

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

ANNUAL FINANCIAL REPORT

2010

CITY OF GARRETT

DEKALB COUNTY, INDIANA



**FILED**  
06/07/2011



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SCHEDULE OF 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 Board of Public Works	David Wiant	01-01-08 to 12-31-11
President of the Common Council	David Wiant	01-01-08 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statement(s) of the City of Garrett (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). 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 opinion(s).

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 26, 2011, 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 an opinion on the City's financial statement(s). 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 financial

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

statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statement(s) that collectively comprise the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement(s) and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City Council, 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

April 26, 2011



**STATE OF INDIANA**  
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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 GARRETT, DEKALB COUNTY, INDIANA

We have audited the financial statements of the City of Garrett (City), for the year ended December 31, 2010, and have issued our report thereon dated April 26, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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.

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)

This report is intended solely for the information and use of the City's management, City Council, 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

April 26, 2011

FINANCIAL STATEMENT(S)

CITY OF GARRETT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 329,520	\$ 1,993,068	\$ 1,902,832	\$ 419,756
Petty Cash/Cash Change	150	-	-	150
Motor Vehicle Highway	125,571	552,105	573,242	104,434
Local Road & Street	6,511	29,034	25,701	9,844
Park And Recreation	40,031	210,706	196,379	54,358
City Donation	13,777	9,719	7,965	15,531
County Economic Development Income Tax	15,216	145,891	115,100	46,007
Law Enforcement Continuing Education	5,712	2,419	-	8,131
Riverboat	78,633	36,315	63,000	51,948
Parks Donation	514	1,040	562	992
West Main Project Grant	-	445,492	445,492	-
Water Main Retainage	-	28,713	28,713	-
FEMA Grant	-	190,000	190,000	-
Rainy Day	334,256	54,331	-	388,587
Blitz Federal Grant	-	10,560	10,560	-
Levy Excess Fund	-	4,187	-	4,187
Tax Increment Financing	1,123,671	525,510	72,424	1,576,757
Debt Service	109	-	-	109
Cumulative Capital Development	34,835	42,428	8,084	69,179
Redevelopment	52,781	-	5,503	47,278
Cumulative Fire	54,032	34,867	30,200	58,699
Cumulative Park	29,500	13,953	12,278	31,175
General Improvement	12,292	-	640	11,652
Cumulative Capital Improvement	51,771	16,991	21,592	47,170
Police Pension	114,335	86,961	78,705	122,591
Payroll Net Salaries	-	17,523	17,523	-
Payroll Federal Withholding	-	212,367	212,367	-
Payroll State Withholding	-	76,126	76,126	-
Payroll FICA	-	106,260	106,260	-
Payroll County Withholding	-	31,251	31,251	-
Payroll Group Insurance Withholding	-	93,934	92,645	1,289
Payroll Medicare	-	30,431	30,431	-
Payroll Aflac	-	8,256	8,256	-
Payroll Direct Deposits	-	1,626,016	1,626,016	-
Payroll Police Pension Withholding	3,156	13,031	12,673	3,514
Employee Benefit Trust	31,120	436,349	423,947	43,522
Payroll Cafeteria Plan	-	18,058	18,058	-
Payroll Employee's Utilities Withholding	-	26,121	26,121	-
Payroll Support Withholding	-	45,906	45,906	-
Payroll Annual Support Withholding	-	220	220	-
Payroll Capital Bank&Trust	-	540	540	-
Payroll Back Property Tax	-	1,133	1,133	-
Payroll Unknown	36	182	-	218
Payroll Voluntary PERF	2,132	4,606	2,519	4,219
Payroll Allen County Garnishment	-	469	469	-
Electronic Transfer	263	1,009,908	1,009,853	318
Payroll Dekalb County Garnishment	-	3,245	3,245	-
Payroll Steuben County Garnishment	-	1,116	1,116	-
Payroll Randolph County Clerk	-	347	347	-
Payroll Washington National Life	-	463	463	-
Payroll Colonial Insurance Payment	-	663	663	-
Payroll MML Baystate Insurance	-	810	810	-
Payroll Massmutual Insurance Payment	-	423	423	-
Drainage Retainage	-	6,872	-	6,872
Electric Utility IM True Up	460,468	67,200	322,045	205,623
Electric Utility Sub-Station Project	-	183,550	183,550	-
Electric Utility Sub-Station Retainage	-	18,355	-	18,355
Electric Utility Cash Reserve	-	104,000	104,000	-
Electric Utility Consumer Deposit	113,875	34,546	41,106	107,315
Electric Utility Bond & Interest	40,692	293,153	292,598	41,247
Electric Utility Debt Reserve	307,980	1,308	-	309,288
Electric Utility Depreciation	1,722,302	574,705	1,324,068	972,939
Electric Utility Operating	1,291,389	7,680,658	8,239,148	732,899
Wastewater Utility Drainage Reconstruction	-	400,000	137,431	262,569
Wastewater Utility Bond and Interest	214,400	478,845	394,249	298,996
Wastewater Utility Cash Reserve	-	60,000	60,000	-
Wastewater Utility Consumer Deposit	64,261	18,753	16,764	66,250
Wastewater Utility Debt Reserve	438,375	1,858	-	440,233
Wastewater Utility Depreciation	1,047,830	31,167	800,342	278,655
Wastewater Utility Operating	75,999	1,912,071	1,639,226	348,844
Water Utility Bond & Interest	9,972	63,236	16,570	56,638
Water Construction Main Project	81,734	28,884	110,618	-
Water Utility Cash Reserve	-	6,000	6,000	-
Water Utility Consumer Deposit	48,920	18,600	14,990	52,530
Water Utility Debt Reserve	66,155	275	-	66,430
Water Utility Improvement	109,422	4,501	67,250	46,673
Water Utility Operating	292,855	744,251	934,437	102,669
<b>Totals</b>	<b>\$ 8,846,553</b>	<b>\$ 20,932,832</b>	<b>\$ 22,242,745</b>	<b>\$ 7,536,640</b>

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

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)

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

*A. Reporting Entity*

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

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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.

*B. 1925 Police Officers' Pension Plan*

Plan Description

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

Funding Policy

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

On Behalf Payments

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

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

Plan Description

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

CITY OF GARRETT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Garrett's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General Fund	Petty Cash/Cash Change	Motor Vehicle Highway	Local Road & Street	Park And Recreation	City Donation	County Economic Development Income Tax
Cash and investments - beginning	\$ 329,520	\$ 150	\$ 125,571	\$ 6,511	\$ 40,031	\$ 13,777	\$ 15,216
Receipts:							
Taxes	860,292	-	369,940	-	136,633	-	-
Licenses and permits	3,514	-	-	-	-	-	-
Intergovernmental	542,923	-	181,397	29,034	11,011	-	145,891
Charges for services	497,019	-	750	-	53,918	-	-
Fines and forfeits	6,257	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	83,063	-	18	-	9,144	9,719	-
Total receipts	<u>1,993,068</u>	<u>-</u>	<u>552,105</u>	<u>29,034</u>	<u>210,706</u>	<u>9,719</u>	<u>145,891</u>
Disbursements:							
Personal services	1,126,856	-	379,737	-	86,035	-	-
Supplies	214,976	-	86,631	-	51,066	-	-
Other services and charges	513,763	-	100,562	25,701	46,481	-	-
Debt service - principal and interest	-	-	-	-	-	-	91,500
Capital outlay	43,978	-	6,312	-	11,722	-	23,600
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,259	-	-	-	1,075	7,965	-
Total disbursements	<u>1,902,832</u>	<u>-</u>	<u>573,242</u>	<u>25,701</u>	<u>196,379</u>	<u>7,965</u>	<u>115,100</u>
Excess (deficiency) of receipts over disbursements	<u>90,236</u>	<u>-</u>	<u>(21,137)</u>	<u>3,333</u>	<u>14,327</u>	<u>1,754</u>	<u>30,791</u>
Cash and investments - ending	<u>\$ 419,756</u>	<u>\$ 150</u>	<u>\$ 104,434</u>	<u>\$ 9,844</u>	<u>\$ 54,358</u>	<u>\$ 15,531</u>	<u>\$ 46,007</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Law Enforcement Continuing Education	Riverboat	Parks Donation	West Main Project Grant	Water Main Retainage	FEMA Grant	Rainy Day
Cash and investments - beginning	\$ 5,712	\$ 78,633	\$ 514	\$ -	\$ -	\$ -	\$ 334,256
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	1,855	-	-	-	-	-	-
Intergovernmental	-	36,315	-	445,492	28,713	190,000	54,331
Charges for services	564	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	1,040	-	-	-	-
Total receipts	<u>2,419</u>	<u>36,315</u>	<u>1,040</u>	<u>445,492</u>	<u>28,713</u>	<u>190,000</u>	<u>54,331</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	63,000	-	445,492	28,713	190,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	562	-	-	-	-
Total disbursements	<u>-</u>	<u>63,000</u>	<u>562</u>	<u>445,492</u>	<u>28,713</u>	<u>190,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,419</u>	<u>(26,685)</u>	<u>478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,331</u>
Cash and investments - ending	<u>\$ 8,131</u>	<u>\$ 51,948</u>	<u>\$ 992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,587</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Blitz Federal Grant	Levy Excess Fund	Tax Increment Financing	Debt Service	Cumulative Capital Development	Redevelopment	Cumulative Fire
Cash and investments - beginning	\$ -	\$ -	\$ 1,123,671	\$ 109	\$ 34,835	\$ 52,781	\$ 54,032
Receipts:							
Taxes	-	-	232,446	-	39,264	-	25,826
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	10,560	4,187	293,064	-	3,164	-	2,081
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	6,960
Total receipts	<u>10,560</u>	<u>4,187</u>	<u>525,510</u>	<u>-</u>	<u>42,428</u>	<u>-</u>	<u>34,867</u>
Disbursements:							
Personal services	10,560	-	-	-	-	330	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,910	5,148	-
Debt service - principal and interest	-	-	-	-	-	-	21,418
Capital outlay	-	-	72,424	-	5,174	25	8,782
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>10,560</u>	<u>-</u>	<u>72,424</u>	<u>-</u>	<u>8,084</u>	<u>5,503</u>	<u>30,200</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>4,187</u>	<u>453,086</u>	<u>-</u>	<u>34,344</u>	<u>(5,503)</u>	<u>4,667</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,187</u>	<u>\$ 1,576,757</u>	<u>\$ 109</u>	<u>\$ 69,179</u>	<u>\$ 47,278</u>	<u>\$ 58,699</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Cumulative Park	General Improvement	Cumulative Capital Improvement	Police Pension	Payroll Net Salaries	Payroll Federal Withholding	Payroll State Withholding
Cash and investments - beginning	\$ 29,500	\$ 12,292	\$ 51,771	\$ 114,335	\$ -	\$ -	\$ -
Receipts:							
Taxes	12,912	-	-	9,945	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,041	-	16,991	77,016	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	17,523	212,367	76,126
Total receipts	<u>13,953</u>	<u>-</u>	<u>16,991</u>	<u>86,961</u>	<u>17,523</u>	<u>212,367</u>	<u>76,126</u>
Disbursements:							
Personal services	-	-	-	76,637	-	-	-
Supplies	-	-	-	5	-	-	-
Other services and charges	-	-	15,000	2,063	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,278	640	6,592	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	17,523	212,367	76,126
Total disbursements	<u>12,278</u>	<u>640</u>	<u>21,592</u>	<u>78,705</u>	<u>17,523</u>	<u>212,367</u>	<u>76,126</u>
Excess (deficiency) of receipts over disbursements	<u>1,675</u>	<u>(640)</u>	<u>(4,601)</u>	<u>8,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 31,175</u>	<u>\$ 11,652</u>	<u>\$ 47,170</u>	<u>\$ 122,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Payroll FICA	Payroll County Withholding	Payroll Group Insurance Withholding	Payroll Medicare	Payroll Aflac	Payroll Direct Deposits	Payroll Police Pension Withholding
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,156
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	106,260	31,251	93,934	30,431	8,256	1,626,016	13,031
Total receipts	106,260	31,251	93,934	30,431	8,256	1,626,016	13,031
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	106,260	31,251	92,645	30,431	8,256	1,626,016	12,673
Total disbursements	106,260	31,251	92,645	30,431	8,256	1,626,016	12,673
Excess (deficiency) of receipts over disbursements	-	-	1,289	-	-	-	358
Cash and investments - ending	\$ -	\$ -	\$ 1,289	\$ -	\$ -	\$ -	\$ 3,514

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Employee Benefit Trust	Payroll Cafeteria Plan	Payroll Employee's Utilities Withholding	Payroll Support Withholding	Payroll Annual Support Withholding	Payroll Capital Bank&Trust	Payroll Back Property Tax
Cash and investments - beginning	\$ 31,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	436,349	18,058	26,121	45,906	220	540	1,133
Total receipts	<u>436,349</u>	<u>18,058</u>	<u>26,121</u>	<u>45,906</u>	<u>220</u>	<u>540</u>	<u>1,133</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	423,947	18,058	26,121	45,906	220	540	1,133
Total disbursements	<u>423,947</u>	<u>18,058</u>	<u>26,121</u>	<u>45,906</u>	<u>220</u>	<u>540</u>	<u>1,133</u>
Excess (deficiency) of receipts over disbursements	<u>12,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 43,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Payroll Unknown	Payroll Voluntary PERF	Payroll Allen County Garnishment	Electronic Transfer	Payroll DeKalb County Garnishment	Payroll Steuben County Garnishment
Cash and investments - beginning	\$ 36	\$ 2,132	\$ -	\$ 263	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	182	4,606	469	1,009,908	3,245	1,116
Total receipts	<u>182</u>	<u>4,606</u>	<u>469</u>	<u>1,009,908</u>	<u>3,245</u>	<u>1,116</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	2,519	469	1,009,853	3,245	1,116
Total disbursements	<u>-</u>	<u>2,519</u>	<u>469</u>	<u>1,009,853</u>	<u>3,245</u>	<u>1,116</u>
Excess (deficiency) of receipts over disbursements	<u>182</u>	<u>2,087</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 218</u>	<u>\$ 4,219</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Payroll Randolph County Clerk	Payroll Washington National Life	Payroll Colonial Insurance Payment	Payroll MML Baystate Insurance	Payroll Massmutual Insurance Payment	Drainage Retainage
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	347	463	663	810	423	6,872
Total receipts	<u>347</u>	<u>463</u>	<u>663</u>	<u>810</u>	<u>423</u>	<u>6,872</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	347	463	663	810	423	-
Total disbursements	<u>347</u>	<u>463</u>	<u>663</u>	<u>810</u>	<u>423</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,872</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,872</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Electric Utility IM True Up	Electric Utility Sub-Station Project	Electric Utility Sub-Station Retainage	Electric Utility Cash Reserve	Electric Utility Consumer Deposit	Electric Utility Bond&Interest
Cash and investments - beginning	\$ 460,468	\$ -	\$ -	\$ -	\$ 113,875	\$ 40,692
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	67,200	183,550	18,355	104,000	34,546	293,153
Total receipts	<u>67,200</u>	<u>183,550</u>	<u>18,355</u>	<u>104,000</u>	<u>34,546</u>	<u>293,153</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	292,248
Capital outlay	-	183,550	-	-	-	-
Utility operating expenses	-	-	-	104,000	41,106	-
Other disbursements	322,045	-	-	-	-	350
Total disbursements	<u>322,045</u>	<u>183,550</u>	<u>-</u>	<u>104,000</u>	<u>41,106</u>	<u>292,598</u>
Excess (deficiency) of receipts over disbursements	<u>(254,845)</u>	<u>-</u>	<u>18,355</u>	<u>-</u>	<u>(6,560)</u>	<u>555</u>
Cash and investments - ending	<u>\$ 205,623</u>	<u>\$ -</u>	<u>\$ 18,355</u>	<u>\$ -</u>	<u>\$ 107,315</u>	<u>\$ 41,247</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Electric Utility Debt Reserve	Electric Utility Depreciation	Electric Utility Operating	Wastewater Utility Drainage Reconstruction	Wastewater Utility Bond&Interest	Wastewater Utility Cash Reserve
Cash and investments - beginning	\$ 307,980	\$ 1,722,302	\$ 1,291,389	\$ -	\$ 214,400	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	7,223,324	-	-	-
Other receipts	1,308	574,705	457,334	400,000	478,845	60,000
Total receipts	1,308	574,705	7,680,658	400,000	478,845	60,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	393,949	-
Capital outlay	-	-	55,408	137,431	-	-
Utility operating expenses	-	1,324,068	7,097,399	-	-	60,000
Other disbursements	-	-	1,086,341	-	300	-
Total disbursements	-	1,324,068	8,239,148	137,431	394,249	60,000
Excess (deficiency) of receipts over disbursements	1,308	(749,363)	(558,490)	262,569	84,596	-
Cash and investments - ending	\$ 309,288	\$ 972,939	\$ 732,899	\$ 262,569	\$ 298,996	\$ -

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Utility Consumer Deposit	Wastewater Utility Cash Reserve	Wastewater Utility Depreciation	Wastewater Utility Operating	Water Utility Bond&Interest	Water Construction Main Project
Cash and investments - beginning	\$ 64,261	\$ 438,375	\$ 1,047,830	\$ 75,999	\$ 9,972	\$ 81,734
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,427,186	-	-
Other receipts	18,753	1,858	31,167	484,885	63,236	28,884
Total receipts	<u>18,753</u>	<u>1,858</u>	<u>31,167</u>	<u>1,912,071</u>	<u>63,236</u>	<u>28,884</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	15,970	-
Capital outlay	-	-	37,182	73,464	-	100,618
Utility operating expenses	16,764	-	44,295	917,122	-	10,000
Other disbursements	-	-	718,865	648,640	600	-
Total disbursements	<u>16,764</u>	<u>-</u>	<u>800,342</u>	<u>1,639,226</u>	<u>16,570</u>	<u>110,618</u>
Excess (deficiency) of receipts over disbursements	<u>1,989</u>	<u>1,858</u>	<u>(769,175)</u>	<u>272,845</u>	<u>46,666</u>	<u>(81,734)</u>
Cash and investments - ending	<u>\$ 66,250</u>	<u>\$ 440,233</u>	<u>\$ 278,655</u>	<u>\$ 348,844</u>	<u>\$ 56,638</u>	<u>\$ -</u>

CITY OF GARRETT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Utility Cash Reserve	Water Utility Consumer Deposit	Water Utility Debt Reserve	Water Utility Improvement	Water Utility Operating	Totals
Cash and investments - beginning	\$ -	\$ 48,920	\$ 66,155	\$ 109,422	\$ 292,855	\$ 8,846,553
Receipts:						
Taxes	-	-	-	-	-	1,687,258
Licenses and permits	-	-	-	-	-	5,369
Intergovernmental	-	-	-	-	-	2,073,211
Charges for services	-	-	-	-	-	552,251
Fines and forfeits	-	-	-	-	-	6,257
Utility fees	-	-	-	-	740,158	9,390,668
Other receipts	6,000	18,600	275	4,501	4,093	7,217,818
Total receipts	<u>6,000</u>	<u>18,600</u>	<u>275</u>	<u>4,501</u>	<u>744,251</u>	<u>20,932,832</u>
Disbursements:						
Personal services	-	-	-	-	-	1,680,155
Supplies	-	-	-	-	-	352,678
Other services and charges	-	-	-	-	-	711,628
Debt service - principal and interest	-	-	-	-	2,250	817,335
Capital outlay	-	-	-	41,252	26,892	1,574,529
Utility operating expenses	6,000	14,790	-	25,998	664,417	10,325,959
Other disbursements	-	200	-	-	240,878	6,780,461
Total disbursements	<u>6,000</u>	<u>14,990</u>	<u>-</u>	<u>67,250</u>	<u>934,437</u>	<u>22,242,745</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>3,610</u>	<u>275</u>	<u>(62,749)</u>	<u>(190,186)</u>	<u>(1,309,913)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 52,530</u>	<u>\$ 66,430</u>	<u>\$ 46,673</u>	<u>\$ 102,669</u>	<u>\$ 7,536,640</u>

CITY OF GARRETT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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	10,900,853
Buildings	1,707,005
Improvements other than buildings	651,112
Machinery and equipment	2,679,004
Construction in progress	<u>61,104</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 18,319,709</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	1,741,985
Buildings	145,515
Improvements other than buildings	11,654,363
Machinery and equipment	428,700
Transportation equipment	<u>440,721</u>
Total Electric Utility capital assets	<u>14,614,375</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	37,983
Construction in progress	41,240
Buildings	290,157
Improvements other than buildings	5,218,481
Machinery and equipment	299,043
Transportation equipment	<u>99,673</u>
Total Water Utility capital assets	<u>5,986,577</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	43,792
Construction in progress	223,224
Buildings	1,286,532
Improvements other than buildings	8,085,991
Machinery and equipment	5,236,318
Transportation equipment	<u>10,000</u>
Total Wastewater Utility capital assets	<u>14,885,857</u>
Total business-type activities capital assets	<u>\$ 35,486,809</u>

CITY OF GARRETT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

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	\$ 261,277	\$ 92,500
Business-type activities:		
Electric Utility:		
Revenue bonds:		
Electric Utility improvements and extension	\$ 3,250,000	\$ 68,124
Water Utility:		
Revenue bonds:		
Waterworks improvement	690,000	61,303
Interfund payable	180,000	51,188
Total Water Utility	870,000	112,491
Wastewater Utility:		
Revenue bonds:		
Sewageworks, wastewater expansion	4,055,000	314,912
Total business-type activities debt	\$ 8,175,000	\$ 495,527

CITY OF GARRETT  
AUDIT RESULT(S) AND COMMENT(S)

***PRIVATE PROPERTY***

Payments totaling \$640 were made from the General Improvement Fund to repair a sidewalk on privately owned property. The owner is currently making payments. The owner of the property asked the Mayor to have the contractor doing work for the City repair the owner's sidewalk and allow him to make payments to the City. Nothing came before the City Council prior to payment of the claim.

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***POLICE DEPARTMENT RECEIPTS AND FEES***

We observed police collections of \$456 from December 2010 to January 2011 that were not transmitted to the Clerk-Treasurer for deposit until February 7, 2011.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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Fax: (317) 232-4711  
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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 GARRETT, DEKALB COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Garrett (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, 2010. 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.

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.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, City Council, others within the entity, 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

April 26, 2011

CITY OF GARRETT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

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>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Community Focus Funds Grant	14.228	CF-08-205	<u>\$ 468,939</u>
<u>DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Town of Hudson Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants Operation Pull Over-Blizt Grant	20.601		<u>10,560</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant Vehicle Acquisition Program	97.044	EMV-2008-FV-07221	<u>190,000</u>
Total federal awards expended			<u>\$ 669,499</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GARRETT  
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Garrett (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.

CITY OF GARRETT  
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?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster

CDBG – State Administered Small Cities Program Cluster

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

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

No matters are reportable.

CITY OF GARRETT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GARRETT  
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2011, with Jennie DePaolo, Clerk-Treasurer.