

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

EXAMINATION REPORT

OF

TOWN OF GRABILL

ALLEN COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
01/06/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt	8
Examination Results and Comments:	
Conflict of Interest.....	9
Ordinances and Resolutions	10
Overdrawn Fund Balance.....	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lew Lederman Cynthia Barhydt	01-01-08 to 08-25-08 08-26-08 to 12-31-11
President of the Town Council	Wilmer Delagrange	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GRABILL, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Grabill (Town), for the period of January 1, 2008 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, 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

December 8, 2010

TOWN OF GRABILL
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, 2008 And 2009

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 40,807	\$ 212,763	\$ 173,031	\$ 80,539
Motor Vehicle Highway	216,819	142,087	121,336	237,570
Local Road and Street	14,527	13,101	7,054	20,574
Park and Recreation	37,631	19,586	33,832	23,385
Rainy Day	439	-	-	439
Donation - Harris Park	1,780	-	674	1,106
Donation - Brick Sidewalks	720	150	-	870
Donation - Food Bank	-	1,200	896	304
Cumulative Capital Improvement	10,105	3,635	-	13,740
County Economic Development Income Tax	93,395	107,807	1,187	200,015
Cumulative Building and Firefighting Equipment	44,531	7,479	21,296	30,714
Cumulative Fire Savings	-	5,026	-	5,026
Proprietary Funds:				
Water Utility - Operating	40,091	255,412	269,972	25,531
Water Utility - Operating Savings	-	5,608	-	5,608
Water Utility - Bond and Interest	40,107	16,432	56,539	-
Water Utility - Bond and Interest Bank of New York (BONY)	-	66,711	41,305	25,406
Water Utility - Depreciation	30,048	-	24,587	5,461
Water Utility - Depreciation Savings	-	24,587	-	24,587
Water Utility - Customer Deposit	1,901	474	1,175	1,200
Water Utility - Customer Deposit Savings	-	1,100	-	1,100
Water Utility - Debt Service Reserve	52,009	-	52,009	-
Water Utility - Debt Service Reserve (BONY)	-	52,792	-	52,792
Water Utility - Debt Service Reserve Savings	-	22,155	-	22,155
Water Utility - Cash Reserve	1,518	-	-	1,518
Wastewater Utility - Operating	202,211	425,888	439,613	188,486
Wastewater Utility - Bond and Interest	58,063	110,374	168,437	-
Wastewater Utility - Bond and Interest (BONY)	-	91,658	41,570	50,088
Wastewater Utility - Bond and Interest Savings	-	4,662	-	4,662
Wastewater Utility - Construction (BONY)	-	258,753	258,753	-
Wastewater Utility - Depreciation	4,848	111,690	116,538	-
Wastewater Utility - Debt Service Reserve	26,386	8,411	34,797	-
Wastewater Utility - Debt Service Reserve (BONY)	-	60,190	-	60,190
Wastewater Utility - Debt Service Reserve Savings	-	8,414	-	8,414
Fiduciary Fund:				
Payroll	-	82,804	83,594	(790)
Totals	\$ 917,936	\$ 2,120,949	\$ 1,948,195	\$ 1,090,690

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 80,539	\$ 229,055	\$ 183,285	\$ 126,309
Motor Vehicle Highway	237,570	147,343	144,899	240,014
Local Road and Street	20,574	12,492	24,109	8,957
Park and Recreation	23,385	19,453	23,349	19,489
Rainy Day	439	-	-	439
Riverboat	-	6,965	-	6,965
Donation - Harris Park	1,106	500	-	1,606
Donation - Brick Sidewalks	870	25	-	895
Donation - Food Bank	304	-	304	-
Cumulative Capital Improvement	13,740	3,412	2,500	14,652
County Economic Development Income Tax	200,015	122,709	225,527	97,197
Cumulative Building and Firefighting Equipment	30,714	6,776	-	37,490
Cumulative Fire Savings	5,026	10	-	5,036
TIF Capital Project	-	6,563	-	6,563
Proprietary Funds:				
Water Utility - Operating	25,531	281,055	223,247	83,339
Water Utility - Operating Savings	5,608	-	5,608	-
Water Utility - Bond and Interest	-	123,279	123,279	-
Water Utility - Bond and Interest (BONY)	25,406	47,948	47,311	26,043
Water Utility - Depreciation	5,461	-	-	5,461
Water Utility - Depreciation Savings	24,587	-	24,587	-
Water Utility - Customer Deposit	1,200	1,750	250	2,700
Water Utility - Customer Deposit Savings	1,100	-	1,100	-
Water Utility - Debt Service Reserve	-	-	-	-
Water Utility - Debt Service Reserve (BONY)	52,792	346	-	53,138
Water Utility - Debt Service Reserve Savings	22,155	206	22,361	-
Water Utility - Cash Reserve	1,518	-	-	1,518
Wastewater Utility - Operating	188,486	369,206	470,499	87,193
Wastewater Utility - Bond and Interest	-	47,789	47,789	-
Wastewater Utility - Bond and Interest (BONY)	50,088	79,124	86,748	42,464
Wastewater Utility - Bond and Interest Savings	4,662	9	-	4,671
Wastewater Utility - Debt Service Reserve (BONY)	60,190	20,211	-	80,401
Wastewater Utility - Debt Service Reserve Savings	8,414	9	-	8,423
Fiduciary Fund:				
Payroll	(790)	81,837	81,047	-
Totals	\$ 1,090,690	\$ 1,608,072	\$ 1,737,799	\$ 960,963

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

TOWN OF GRABILL
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, health and social services, culture and recreation, and general administrative services.

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.

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.

TOWN OF GRABILL
NOTES TO FINANCIAL INFORMATION
(Continued)

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 October 11, 2010, the Town passed Ordinance numbers 629 and 630 to increase water and wastewater utility rates to be effective after passage.

TOWN OF GRABILL
 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:	
Land	\$ 258,477
Infrastructure	127,474
Buildings	259,803
Improvements other than buildings	197,575
Machinery and equipment	<u>240,947</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,084,276</u>
Business-type activities:	
Water Utility:	
Land	\$ 14,519
Buildings	276,314
Improvements other than buildings	1,922,719
Machinery and equipment	<u>117,492</u>
Total Water Utility capital assets	<u>2,331,044</u>
Wastewater Utility:	
Land	9,630
Buildings	15,302
Improvements other than buildings	2,177,509
Machinery and equipment	<u>239,751</u>
Total Wastewater Utility capital assets	<u>2,442,192</u>
Total business-type activities capital assets	<u>\$ 4,773,236</u>

TOWN OF GRABILL
 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
Business-type activities:		
Water Utility:		
State Revolving Fund Loan Payable 2000	\$ 455,000	\$ 47,160
Wastewater Utility:		
State Revolving Fund Loan Payable 2006	1,118,000	84,830
Total business-type activities debt	<u>\$ 1,573,000</u>	<u>\$ 131,990</u>

TOWN OF GRABILL
EXAMINATION RESULTS AND COMMENTS

CONFLICT OF INTEREST

The Town Board President, Wilmer Delagrange was paid for minor work done for the Town and Board member, Lynn Witt, has a spouse that is employed by the Town. Neither board member presented a Uniform Conflict of Interest Disclosure Statement for examination.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

TOWN OF GRABILL
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

The Town's wastewater ordinance states residents are entitled to an adjusted rate during the months of June, July, August, and September (commonly called summer sprinkler credit). However, the Town did not apply the discounted rates to the wastewater bills during those months.

The Town passed a new wastewater ordinance which eliminates the discounted rates. This ordinance is effective October 11, 2010.

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)

OVERDRAWN FUND BALANCE

The Payroll Fund was overdrawn at the end of 2008 by \$790.

The fund 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 GRABILL
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2010, with Wilmer Delagrange, President of the Town Council, and Cynthia Barhydt, Clerk-Treasurer. The officials concurred with our findings.