

B37444

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

EXAMINATION REPORT
OF
CITY OF GARRETT
DEKALB COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
08/24/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennie DePaolo	01-01-08 to 12-31-11
Mayor	David Wiant	01-01-08 to 12-31-11
President of the Common Council	David Wiant	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	David Wiant	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GARRETT, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the City of Garrett (City), for the period of January 1, 2009 to December 31, 2009. The City'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 City for the year ended December 31, 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 15, 2010

CITY OF GARRETT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 172,030	\$ 1,941,884	\$ 1,784,244	\$ 329,670
Code Enforcement	22,828	-	22,828	-
City Donation	17,129	32,478	35,830	13,777
Law Enforcement Continuing Education	3,119	3,002	409	5,712
Local Road and Street	18,952	28,346	40,787	6,511
Motor Vehicle Highway	95,753	549,105	519,287	125,571
Operation Pullover	500	6,548	7,048	-
Park Donation	814	-	300	514
Parks and Recreation	28,757	195,036	183,762	40,031
Rainy Day	286,804	47,452	-	334,256
Riverboat	96,684	36,315	54,366	78,633
TIF	942,081	353,014	171,424	1,123,671
Debt Service	109	-	-	109
CEDIT	69,636	154,580	209,000	15,216
Cumulative Capital Development	67,771	44,738	77,674	34,835
Cumulative Capital Improvement	33,977	17,794	-	51,771
Cumulative Fire	45,955	29,495	21,418	54,032
Cumulative Park	19,686	14,649	4,835	29,500
Redevelopment	54,361	-	1,580	52,781
General Improvement	12,292	-	-	12,292
Proprietary Funds:				
Electric Utility - Customer Deposit	129,055	36,298	51,478	113,875
Electric Utility - Cash Reserve	-	100,000	100,000	-
Electric Utility - Deprec/improve	1,317,628	466,000	61,326	1,722,302
Electric Utility - Operating	835,272	7,973,156	7,517,039	1,291,389
Electric Utility - Bond and Interest	39,666	294,424	293,398	40,692
Electric Utility - Debt Reserve	307,980	-	-	307,980
Electric Utility - IM True Up	390,000	240,000	169,532	460,468
Water Utility - Customer Deposit	46,115	19,234	16,429	48,920
Water Utility - Depreciation	83,817	212,516	186,911	109,422
Water Utility - Operating	470,774	727,055	904,974	292,855
Water Utility - Bond and Interest	8,520	64,667	63,215	9,972
Water Utility - Debt Service Reserve	66,155	-	-	66,155
Water Utility - Cash Reserve	-	6,000	6,000	-
Water Utility - Construction	-	200,000	118,266	81,734
Wastewater Utility - Customer Deposit	72,761	19,953	28,453	64,261
Wastewater Utility - Depreciation	803,458	874,580	630,208	1,047,830
Wastewater Utility - Operating	1,058,416	1,427,560	2,409,977	75,999
Wastewater Utility - Bond and Interest	135,865	471,184	392,649	214,400
Wastewater Utility - Debt Service	438,375	-	-	438,375
Employee Benefit Trust	106,463	724,470	799,813	31,120
Fiduciary Funds:				
Police Pension	117,683	74,928	78,276	114,335
Payroll	1,462	2,233,769	2,229,907	5,324
Electronic Transfer	8,659	1,039,205	1,047,601	263
Totals	<u>\$ 8,427,362</u>	<u>\$ 20,659,435</u>	<u>\$ 20,240,244</u>	<u>\$ 8,846,553</u>

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

CITY OF GARRETT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, electric, water, wastewater, urban development, and general administrative services.

Note 2. Fund Accounting

The City 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 City 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 City 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.

State statute (IC 5-13-9) authorizes the City 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.

CITY OF GARRETT
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

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

Per a settlement agreement dated December 28, 2009, on January 25, 2010, Indiana Michigan Power paid the City of Garrett \$423,000 to satisfy all claims related to the Through Path Facilities. Per this agreement, Garrett turned over ownership of the Through Path Facilities to I&M which include the 138kV bus, two 138kV circuit breakers connecting to the I&M circuit, the associated disconnect switches, steel structures, foundations, line traps, tuners, SCADA, CCVTs, relays, communications, power cables, relay wiring and associated apparatus.

CITY OF GARRETT
 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 completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will not be done.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,320,631
Infrastructure	10,793,232
Buildings	1,695,765
Improvements other than buildings	525,215
Machinery and equipment	2,527,239
Construction in progress	<u>11,446</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 17,873,528</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 203,091
Construction in progress	405,045
Buildings	54,044
Improvements other than buildings	12,072,431
Machinery and equipment	400,466
Transportation equipment	<u>440,721</u>
Total Electric Utility capital assets	<u>13,575,798</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	37,983
Construction in progress	215,365
Buildings	290,157
Improvements other than buildings	4,413,228
Machinery and equipment	221,582
Transportation equipment	<u>99,673</u>
Total Water Utility capital assets	<u>5,277,988</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	43,792
Construction in progress	329,174
Buildings	1,286,532
Improvements other than buildings	7,553,544
Machinery and equipment	5,229,518
Transportation equipment	<u>10,000</u>
Total Wastewater Utility capital assets	<u>14,452,560</u>
Total business-type activities capital assets	<u>\$ 33,306,346</u>

CITY OF GARRETT
 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:		
Police Fire Station	\$ 328,429	\$ 101,500
Business-type activities:		
Electric Utility:		
Revenue bonds:		
Electric Utility improvements and extension	\$ 3,400,000	\$ 71,124
Water Utility:		
Revenue bonds:		
Waterworks improvement	690,000	15,970
Interfund payable	180,000	2,250
Total Water Utility	870,000	18,220
Wastewater Utility:		
Revenue bonds:		
Sewage works, wastewater expansion	4,275,000	309,036
Total business-type activities debt	\$ 8,545,000	\$ 398,380

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

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CITY OF GARRETT
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2010, with Jennie DePaolo, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.