

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF GRANDVIEW

SPENCER COUNTY, INDIANA

January 1, 2010 to December 31, 2010



**FILED**  
01/18/2012



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah K. Richard	01-01-08 to 12-31-11
President of the Town Council	David Scherer	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GRANDVIEW, SPENCER COUNTY, INDIANA

We have examined the financial statement of the Town of Grandview (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statement 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.

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

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

December 13, 2011

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## FINANCIAL STATEMENTS

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF GRANDVIEW  
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	\$ 353,613	\$ 106,702	\$ 71,258	\$ 389,057
FEMA	3,011	-	3,011	-
Town Marshall	238	-	238	-
Motor Vehicle Highway	118,842	31,378	23,897	126,323
Local Road And Street	19,770	3,611	7,583	15,798
Cemetery Operating	8,462	1,840	1,250	9,052
Donations	14	-	14	-
Parks And Recreation	654	572	76	1,150
Cemetery Gift	-	565	-	565
Rainy Day	3,641	4,878	-	8,519
Park Grant	-	2,900	2,900	-
Economic Development Income Tax	122,065	23,589	8,855	136,799
Cumulative Capital Improvement	10,558	2,039	1,903	10,694
Payroll	-	158,448	158,448	-
PERF	2,804	10,813	10,634	2,983
Gas Utility-Operating	199,717	155,793	187,319	168,191
Gas Utility-Customer Deposit	10,273	1,300	1,200	10,373
Wastewater Utility-Operating	47,000	178,652	174,303	51,349
Wastewater Utility-Bond And Interest	-	55,072	50,324	4,748
Wastewater Utility-Depreciation	10,191	-	-	10,191
Wastewater Utility-Construction	54,938	-	-	54,938
Wastewater Utility-Debt Service	44,368	5,474	-	49,842
Water Utility-Operating	229,567	178,726	123,374	284,919
Water Utility-Bond And Interest	-	27,499	27,499	-
Water Utility-Depreciation	3,928	-	-	3,928
Water Utility-Customer Deposit	15,869	2,750	2,100	16,519
Water Utility-Construction	59,516	-	13,749	45,767
Totals	<u>\$ 1,319,039</u>	<u>\$ 952,601</u>	<u>\$ 869,935</u>	<u>\$ 1,401,705</u>

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

TOWN OF GRANDVIEW  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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 presents the financial information for the Town (primary government), and does not include financial information for any of the Town'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 Town (primary government).

*B. Basis of Accounting*

The financial statement is 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 statement. 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 Town.

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.

TOWN OF GRANDVIEW  
NOTES TO FINANCIAL STATEMENT  
(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 statement. 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, over-time 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF GRANDVIEW  
NOTES TO FINANCIAL STATEMENT  
(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 Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

TOWN OF GRANDVIEW  
NOTES TO FINANCIAL STATEMENT  
(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 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 5. *Risk Management***

The Town 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 Town 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 Town by recording as a disbursement and replacement items purchased.

## SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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

	General	FEMA	Town Marshall	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Donations
Cash and investments - beginning	\$ 353,613	\$ 3,011	\$ 238	\$ 118,842	\$ 19,770	\$ 8,462	\$ 14
Receipts:							
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	106,702	-	-	31,378	3,611	1,840	-
Total receipts	106,702	-	-	31,378	3,611	1,840	-
Disbursements:							
Personal services	6,006	-	-	-	-	-	-
Supplies	2,979	-	-	-	7,583	-	-
Other services and charges	61,165	-	-	23,897	-	1,250	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,108	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,011	238	-	-	-	14
Total disbursements	71,258	3,011	238	23,897	7,583	1,250	14
Excess (deficiency) of receipts over disbursements	35,444	(3,011)	(238)	7,481	(3,972)	590	(14)
Cash and investments - ending	\$ 389,057	\$ -	\$ -	\$ 126,323	\$ 15,798	\$ 9,052	\$ -

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

	Parks And Recreation	Cemetery Gift	Rainy Day	Park Grant	Economic Development Income Tax	Cumulative Capital Improvement	Payroll
Cash and investments - beginning	\$ 654	\$ -	\$ 3,641	\$ -	\$ 122,065	\$ 10,558	\$ -
Receipts:							
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	572	565	4,878	2,900	23,589	2,039	158,448
Total receipts	572	565	4,878	2,900	23,589	2,039	158,448
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	76	-	-	2,900	-	1,903	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	8,855	-	158,448
Total disbursements	76	-	-	2,900	8,855	1,903	158,448
Excess (deficiency) of receipts over disbursements	496	565	4,878	-	14,734	136	-
Cash and investments - ending	<u>\$ 1,150</u>	<u>\$ 565</u>	<u>\$ 8,519</u>	<u>\$ -</u>	<u>\$ 136,799</u>	<u>\$ 10,694</u>	<u>\$ -</u>

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

	PERF	Gas Utility-Operating	Gas Utility-Customer Deposit	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest	Wastewater Utility-Depreciation	Wastewater Utility-Construction
Cash and investments - beginning	\$ 2,804	\$ 199,717	\$ 10,273	\$ 47,000	\$ -	\$ 10,191	\$ 54,938
Receipts:							
Utility fees	-	145,630	-	172,588	-	-	-
Penalties	-	7,935	-	4,348	-	-	-
Other receipts	10,813	2,228	1,300	1,716	55,072	-	-
Total receipts	10,813	155,793	1,300	178,652	55,072	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	26,071	21,324	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	184,152	-	66,855	-	-	-
Other disbursements	10,634	3,167	1,200	81,377	29,000	-	-
Total disbursements	10,634	187,319	1,200	174,303	50,324	-	-
Excess (deficiency) of receipts over disbursements	179	(31,526)	100	4,349	4,748	-	-
Cash and investments - ending	\$ 2,983	\$ 168,191	\$ 10,373	\$ 51,349	\$ 4,748	\$ 10,191	\$ 54,938

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

	Wastewater Utility-Debt Service	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation	Water Utility-Customer Deposit	Water Utility-Construction	Totals
Cash and investments - beginning	\$ 44,368	\$ 229,567	\$ -	\$ 3,928	\$ 15,869	\$ 59,516	\$ 1,319,039
Receipts:							
Utility fees	-	178,726	-	-	-	-	496,944
Penalties	-	-	-	-	-	-	12,283
Other receipts	5,474	-	27,499	-	2,750	-	443,374
Total receipts	5,474	178,726	27,499	-	2,750	-	952,601
Disbursements:							
Personal services	-	-	-	-	-	-	6,006
Supplies	-	-	-	-	-	-	10,562
Other services and charges	-	-	-	-	-	-	91,191
Debt service - principal and interest	-	-	8,499	-	2,100	-	57,994
Capital outlay	-	-	-	-	-	-	1,108
Utility operating expenses	-	101,596	-	-	-	13,749	366,352
Other disbursements	-	21,778	19,000	-	-	-	336,722
Total disbursements	-	123,374	27,499	-	2,100	13,749	869,935
Excess (deficiency) of receipts over disbursements	5,474	55,352	-	-	650	(13,749)	82,666
Cash and investments - ending	\$ 49,842	\$ 284,919	\$ -	\$ 3,928	\$ 16,519	\$ 45,767	\$ 1,401,705

TOWN OF GRANDVIEW  
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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 558,700
Buildings	547,010
Improvements other than buildings	15,487
Machinery and equipment	<u>729,044</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,850,241</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 2,500
Buildings	115,600
Improvements other than buildings	498,726
Machinery and equipment	<u>38,540</u>
Total Water Utility capital assets	<u>655,366</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	25,000
Improvements other than buildings	1,514,737
Machinery and equipment	<u>325</u>
Total Wastewater Utility capital assets	<u>1,540,062</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	10,000
Buildings	18,000
Improvements other than buildings	66,399
Machinery and equipment	<u>130,731</u>
Total Gas Utility capital assets	<u>225,130</u>
Total business-type activities capital assets	<u>\$ 2,420,558</u>

TOWN OF GRANDVIEW  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loans payable	\$ 42,195	\$ 8,856
Business-type activities:		
Water Utility:		
Revenue bonds:		
2008 Water Revenue	\$ 143,000	\$ 22,605
Wastewater Utility:		
Revenue bonds:		
2002 Wastewater Refunding	108,000	11,660
2008 Wastewater Revenue	418,000	18,892
Total Wastewater Utility	526,000	30,552
Total business-type activities debt	\$ 669,000	\$ 53,157

TOWN OF GRANDVIEW  
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2011, with Deborah K. Richard, Clerk-Treasurer, and David Scherer, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.