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

EXAMINATION REPORT
OF
TOWN OF LAGRANGE
LAGRANGE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
08/11/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michael Rowlison	01-01-07 to 12-31-11
President of the Town Council	Terry Helmer	01-01-07 to 12-31-10
Superintendent of Water Utility	Jon Leu	01-01-07 to 12-31-10
Superintendent of Wastewater Utility	Matt Hosier	01-01-07 to 06-09-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAGRANGE, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of LaGrange (Town), for the period of January 1, 2007 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 8, 2010

TOWN OF LAGRANGE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 396,612	\$ 878,260	\$ 875,870	\$ 399,002
Motor Vehicle Highway	189,558	650,648	666,157	174,049
Local Road and Street	70,437	13,494	74,959	8,972
Cemetery	193,759	127,962	179,287	142,434
Community Development	-	5,000	-	5,000
Tax Increment Financing	674,448	402,856	150,800	926,504
Major Moves	1,515,638	70,999	-	1,586,637
Park and Recreation	184,099	9,337	46,905	146,531
Law Enforcement Continuing Education	53,857	26,544	15,368	65,033
Rainy Day	19,109	108,398	-	127,507
CEDIT	35,604	146,344	122,629	59,319
Cumulative Capital Improvement	19,765	7,679	435	27,009
Cumulative Storm Sewer	151,877	58,517	104,364	106,030
Cumulative Capital Development	16,234	62,743	19,000	59,977
Fire Fighting Equipment	118,455	21,153	-	139,608
General Improvement	16,508	767	-	17,275
Proprietary Funds:				
Water Utility - Operating	1,786	515,995	519,336	(1,555)
Water Utility - Bond and Interest	10,516	145,267	150,565	5,218
Water Utility - Depreciation	114,066	18,387	2,578	129,875
Water Utility - Customer Deposit	32,407	7,939	6,281	34,065
Water Utility - Construction	142,278	5,450	1,150	146,578
Water Utility - Improvement	103	-	103	-
Wastewater Utility - Operating	1,053	533,612	542,301	(7,636)
Wastewater Utility - Bond and Interest	17,007	37,092	34,703	19,396
Wastewater Utility - Depreciation	6,821	33,268	18,518	21,571
Wastewater Utility - Customer Deposit	27,141	7,871	5,971	29,041
Wastewater Utility - Improvement	77,082	182,126	124,948	134,260
Fiduciary Funds:				
Cemetery Investment Trust	15,224	-	-	15,224
Health Insurance	-	11,759	8,054	3,705
Payroll	2,906	933,208	932,264	3,850
Totals	<u>\$ 4,104,350</u>	<u>\$ 5,022,675</u>	<u>\$ 4,602,546</u>	<u>\$ 4,524,479</u>

The accompanying notes are an integral part of the financial information.

TOWN OF LAGRANGE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 399,002	\$ 882,759	\$ 1,053,075	\$ 228,686
Motor Vehicle Highway	174,049	488,084	564,675	97,458
Local Road and Street	8,972	10,209	-	19,181
Cemetery	142,434	143,824	208,579	77,679
Community Development	5,000	-	-	5,000
Tax Increment Financing	926,504	433,286	161,500	1,198,290
Major Moves	1,586,637	57,600	-	1,644,237
Park and Recreation	146,531	103,996	122,569	127,958
Law Enforcement Continuing Education	65,033	21,842	8,849	78,026
Rainy Day	127,507	108,475	-	235,982
CEDIT	59,319	159,477	119,798	98,998
Cumulative Capital Improvement	27,009	10,159	10,480	26,688
Cumulative Storm Sewer	106,030	43,141	65,380	83,791
Cumulative Capital Development	59,977	31,334	45,360	45,951
Fire Fighting Equipment	139,608	18,687	23,907	134,388
General Improvement	17,275	410	-	17,685
Proprietary Funds:				
Water Utility - Operating	(1,555)	521,472	518,239	1,678
Water Utility - Bond and Interest	5,218	109,864	110,069	5,013
Water Utility - Depreciation	129,875	35,446	54,806	110,515
Water Utility - Customer Deposit	34,065	6,080	6,575	33,570
Water Utility - Construction	146,578	22,605	97,809	71,374
Wastewater Utility - Operating	(7,636)	538,887	530,107	1,144
Wastewater Utility - Bond and Interest	19,396	18,301	-	37,697
Wastewater Utility - Depreciation	21,571	22,637	24,080	20,128
Wastewater Utility - Customer Deposit	29,041	6,525	6,645	28,921
Wastewater Utility - Improvement	134,260	180,586	145,078	169,768
Fiduciary Funds:				
Cemetery Investment Trust	15,224	-	-	15,224
Health Insurance	3,705	22,670	20,042	6,333
Payroll	3,850	980,301	982,009	2,142
Totals	<u>\$ 4,524,479</u>	<u>\$ 4,978,657</u>	<u>\$ 4,879,631</u>	<u>\$ 4,623,505</u>

The accompanying notes are an integral part of the financial information.

TOWN OF LAGRANGE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 228,686	\$ 1,152,707	\$ 1,015,044	\$ 366,349
Motor Vehicle Highway	97,458	605,317	387,321	315,454
Local Road and Street	19,181	9,557	-	28,738
Cemetery	77,679	210,378	192,840	95,217
Community Development	5,000	45,000	50,000	-
Tax Increment Financing	1,198,290	416,954	1,700	1,613,544
Major Moves	1,644,237	11,087	15,825	1,639,499
Park and Recreation	127,958	677	15,887	112,748
Law Enforcement Continuing Education	78,026	19,870	8,773	89,123
Rainy Day	235,982	44,139	-	280,121
State Grant	-	1,410	1,410	-
CEDIT	98,998	153,917	51,263	201,652
Cumulative Capital Improvement	26,688	9,151	453	35,386
Cumulative Storm Sewer	83,791	68,846	58,901	93,736
Cumulative Capital Development	45,951	57,491	276	103,166
Fire Fighting Equipment	134,388	12,834	219	147,003
General Improvement	17,685	120	-	17,805
Proprietary Funds:				
Water Utility - Operating	1,678	489,103	495,307	(4,526)
Water Utility - Bond and Interest	5,013	82,306	87,319	-
Water Utility - Depreciation	110,515	19,610	126,472	3,653
Water Utility - Customer Deposit	33,570	5,915	5,515	33,970
Water Utility - Construction	71,374	234	57,974	13,634
Wastewater Utility - Operating	1,144	506,053	509,676	(2,479)
Wastewater Utility - Bond and Interest	37,697	14,206	-	51,903
Wastewater Utility - Depreciation	20,128	8,564	-	28,692
Wastewater Utility - Customer Deposit	28,921	5,827	5,625	29,123
Wastewater Utility - Improvement	169,768	173,344	197,788	145,324
Fiduciary Funds:				
Cemetery Investment Trust	15,224	-	-	15,224
Health Insurance	6,333	33,275	27,553	12,055
Payroll	2,142	919,018	917,209	3,951
Totals	<u>\$ 4,623,505</u>	<u>\$ 5,076,910</u>	<u>\$ 4,230,350</u>	<u>\$ 5,470,065</u>

The accompanying notes are an integral part of the financial information.

TOWN OF LAGRANGE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town 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, water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and 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. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

TOWN OF LAGRANGE
NOTES TO FINANCIAL INFORMATION
(Continued)

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town 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 this 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 Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% 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. 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 and Annual Pension Cost

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

Note 7. Subsequent Event

On May 3, 2010, the Town awarded Niblock Construction a contract to repave Townline Rd. for \$1,528,917. They will use Major Moves Money to pay for the project.

TOWN OF LAGRANGE
 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 are not being reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 461,115
Buildings	1,152,065
Improvements other than buildings	1,092,958
Machinery and equipment	<u>2,041,336</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,747,474</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 51,300
Buildings	72,929
Improvements other than buildings	2,773,983
Machinery and equipment	<u>258,045</u>
 Total Water Utility capital assets	 <u>3,156,257</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	1,718,389
Improvements other than buildings	8,032,731
Machinery and equipment	<u>1,076,989</u>
 Total Wastewater Utility capital assets	 <u>10,828,109</u>
 Total business-type activities capital assets not being depreciated	 <u>\$ 13,984,366</u>

TOWN OF LAGRANGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Sewer Separation Project	\$ 710,000	\$ 39,888
Total governmental activities debt	<u>\$ 710,000</u>	<u>\$ 39,888</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Tower Construction	\$ 1,375,000	\$ 32,780
Wastewater Utility		
Notes payable:		
LaGrange County Wastewater Line Extension	405,165	-
Revenue bonds:		
Plant Expansion Series A & B of 2001	<u>2,614,000</u>	<u>154,775</u>
Total Wastewater Utility	<u>3,019,165</u>	<u>154,775</u>
Total business-type activities debt	<u>\$ 4,394,165</u>	<u>\$ 187,555</u>

TOWN OF LAGRANGE
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The cash balances of the Water and Wastewater Utility - Operating Funds were overdrawn by \$1,555 and \$7,636, respectively, in 2007 and by \$4,526 and \$2,479, respectively, in 2009.

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)

TOWN OF LAGRANGE
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2010, with Michael Rowlison, Clerk-Treasurer; and Terry Helmer, President of the Town Council. The officials concurred with our finding.