Service Records were properly maintained for those new employees.

According to City officials, at the end of year all Employee Service Records are to be returned to the Human Resources Department. None of the 2009 Employee Service Records had been filed with the Human Resources Department, but many of the Employee Service Records provided for audit were obtained from the Deputy Mayor's office. Several departments did not provide the records to either the Human Resources Department or to the Deputy Mayor's office, including the Police Department (officers), Street Department, and Fire Commission.

Some employees are not maintaining time sheets or employee service records as required, such as the Pauper Attorney and the City Code Referee. Additionally, employee service records are not being maintained for part-time employees.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Thirty-seven percent of Employee Service Records were provided for audit.

A similar comment appeared in the prior report.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

This form (Employee's Service Record General Form No. 99A) must be kept by each office or department for each employee in order to properly prepare "Payroll Schedule and Voucher, General Form No. 99." It is to reflect the hours or days worked, sick leave, vacation and days lost. It may also be used to comply with the requirements of IC 5-11-9-4 regarding recording hours worked each day by an employee. It is suggested that these be arranged alphabetically in a binder.

In those few instances where elected officials choose to be included in an employee benefit policy (and were included in the authorizing ordinance), the officials must maintain proper attendance records (the same as all other city and town employees). (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

#### FIRE DEPARTMENT PAYROLL RECORDS

The Fire Department had a Division Chief retire on August 8, 2009. An Employee Service Record for this employee was not presented for audit. According to City officials, termination benefits were not paid upon his retirement because his leave time was completely depleted during 2009. The City uses a "Payroll Earnings Forecast" report at the department level to report any changes in pay by employee for that pay date. The report then goes to the Finance Department to enter into the computer system. Payroll Earnings Forecast reports were reviewed for the three pay dates in 2009: July 3, July 17, and July 31. The Fire Department does not record leave used on the form as it was designed. For each of those July pay dates, the Payroll Earnings Forecast shows for the Division Chief: 80 hours of regular work with no leave taken and leave balances of five sick and 128 vacation days. Due to the lack of records, we were unable to determine if this employee used leave time during the year or had leave time to use.

IC 5-15-6-3(f) concerning destruction of public records states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

SALARY ORDINANCE

Salaries were not established by ordinance for the following departments:

Supplemental Adult Probation (242)  
Administrative Office (2106)

The portion of the Mayor's salary, as well as a portion of the salaries of other City officials and employees, which is paid by the Sanitary District, was not approved by the City Common Council (Legislative Body).

The union agreement with the Firefighters had an effective date of January 1, 2003 through December 31, 2003. A new contract has not been negotiated therefore the City is continues to comply with the provisions of the expired contract.

A similar comment appeared in the prior report.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 36-4-7-3 (b) states in part: "Subject to the approval of the city legislative body, the city executive shall fix the compensation of each appointive officer, deputy, and other employee of the city."

IC 36-4-7-5 states: "Salaries of city officers and employees shall be scheduled as provided in the budget classifications prescribed by the State Board of Accounts."

IC 36-8-3-3 (d) states in part: "The annual compensation of all members of the police and fire departments and other appointees shall be fixed by ordinance of the legislative body not later than September 30 of each year for the ensuing budget year. The ordinance may grade the members of the departments and regulate their pay by rank as well as by length of service."

IC 36-4-7-4 states: "(a) Subject to the approval of the city legislative body, the city executive may provide that city officers and employees receive additional compensation for services that: (1) are performed for the city, (2) are not governmental in nature; and (3) are connected with the operation of a municipally owned utility or function. (b) Subject to the approval of the executive and legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

CITY OF GARY  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

APPROPRIATIONS

The General Fund is budgeted by department. Although the General Fund as a whole did not exceed available appropriations, the following departments' disbursements were in excess of budgeted appropriations within the General fund:

Department	2009
Law	\$ 66,448
Controller	717,275
Fire	17,088
Youth Services	3,439

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DISBURSEMENTS WITHOUT APPROPRIATIONS – SANITARY AND STORM WATER DISTRICTS

The following funds had disbursements in excess of budgeted appropriations for some Gary Sanitary District (GSD) and Gary Storm Water Management District (GSWMD) funds:

Fund/Fund Number	Amount
Debt Service - GSD 371	\$ 203,485
Sewer Operating - GSD 671	135,702
Solid Waste Disposal - GSD 672	56,211
StormWater Management District - GSWMD	128,229

The appropriations reduced by the Distressed Unit Appeals Board (DUAB) were not posted to the Ledger. This resulted in disbursements in excess of the modified appropriations.

GSD Debt Service (Fund 371) had \$41,864 and GSD Solid Waste Disposal (Fund 672) had \$178,422 in interest on tax anticipation loans recorded to an unappropriated budget line item. Only the principal repayment of temporary loans is allowed to be posted to the unappropriated line.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

In some instances statutory authority is given to the city or town fiscal officer to make disbursements without an appropriation having been previously made for the specific purpose.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Examples are as follows:

1. Premiums on official bonds. (IC 5-4-5-3)
2. Purchased meals, lodging, and mileage for conferences called by the State Board of Accounts. (IC 5-11-14-1)
3. Federal and State grants, if advanced and not received as a reimbursement of expenditures.
4. Refund of money erroneously received. (IC 6-1.1-18-9)
5. Correction of errors in posting. (IC 6-1.1-18-9)
6. Investment of funds.
7. Repayment of temporary loans.
8. City and town user fee fund disbursements. (March 2000 Cities and Town Bulletin, page 4)
9. Establishment of a cash change fund. (IC 36-1-8-2)
10. Establishment of a petty cash fund. (IC 36-1-8-3) (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2000)

PURCHASING PREFERENCES

The Sanitary District Board and the Redevelopment Commission Board used purchasing preferences to award contracts to Gary-owned businesses. City Ordinance Number 6972 (and Gary Sanitary District Resolution 2113) states in Section 6(e) that "in evaluating the price of any vendor's or contractor's bid or proposal for goods or services, the bids or proposals shall be evaluated as though the prices proposed or bid by a Gary business were ten percent (10%) lower than actually proposed or bid. The said preference may not exceed ten percent (10%) of the total amount of the lowest, most responsible and most responsive bid by a Gary business. The Gary Board of Public Works shall adjust the lowest, most responsible, most responsive bid by a Gary business and if after said adjustment, a Gary business is the lowest, most responsible and most responsive bid, the Gary Board of Public Works may award said contract to the said Gary business, at the price originally bid." Section 6(f) states that "other departments, divisions, components and agencies of the City of Gary letting contracts shall follow the procedures outlined in Section 6(e) above." A similar comment appeared in prior reports.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 5-22-15-7 states:

"(a) An offeror may claim one of the following types of preference for which the offeror is eligible:

1. An Indiana business preference under rules adopted under IC 5-22-15-20 or IC 4-13.6-6-2.5.
2. A preference for supplies as provided by sections 16, 18, and 19 of IC 5-22-15.
3. An Indiana small business preference as provided by section 23 of IC 5-22-15.

(b) An offeror may not claim more than one preference as provided by sections 16, 18, and 19 of IC 5-22-15 for a given supply item."

COLLECTION OF AMOUNTS DUE – SANITARY DISTRICT

As noted in the prior reports, the Gary Sanitary District (District) entered into contractual agreements with other governmental agencies for the repayment of a State Revolving Fund Loan. The District has not collected the agreed upon capital contributions for the repayment of the loans from the Hobart Sanitary District and the City of Lake Station. The District, as of December 31, 2009, is owed \$688,216.10 (including \$55,057.29 in additional interest for late payment) by the Hobart Sanitary District. As of December 31, 2009, the City of Lake Station owes \$102,291.08 (including \$7,577.12 in additional interest for late payment) to the District.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

STATE REVOLVING FUNDS (SRF) – RECORDING OF  
DRAWDOWNS NOT TIMELY – SANITARY DISTRICT

The District made 35 SRF drawdown requests from the 2000 SRF Loan throughout the year 2009. These drawdowns, for the payment of project costs, were from February to December, totaling \$1,168,849. These drawdowns were recorded as one transaction on December 31, 2009, up to 10 months after the first drawdown request.

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

INTERNAL CONTROLS - FIRE PENSION

Controls over the disbursing, recording, and accounting for the financial activities were insufficient. Two of the death benefits paid, which were recorded in the fire pension fund, should not have been posted to the fund. These disbursements posted in error were for retired police officers death benefits and should have been posted to the police pension fund.

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK DEPARTMENT INTERNAL CONTROLS

Prenumbered tickets are used as the receipt for parking. These tickets are not issued in numerical order; therefore, we could not verify the accountability of parking revenue.

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

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

METRO CENTER BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not performed for 2009.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

METRO CENTER LEDGER OF RECEIPTS, DISBURSEMENTS, AND BALANCES

The Metro Center does not use the prescribed City or Town Form 208, Ledger of Receipts, Disbursements and Balances, or an approved alternative form to account for the activity of the Metro Center. A spreadsheet is used that shows monthly revenue and expenses and a net profit/loss amount; however, no monthly cash balance is calculated.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

METRO CENTER RECEIPTS

The parking system at the Metro Center is operated on the honor system. There is no penalty if parking fees are not paid. There are three boxes where parking patrons can pay by placing a \$1 in the box that matches their parking place. Collection sheets are prepared for weekday parking fees. Collection sheets are not prepared on weekends or holidays but on the following business day. Parking tallies are calculated based on the number of parking slots used. The parking collections are usually greater than the parking tallies because weekend and holiday tallies cannot be calculated and some slots are being used more than once in a day.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Gary (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

Except as discussed in the following paragraphs, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item 2009-2 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding matching that are applicable to its Brownfields Assessment and Cleanup Cooperative Agreements. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

As described in item 2009-3 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding procurement, and suspension and debarment that are applicable to its Public Safety Partnership and Community Policing Grants. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraphs, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2009-2 and 2009-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-3, to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, the Board of Sanitary Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 24, 2010

CITY OF GARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Pass-Through Indiana Department of Education Child Nutrition Cluster Summer Food Service Program for Children	10.559		\$ 181,790
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Grant CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-18-0005 B-07-MC-18-0005 B-08-MC-18-0005 B-09-MC-18-0005	43,229 1,318,667 2,031,401 1,095,701 <u>4,472,488</u>
Total for cluster			<u>4,472,488</u>
Direct Grant Emergency Shelter Grants Program	14.231	S-08-MC-18-0005 S-09-MC-18-0005	43,290 116,004 <u>159,294</u>
Total for program			<u>159,294</u>
Direct Grant Supportive Housing Program ARK Renewal Grant	14.235	IN36B702036	<u>138,066</u>
Direct Grant HOME Investment Partnerships Program	14.239	M-05-MC-18203 M-06-MC-18203 M-07-MC-18203 M-08-MC-18203 M-09-MC-18203	13,115 25,000 68,087 171,062 63,574 <u>340,838</u>
Total for program			<u>340,838</u>
Direct Grant Neighborhood Stabilization Program	14.256	B-08-MN-18-0005	<u>40,481</u>
Direct Grant Fair Housing Assistance Program - State and Local	14.401	FF205K085012	<u>33,600</u>
Direct Grant ARRA - Lead-Based Paint Hazard Control In Privately-Owned Housing	14.907	INLHB041908	<u>110,728</u>
Total for federal grantor agency			<u>5,295,495</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Grant Federal Equity Sharing	16.XXX		<u>17,352</u>
Direct Grant Edward Byrne Memorial Formula Grant Program	16.579		<u>69,345</u>
Direct Grant ARRA - Public Safety Partnership and Community Policing Grants COPS Hiring Recovery Program (CHRP)	16.710	2009-RKWX-0345	<u>117,655</u>
Direct Grant Public Safety Partnership and Community Policing Grants Technology Grant Technology Grant Technology Grant	16.710	2004-CKWX-0085 2005-CKWX-0024 2008-CKWX-0287	349,821 131,125 377,988 <u>858,934</u>
Total for program			<u>858,934</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	08VA077 08VA166	26,072 55,590 <u>81,662</u>
Total for program			<u>81,662</u>
Total for federal grantor agency			<u>1,127,596</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass-Through Indiana Department of Transportation Recreational Trails Program Gary Green Link	20.219	IN76 (001)	<u>258,877</u>

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

CITY OF GARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	5FPSLP0157	<u>33,546</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Community Action for a Renewed Environment (CARE) Program	66.035	RE 00E32801-0	<u>68,828</u>
Direct Grant			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-00E30201-0	<u>50,206</u>
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		118,605
Brownfield Cleanup Revolving Loan Fund (BCRLF)		BF-965222-01	57,495
Hazardous Substance and Petroleum Assessment		BF-00E470601-0	<u>42,375</u>
Petroleum Assessment			
Total for program			<u>218,475</u>
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458	CS 18225801	<u>421,603</u>
Total for federal grantor agency			<u>759,112</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Public Health Emergency Preparedness	93.069	5U90TP517024-09 (196-15) 5U90TP517024-09 (196-14) H1N1-196-66	31,535 10,000 <u>98,057</u>
Total for program			<u>139,592</u>
Pass-Through Indiana Department of Health			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52/CCU500520-23-4 TB 196-3	<u>38,689</u>
Pass-Through Indiana Department of Health			
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	CLP 775-2 07-01-08 to 06-30-09	<u>109,902</u>
Pass-Through Indiana Family and Social Services Administration			
Social Services Block Grant	93.667	Title XX (45-07-5B-0732)	<u>29,195</u>
Pass-Through Indiana Family and Social Services Administration			
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	D3-10-4828	<u>23,079</u>
Pass-Through Indiana Department of Health			
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	AIDS 196-8	<u>23,691</u>
Pass-Through Indiana Department of Health			
Block Grants for Prevention and Treatment of Substance Abuse Prenatal Substance Abuse Prevention	93.959	PSUP 775-1 07-01-08 to 06-30-09 PSUP 775-1 07-01-09 to 06-30-10	60,212 <u>39,881</u>
Total for program			<u>100,093</u>
Pass-Through Indiana Department of Health			
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	H25/CCH504340-15-3 196-4	<u>98,951</u>
Pass-Through Indiana Family and Social Services Administration			
Preventive Health and Health Services Block Grant Sexual Offense Services	93.991	45-10-86-0732 7/1/09 to 6/30/10	<u>4,205</u>
Pass-Through Indiana Department of Health			
Maternal and Child Health Services Block Grant to the States	93.994	6 B04 MC 06559-01	<u>122,727</u>
Total for federal grantor agency			<u>690,124</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Lake Area United Way			
Emergency Food and Shelter National Board Program	97.024	LRO ID# 271600-005	<u>2,077</u>
Total federal awards expended			<u>\$ 8,365,969</u>

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

CITY OF GARY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Gary (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	2009
Community Development Block Grants/Entitlement Grants	14.218	\$ 210,160
Emergency Shelter Grants Program	14.231	159,294
HOME Investment Partnerships Program	14.239	19,129

III. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2009. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>\$ 715,960</u>

CITY OF GARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified for all programs except Brownfields Assessment and Cleanup Cooperative Agreements and Public Safety Partnership and Community Policing Grants

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.907	CDBG – Entitlement Grants Cluster Lead-Based Paint Hazard Control in Privately Owned Housing (ARRA)
16.710	Public Safety Partnership and Community Policing Grants (ARRA)
16.710	Public Safety Partnership and Community Policing Grants
66.818	Brownfields Assessment and Cleanup Cooperative Agreements
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, REPORTING, LEAD-BASED PAINT HAZARD CONTROL  
IN PRIVATELY OWNED HOUSING (ARRA)

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Lead-Based Paint Hazard Control in Privately Owned Housing  
CFDA Number: 14.907  
Award Number: INLHB041908

Quarterly Progress Reports (Form HUD-96006) filed with the U.S. Department of Housing and Urban Development (HUD) contain a part 3 on financial reporting which includes a column for amounts for the negotiated budget. The reported amounts for the negotiated budget on the quarterly progress reports did not agree with the grant application detailed budget worksheet (HUD-424-CBW) or the Request Voucher for Grant Payment (HUD 27053). We could not determine which report contained the correct budget amounts as all three reports were different for the budget categories reported.

The quarterly progress reports also reported an approved Line of Credit Control System (LOCCS) drawdown for the period, cumulative LOCCS drawdowns to date, and the available grant balance. These reports contained inaccurate information. No oversight was performed to verify that the correct amounts were reported. The quarterly progress reports were not completed for the activity for the quarter as required; instead, only one day's activity was reported which was abstracted from the last drawdown request for the quarter. The amounts reported as the cumulative LOCCS drawdowns to date were mathematically incorrect and did not agree with the Request Voucher for Grant Payment report. The errors also caused the available grant balance reported to be inaccurate.

24CFR 85.20, Standards for financial management systems, states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that the City establish procedures to ensure that required reports are accurate and based upon reliable financial information. In addition, a review of reports should be performed before they are submitted.

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

FINDING 2009-2, CONTROLS OVER MATCHING REQUIREMENTS,  
BROWNFIELDS CLEANUP REVOLVING LOAN FUND

Federal Agency: U.S. Environmental Protection Agency  
Federal Program: Brownfields Assessment and Cleanup Cooperative Agreements  
CFDA Number: 66.818  
Award Number: BF965222-01-0

The City, Empowerment Zone, and Gary Sanitary District were to provide \$50,000 each to meet \$150,000 of the \$200,000 required local match for the Brownfields Cleanup Revolving Loan Fund grant. The remaining \$50,000 match was provided through in-kind (hours worked, travel, and administrative costs) contributions of the Empowerment Zone. On August 25, 2009, the City issued a purchase order for \$50,000 for their local match but on November 5, 2009, the purchase order was cancelled effective August 25, 2009. None of the \$150,000 local match was provided in 2009. On January 25, 2010, a new purchase order was issued for \$52,640.14 for the cash match, but as of May 12, 2010, the disbursement had not been made.

CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act) 104(k)(9)(B)(iii) requires the recipient of this cooperative agreement to pay a cost share (which may be in the form of a contribution of money, labor, material, or services from a non-federal source) of at least 20 percent (i.e., 20 percent of the total federal funds awarded).

We recommended that the City expend or transfer their required local match for the grant.

FINDING 2009-3, PROCUREMENT, SUSPENSION AND DEBARMENT –  
COPS TECHNOLOGY GRANT

Federal Agency: U.S. Department of Justice  
Federal Program: Public Safety Partnership and Community Policing Grants  
CFDA Number: 16.710  
Award Number: 2004-CKWX-0085

Procurement

The Police Department has controls over procurement procedures. The controls were not effective since an equipment procurement using written quotes occurred when competitive bidding was required. A purchase was made of 65 laptop computers for squad cars for \$265,716 using Community Oriented Policing (COPS) Technology Grant funds.

28 CFR 66.36 (b) procurement standards states in part: "(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

IC 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article." IC 5-22-7-2 (a) states: "A purchasing agent shall issue an invitation for bids."

IC 5-22-8-3 states in part: "(a) This section applies only if the purchasing agent expects the purchase to be: (1) at least fifty thousand dollars (\$50,000); and (2) not more than one hundred fifty thousand dollars (\$150,000). (b) A purchasing agent may purchase supplies under this section by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased."

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

Since the controls in place for procurement by the Police Department were not effective as designed, purchases were made from federal funds without following the proper bidding procedures. This could result in the loss of federal funds to the Police Department and the City.

We recommended that the Police Department officials review and implement controls for procurement to prevent the potential of a vendor from being paid from federal funds without following the proper bidding procedures, when required.

Suspension and Debarment

The Police Department does not have a system in place for determining whether or not a vendor has been excluded from doing business with the Federal Government.

28 CFR 66.35 states: "Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

The lack of control allows for the potential of a suspended or disbarred vendor doing business with the Police Department and being paid from federal funds, which could result in the loss of federal funds to the Police Department and the City.

We recommended that the Police Department officials design and implement controls to prevent the potential of a disbarred or suspended vendor from being paid from federal funds.



**City Of Gary**

**Department of Finance**

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Mayor

M. CELITA GREEN

Director of Finance

GERALDINE B. TOUSANT

Deputy Mayor

MICHELE ROBY

Chief Accountant

**SUMMARY OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2008 -1 REPORTING, COMMUNITY DEVELOPMENT BLOCK GRANTS**

**Federal Agency:** U. S. Department of Housing and Urban Development

**Federal Program:** Community Development Block Grants

**CFDA Number:** 14.218

**Award Numbers:** B-05-MC-18-0005, B-06-MC-18-0005, B-07-MC-18-0005, B-08-MC-18-0005

**Auditee Contact Person:** M.Celita Green

**Title of Contact Person:** Director of Finance

**Response:** In accordance with HUD Section 6002 Section 3 Reports, in accordance with 24 CFR section 135.(3), 135.90 and 570.607; Summary Report, Economic Opportunities for Low and very Low Income persons (OBM No. 2529-0043), Community Development Construction Department will include a copy of the Section 3 Plan for the City of Gary Department of Community Development to all General Contractors seeking bid packages with regard to housing rehabilitation, construction, renovation, accordingly, as funded through Community Development Block Grant dollars. Further Community Development will forward to the U.S. Department of Housing and Urban Development (HUD) Section 3 Summary Report, Economic Opportunities for Low and very Low Income persons (OBM No. 2529-0043), quarterly, copy of said submission in each file for audit review. This procedure will take effect immediately, Commencing August 2009.

**Follow up Response May 10, 2010:** City of Gary Section 3 Action Plan has been distributed to each General Contractor requesting with bid packages for Community Development Block Grant Funds utilized for Housing Repair Services. (See attached Section 3 Action Plan); Further each contract awarded contained Section 3 Clauses as required under Section 3 of the Housing and Urban Development Act of 1968, amended, 12 U.S.C. 1701(u) (Section ), shown on page 25 Section 48.

In conclusion Section 3 Reporting was submitted to the Office of Housing and Urban Development as per agreed, however, Mr. Bruce E. Bailey, Program Analyst, US Department of Housing and Urban Development (FHEO) Economic Opportunity Division, Washington, D.C. office, specified that because the City of Gary is an entitlement City, we are not required to report quarterly; we are required to report annually, this annual report was submitted December 9, 2009.

  
M. Celita Green, Director of Finance

5/13/2010  
Date



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**SUMMARY OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2008 -2 SUB-RECIPIENT MONITORING, COMMUNITY DEVELOPMENT BLOCK GRANTS**

**Federal Agency:** U. S. Department of Housing and Urban Development

**Federal Program:** Community Development Block Grants

**CFDA Number:** 14.218

**Award Numbers:** B-05-MC-18-0005, B-06-MC-18-0005, B-07-MC-18-0005, B-08-MC-18-0005

**Auditee Contact Person:** M.Celita Green

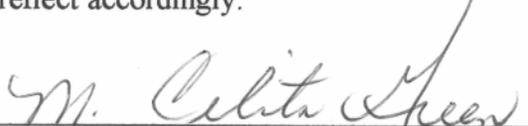
**Title of Contact Person:** Director of Finance

**Response:** The Department of Community Development in accordance with all sub-recipient agreements/payments in accordance with the Accounting and uniform Compliance Guidelines Manual for Cities and Towns Chapter &; 24 CFR 84.51 (a) and 84.26 (a) (1) (b) and requirements contained in the Singles Audit Act of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133; the Department of Community Development Fiscal Manager/payment processor must have the initials of the monitor/compliance officer prior to payment on any sub grantee/recipient agreement. The initials of the monitor/compliance officer will only appear if the sub grantee/recipient is current on their monitoring reporting.

Further, no payment package will be processed in the name of any individual person. All payment packages must be processed in the name of the grantee and/or recipient, and/or agency to assure adherence to guidelines and administration controls over sub recipients monitoring.

**Follow-up Response:** Currently all payment packages are submitted to the program monitor and/or compliance manager and are inclusive of the initials of the program monitor and/or the compliance manager prior to being processed through the Fiscal Department.

Also the contract between the City of Gary Department of Community Development and Gary Human Relations Commission (Anti-Redlining) and Rita Jackson (hereinafter referred to as "Sub-recipient"), was amended by the City of Gary Law Department to reflect accordingly.

  
M. Celita Green, Director of Finance

5/13/2010  
Date



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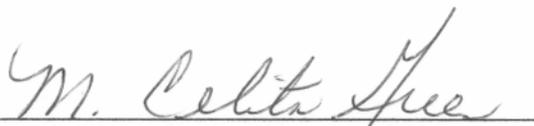
## SUMMARY OF PRIOR AUDIT FINDINGS

### FINDING NO. 2008 -3 DAVIS-BACON REQUIREMENTS, BROWNFIELDS CLEANUP REVOLVING LOAN FUND

**Federal Agency:** U. S. Environmental Protection Agency  
**Federal Program:** Brownfields Cleanup Revolving Loan Fund  
**CFDA Number:** 66.818  
**Award Numbers:** BF965222-01-0

**Auditee Contact Person:** M.Celita Green  
**Title of Contact Person:** Director of Finance

1. **COMMUNICATION/INFORMATION**  
Upon receipt of the BCRLF Application, the Empowerment Zone will contact the Compliance Officer for compliance monitoring of the BCRLF project to ensure federal prevailing wage rates are paid. The Compliance Officer will be required to provide all compliance monitoring information to the Empowerment Zone and Department of Environmental Affairs.
2. **BCRLF APPLICATION/INFORMATION**  
The BCRLF Application will state the requirement to pay federal prevailing wages for construction, repair, or alteration work funded in whole or in part by the BCRLF. The BCRLF Application will require the applicant to provide prevailing wage information on the application and with invoices. The applicant will be required to submit a signed Statement of Compliance with the invoices submitted for loan draws.

  
M. Celita Green, Director of Finance

5/13/2010  
Date



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Director of Finance

MICHELE ROBY

Chief Accountant

## SUMMARY OF PRIOR AUDIT FINDINGS

### FINDING NO. 2008 -4 CONTROL OVER MATCHING REQUIREMENTS, BROWNFIELDS CLEANUP REVOLVING LOAN FUND

**Federal Agency:** U. S. Environmental Protection Agency

**Federal Program:** Brownfields Cleanup Revolving Loan Fund

**CFDA Number:** 66.818

**Award Numbers:** BF965222-01-0

**Auditee Contact Person:** M.Celita Green

**Title of Contact Person:** Director of Finance

1. LOG

The Department of Environmental Affairs and Empowerment Zone will institute the use of a BCRLF Project Log which will serve as the detailed record used to track in-kind contributions of time.

2. IN-KIND CONTRIBUTION/MATCH REQUIREMENT

An in-kind contribution of \$50,000 is required to meet the match requirement. The in-kind contribution is being met based on time spent working with the BCRLF. For hours worked, the cost per hour used to determine the value of the in-kind contribution is \$30. The value of the in-kind contribution is calculated based on the average cost per hour (based on the salaries of the City of Gary and Empowerment Zone staff) multiplied by the number of hours donated to the project. Other items such as travel, supplies, and contractual services can be included as in-kind contributions.

3. CASH MATCH REQUIREMENT

As of January 20, 2010, the City of Gary has encumbered \$52,460.14 to pay the city's share of the of cash match in 2010. We will continue to work with the Gary Sanitary District and Economic Development on confirming when new cash match will be made available.

  
M. Celita Green, Director of Finance

5/13/2010  
Date



# City Of Gary

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### SUMMARY OF PRIOR AUDIT FINDINGS

#### FINDING NO. 2008 -5 SPECIAL TESTS AND PROVISIONS REQUIREMENTS, BROWNFIELDS CLEANUP REVOLVING LOAN FUND

**Federal Agency:** U. S. Environmental Protection Agency

**Federal Program:** Brownfields Cleanup Revolving Loan Fund

**CFDA Number:** 66.818

**Award Numbers:** BF965222-01-0

**Auditee Contact Person:** M.Celita Green

**Title of Contact Person:** Director of Finance

1. COMMUNICATION/INFORMATION

Upon receipt of the BCRLF Application, the Empowerment Zone will contact the Compliance Officer for compliance monitoring of the BCRLF project to ensure that procurement efforts include MBE and WBE participation. The Compliance Officer will be required to provide all compliance monitoring information to the Empowerment Zone and Department of Environmental Affairs.

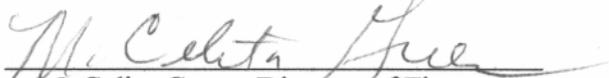
2. BCRLF APPLICATION/INFORMATION

The BCRLF Application will state the requirement to implement procurement efforts that include MBE and WBE in the BCRLF project bid process. The BCRLF Application will require the applicant to provide MBE and WBE information on the application.

#### GENERAL

1. In cases where the potential applicant has not started the BCRLF Application process nor the project bid process the Empowerment Zone and Department of Environmental Affairs will inform the potential applicant of the necessity to pay prevailing wage rates and that procurement efforts must include MBE and WBE project participation.

2. The BCRLF has loaned funds for one project. For this project prevailing wage rate and MBE/WBE project participation information will be obtained and included in the project documentation.

  
M. Celita Green, Director of Finance

5/13/2010  
Date



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**CORRECTIVE ACTION**

**FINDING NO. 2009 -1 REPORTING, LEAD-BASED PAINT HAZARD CONTROL IN PRIVATELY OWNED HOUSING (ARRA)**

**Federal Agency:** U. S. Department of Housing and Urban Development  
**Federal Program:** Lead – Based Paint Hazard Control in Privately Owned Housing  
**CFDA Number:** 14.907  
**Award Numbers:** INLHBO419-08

**Auditee Contact Person:** M.Celita Green  
**Title of Contact Person:** Director of Finance

The lead grant technical representative has been contacted so that the updated negotiated budget can be placed on the HUD Quarterly Progress Reporting System. This is the first step in ensuring consistency between the negotiated budget, the detailed budget worksheet (HUD424-CBW) and the Voucher Payment Request documents.

Internal checks and balances put in place to ensure proper recording and reporting of program expenditures are:

The creation and maintenance of an excel formatted internal budget, expenditure & voucher report. The monthly generated YTD report would detail all expenditures and provide current line item balances.

- Reconciliation of internal report with citywide RDS.
- Reconciliation of LOCCS drawdown documents.
- We are certain that the corrective actions taken will eliminate future discrepancies of this nature.

  
M. Celita Green, Director of Finance

  
Date



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**CORRECTIVE ACTION**

**FINDING NO. 2009 -2 CONTROL OVER MATCHING REQUIREMENTS,  
BROWNFIELDS CLEANUP REVOLVING LOAN FUND**

**Federal Agency:** U. S. Environmental Protection Agency  
**Federal Program:** Brownfields Cleanup Revolving Loan Fund  
**CFDA Number:** 66.818  
**Award Numbers:** BF965222-01-0

**Auditee Contact Person:** M.Celita Green  
**Title of Contact Person:** Director of Finance

1. **CASH MATCH REQUIREMENT**

The amount of \$52,460.14 has been encumbered to pay the city's share of the of cash match in 2010. The status of receiving the remaining \$100,000 is unknown.

We will continue to work with the Gary Sanitary District and Economic Development on confirming when a new cash match will be made during the year.

  
\_\_\_\_\_  
M. Celita Green, Director of Finance

  
\_\_\_\_\_  
Date



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## CORRECTIVE ACTION

### FINDING 2009-3 PROCUREMENT, SUSPENSION AND DEBARMENT - COPS TECHNOLOGY GRANT

**Federal Agency:** U S Department of Justice

**Federal Program:** Public Safety Partnership and Community Policing Grants

**CFDA Number:** 16.710

**Direct Grant**

**Award Number:** 2004-CKWX-0085

#### Procurement

The Police Department will continue to make provision to follow the official State and City procurement procedures regarding the bidding process which govern compliance with Federal grant funding when required.

The Chief of Police - Supportive Services unit and the Department of Public Works will assure that all purchases dealing in the lines or classes which threshold warrants the bidding procedures are adhered to.

#### Suspension and Debarment

The City of Gary procurement process will be developed and incorporate a system to cross reference every and identify if a vendor has been excluded from doing business with the Federal Government regarding being paid from federal funds related to Debarment and Suspension.

This system will be inclusive of a check list form with date, dollar amount, name of vendor/contractor and the City employee verifying status with regards to vendor Debarment and Suspension prior to execution of contract.

We are steadfast in our approach to assure that all polices and guidelines are adhered to.

  
M. Celita Green, Director of Finance

  
Date

CITY OF GARY  
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2010, with Rudolph Clay, Sr., Mayor; M. Celita Green, Controller; Ronier Scott, President of the Common Council; Mary Brown, Common Council member; Geraldine B. Tousant, Deputy Mayor; Arlene Colvin, Chief of Staff; Nathaniel T. Williams, Internal Auditor; and Virgil Moore, Sr., Financial Advisor to the Common Council. The official response has been made a part of this report and may be found on pages 114 through 116.

## **CITY OF GARY**

### **2009 RESPONSE TO AUDIT RESULT AND COMMENTS**

#### **ACCOUNTS PAYABLE**

Checks were held in 2009 in anticipation of a property tax distribution being made to the City by December 31. The County decided to withhold the distribution until January 2010 for a final distribution. Invoices are approved and processed by individual departments after services have been provided, then forwarded to the Finance Department for payment. In some cases, there may be a discrepancy regarding an invoice which will result in a delay of processing.

#### **OVERDRAWN CASH BALANCES**

Cash balances were overdrawn on December 31<sup>st</sup> for the General Fund as the City had incurred payroll related expenses (i.e. insurances, unemployment, workman's comp) that are charged automatically against the cash ledger, as well as other expenses including utilities. These expenses were awaiting transfer of cash to be made from the property tax final distributions, which had not yet been received on Dec. 31, 2009.

The majority of the other governmental funds that were overdrawn are grants that are reimbursable, where expenses were paid and the City was awaiting reimbursement from the State or Federal government grantors at December 31, 2009.

#### **TEMPORARY TRANSFERS OF FUNDS**

The City has experience notably lower collection rates in the past three years, each due to different circumstances, such as reassessment for trending, reassessment based on market rates, and just recently- recession. The lower property tax collection rates have caused tremendous financial stress upon the City, especially when combined with the extreme budget and levy reductions mandated by HEA1001. The result has been a slower rate in repayment of loans. Gary Sanitary District has experienced equally difficulty in repayment of its inter-fund loans due to the same reasons mentioned above.

The City will make every effort to repay loans timely, but it is absolutely necessary for the property tax collection rate to increase in order for funds to be available to repay the inter-fund loans when they are due.

#### **STADIUM AGREEMENT AND PAYMENTS**

The City of Gary Department of Redevelopment during the past several years agreed for the Rail cats to purchase several items and services for preseason repairs and maintenance. The City would reimburse the Railcats when it receives its first installment of the Maintenance Fees in June each year. The City generally has no cash in the Stadium Maintenance Fund from the previous year to make the preseason repairs, maintenance, etc. prior to the opening date of the current year. The Department of Redevelopment, Finance Department, and Law Department will revisit the current agreements to determine how best these expenses may be addressed to assure a better control of costs and payments.

In addition, the Finance Department will demonstrate to the Department of Redevelopment, as well as all departments, what is acceptable and unacceptable documentation, what should be included in an itemized invoice, and how to determine what the City is authorized to pay.

### **INVESTMENT MATURITY LIMITATIONS**

The State of Indiana IDEM is the investor of the Landfill Trust Account for the City of Gary. The funds are not under the City's investment direction; however, we will contact IDEM to explore whether alternative investment vehicles may be used.

### **DONATIONS**

The City of Gary receives numerous donations during any given year. Approximately 90% of the donations have verbal directives that may or may not be restrictive. Donations range from citizen donations of a few dollars to repair the Lady Liberty, to thousands of dollars for the Summer Program. Many departments receive donations including, but not limited to the Fire, Police, and Park Departments, Special Events, Mayor Donations, and others.

The City customarily establishes funds for new donations and appropriations for expenditures through Council approval. The appropriations may be established for donations singularly or collectively, depending on whether there is an expressed purpose. The City considered the appropriation process a method of acceptance of the donations, although no official policy has been established. An official policy will be established by the City.

### **EMPLOYEE SERVICE RECORDS**

There has been a substantial turnover in timekeepers due to layoff of personnel. The City will offer retraining on Employee Service Recordkeeping and monitor more closely compliance with the leave policy.

### **APPROPRIATIONS**

The Law Department and Controller's Office experienced variances between the actual and budget expenditures. The Law department had an increasing amount of demands for settlement of cases resulting in \$66,446 over budget. The Controller's Office noted increases in gasoline cost during the first 10 months of 2009, and increases in the utilities expenses resulting in an over budget of \$717,275 .

6/23/2010

**GARY SANITARY DISTRICT**  
2009 Audit Results and Comments

TEMPORARY TRANSFERS OF FUNDS AT THE SANITARY DISTRICT

GSD will get board approval before making temporary transfers (loans) and return the amount transferred at the end of the prescribed period. If an emergency situation occurs prior to board approval, GSD will obtain board approval as soon as reasonably possible and have the board ratify the temporary transfers (loans). If an emergency exists in which the temporary transfer (loans) can not be paid at the end of the prescribed period, GSD will obtain board approval to extend the transfers (loans) for not more than six (6) months beyond the budget year in which the transfer occurs and immediately forward a copy of the resolution to the State Board of Accounts and the Department of Local Government Finance.

GSD will record all the financial transactions on the books and at the banks when feasible.

STATE REVOLVING FUNDS (SRF) POSTINGS OF DRAW DOWNS NOT TIMELY

GSD will post entries in a timely manner to ensure that accurate financial information is available to allow management to make informed decisions.

GSD COLLECTION OF AMOUNTS DUE

GSD and the contract communities have not agreed upon the rate recalculation reports and capital cost reports for 2008 and 2009. GSD will setup a meeting with the contract communities to resolve the true-up amounts and capital cost payments due GSD.

DISBURSEMENTS WITHOUT APPROPRIATIONS

GSD and GSWMD appealed the Distressed Unit Appeals Board (DUAB) for relief from the circuit breaker caps in 2009. GSD will make entries in the ledger to reduce appropriations per the DUAB's final determination and will appropriate funds to post interest on tax anticipation loans and post the principal repayment of temporary loans to the unappropriated line.

Sincerely,



Vern E. (Webbs) White  
Deputy Director/Finance Manager  
Gary Sanitary District  
Gary Storm Water Management District  
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