

B40331

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF GARRETT
DEKALB COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
04/23/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	16-26
Schedule of Capital Assets	27
Schedule of Long-Term Debt	28
Audit Results and Comments: Public Works - Change Orders	29
Interfund Receivable/Payable	29
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	32-33
Schedule of Expenditures of Federal Awards	36
Note to Schedule of Expenditures of Federal Awards	37
Schedule of Findings and Questioned Costs	38
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	39
Exit Conference	40
Official Response	41

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennie L. DePaolo Marcie L. Conkle	01-01-08 to 12-31-11 01-01-12 to 12-31-15
Mayor	David Wiant Tonya Hoeffel	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Board of Public Works and Safety	David Wiant Tonya Hoeffel	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Common Council	David Wiant Tonya Hoeffel	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Supervisor of Water Utility	Pat Kleeman	01-01-11 to 12-31-12
Supervisor of Wastewater Utility	Bruce Schlosser	01-01-11 to 12-31-12
Supervisor of Electric Utility	Michael Steward	01-01-11 to 12-31-12



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 AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the City of Garrett (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 is 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. 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.

As discussed in Note 1, the City 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 City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 27, 2012, 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. 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 statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule 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. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

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

March 27, 2012



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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the City of Garrett (City), for the year ended December 31, 2011, and have issued our report thereon dated March 27, 2012. 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 opinion on the financial statement, 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 statement 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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.

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

March 27, 2012

FINANCIAL STATEMENT

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

CITY OF GARRETT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 419,756	\$ 2,050,013	\$ 1,820,938	\$ 648,831
Motor Vehicle Highway	104,434	540,703	583,432	61,705
Local Road & Street	9,844	31,603	28,402	13,045
Law Enforcement Continuing Education	8,131	2,476	2,627	7,980
Park and Recreation	54,358	192,424	166,494	80,288
Rainy Day	388,587	705	-	389,292
County Economic Development Income Tax	46,007	166,350	127,500	84,857
Levy Excess	4,187	-	4,187	-
Cumulative Capital Development	69,179	41,386	10,778	99,787
Cumulative Fire	58,699	27,040	21,417	64,322
Cumulative Park	31,175	13,611	-	44,786
General Improvement	11,652	640	-	12,292
Cumulative Capital Improvement	47,170	16,665	4,509	59,326
Police Pension	122,591	69,132	80,730	110,993
Riverboat	51,948	36,315	63,000	25,263
Petty Cash/Cash Change	150	-	-	150
City Donation	15,531	3,527	2,251	16,807
Parks Donation	992	250	450	792
Debt Service	109	2	111	-
Blitz Federal Grant	-	5,310	5,310	-
Safe Routes Grant	-	20,750	20,750	-
Redevelopment	47,278	-	2,484	44,794
Tax Increment Financing	1,576,757	514,752	679,932	1,411,577
Wastewater Utility Drainage Reconstruction	262,569	35,000	297,569	-
Drainage Retainage	6,872	35,184	42,056	-
Drainage Grant	-	600,000	600,000	-
Employee Benefit	-	42,873	42,873	-
Employee Benefit Trust	43,522	11	43,533	-
Electronic Transfer	318	997,629	997,658	289
Payroll Net Salaries	-	211,994	211,994	-
Payroll Federal Withholding	-	234,607	234,607	-
Payroll FICA	-	69,882	69,882	-
Payroll Medicare	-	29,994	29,994	-
Payroll State Withholding	-	75,016	75,016	-
Payroll County Withholding	-	30,844	30,844	-
Payroll Police Pension Withholding	3,514	13,647	13,718	3,443
Payroll Voluntary PERF	4,219	9,634	8,350	5,503
Payroll Aflac	-	10,074	10,074	-
Payroll Direct Deposit	-	1,405,670	1,405,670	-
Payroll Cafeteria Plan	-	25,304	25,304	-

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

CITY OF GARRETT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Payroll Employee Support Payments	-	42,592	42,592	-
Payroll Employee's Utilities Withholding	-	26,362	26,362	-
Payroll Capital Bank & Trust	-	520	520	-
Payroll Washington National Life	-	290	290	-
Payroll Colonial Insurance Payment	-	594	594	-
Payroll MML Baystate Insurance	-	360	360	-
Payroll Massmutual Insurance Payment	-	188	188	-
Payroll Allen County Garnishment	-	2,721	2,721	-
Payroll Annual Support Withholding	-	220	220	-
Payroll Group Insurance Withholding	1,289	93,174	93,600	863
Payroll Back Property Tax	-	3,599	3,599	-
Payroll Steuben Garnishment	-	587	587	-
Payroll Allen County Support Garnishment	-	1,100	1,100	-
Payroll Unknown	218	100	-	318
Electric Utility Operating	732,899	7,547,664	7,680,172	600,391
Electric Utility Bond & Interest	41,247	302,277	71,809	271,715
Electric Utility Depreciation	972,939	102,590	474,838	600,691
Electric Utility Consumer Deposit	107,315	38,500	36,620	109,195
Electric Utility Cash Reserve	-	104,000	104,000	-
Electric Utility Debt Reserve	309,288	2,027	3,335	307,980
Electric Utility IM True Up	205,623	52,200	90,413	167,410
Electric Utility Sub-Station Project	-	135,151	114,651	20,500
Electric Utility Sub-Station Retainage	18,355	4,650	23,005	-
Wastewater Utility Operating	348,844	1,434,250	1,598,988	184,106
Wastewater Utility Debt Reserve	440,233	2,889	4,747	438,375
Wastewater Utility Depreciation	278,655	30,417	82,843	226,229
Wastewater Utility Consumer Deposit	66,250	20,400	20,750	65,900
Wastewater Utility Bond & Interest	298,996	452,845	315,213	436,628
Wastewater Utility Cash Reserve	-	60,000	60,000	-
Water Utility Bond & Interest	56,638	61,397	61,903	56,132
Water Utility Operating	102,669	905,662	894,756	113,575
Water Utility Debt Reserve	66,430	436	711	66,155
Water Utility Improvement	46,673	5,250	41,241	10,682
Water Utility Consumer Deposit	52,530	20,200	16,440	56,290
Water Utility Cash Reserve	-	6,000	6,000	-
Totals	\$ 7,536,640	\$ 19,022,229	\$ 19,639,612	\$ 6,919,257

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

CITY OF GARRETT
NOTES TO FINANCIAL STATEMENT

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, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, trash, and urban redevelopment and housing.

The accompanying financial statement presents 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 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, 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.

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,

CITY OF GARRETT
NOTES TO FINANCIAL STATEMENT
(Continued)

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, recycling fees, dog pound fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees.

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, 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.

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.

CITY OF GARRETT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF GARRETT
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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 Plans

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

CITY OF GARRETT
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Retirement System (INPRS) Board for all police officers and firefighters hired after April 30, 1977.

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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway: <https://gateway.ifionline.org/>.

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 City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road & Street	Law Enforcement Continuing Education	Park and Recreation	Rainy Day	County Economic Development Income Tax
Cash and investments - beginning	\$ 419,756	\$ 104,434	\$ 9,844	\$ 8,131	\$ 54,358	\$ 388,587	\$ 46,007
Receipts:							
Taxes	909,195	352,072	-	-	129,949	-	-
Licenses and permits	3,654	-	-	1,110	-	-	-
Intergovernmental	537,468	186,909	28,303	730	12,427	-	166,350
Charges for services	346,647	750	-	636	49,701	-	-
Fines and forfeits	27,202	585	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	225,847	387	3,300	-	347	705	-
Total receipts	<u>2,050,013</u>	<u>540,703</u>	<u>31,603</u>	<u>2,476</u>	<u>192,424</u>	<u>705</u>	<u>166,350</u>
Disbursements:							
Personal services	1,118,157	388,977	-	-	80,366	-	-
Supplies	85,623	99,599	-	2,627	44,528	-	-
Other services and charges	588,621	83,207	28,402	-	38,352	-	-
Debt service - principal and interest	-	-	-	-	-	-	46,000
Capital outlay	27,553	11,649	-	-	2,193	-	81,500
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	984	-	-	-	1,055	-	-
Total disbursements	<u>1,820,938</u>	<u>583,432</u>	<u>28,402</u>	<u>2,627</u>	<u>166,494</u>	<u>-</u>	<u>127,500</u>
Excess (deficiency) of receipts over disbursements	<u>229,075</u>	<u>(42,729)</u>	<u>3,201</u>	<u>(151)</u>	<u>25,930</u>	<u>705</u>	<u>38,850</u>
Cash and investments - ending	<u>\$ 648,831</u>	<u>\$ 61,705</u>	<u>\$ 13,045</u>	<u>\$ 7,980</u>	<u>\$ 80,288</u>	<u>\$ 389,292</u>	<u>\$ 84,857</u>

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Levy Excess	Cumulative Capital Development	Cumulative Fire	Cumulative Park	General Improvement	Cumulative Capital Improvement	Police Pension
Cash and investments - beginning	\$ 4,187	\$ 69,179	\$ 58,699	\$ 31,175	\$ 11,652	\$ 47,170	\$ 122,591
Receipts:							
Taxes	-	37,776	24,680	12,424	-	-	9,402
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	3,610	2,360	1,187	-	16,665	59,240
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	640	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	490
Total receipts	<u>-</u>	<u>41,386</u>	<u>27,040</u>	<u>13,611</u>	<u>640</u>	<u>16,665</u>	<u>69,132</u>
Disbursements:							
Personal services	-	-	-	-	-	-	68,630
Supplies	-	-	-	-	-	-	-
Other services and charges	-	2,409	-	-	-	-	12,100
Debt service - principal and interest	-	-	21,417	-	-	-	-
Capital outlay	-	8,369	-	-	-	4,509	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,187	-	-	-	-	-	-
Total disbursements	<u>4,187</u>	<u>10,778</u>	<u>21,417</u>	<u>-</u>	<u>-</u>	<u>4,509</u>	<u>80,730</u>
Excess (deficiency) of receipts over disbursements	<u>(4,187)</u>	<u>30,608</u>	<u>5,623</u>	<u>13,611</u>	<u>640</u>	<u>12,156</u>	<u>(11,598)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 99,787</u>	<u>\$ 64,322</u>	<u>\$ 44,786</u>	<u>\$ 12,292</u>	<u>\$ 59,326</u>	<u>\$ 110,993</u>

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Riverboat	Petty Cash/ Cash Change	City Donation	Parks Donation	Debt Service	Blitz Federal Grant	Safe Routes Grant
Cash and investments - beginning	\$ 51,948	\$ 150	\$ 15,531	\$ 992	\$ 109	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	36,315	-	-	-	-	5,310	20,750
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	3,527	250	2	-	-
Total receipts	<u>36,315</u>	<u>-</u>	<u>3,527</u>	<u>250</u>	<u>2</u>	<u>5,310</u>	<u>20,750</u>
Disbursements:							
Personal services	-	-	-	-	-	5,310	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	62	-	-	-	20,750
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	63,000	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	2,189	450	111	-	-
Total disbursements	<u>63,000</u>	<u>-</u>	<u>2,251</u>	<u>450</u>	<u>111</u>	<u>5,310</u>	<u>20,750</u>
Excess (deficiency) of receipts over disbursements	<u>(26,685)</u>	<u>-</u>	<u>1,276</u>	<u>(200)</u>	<u>(109)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 25,263</u>	<u>\$ 150</u>	<u>\$ 16,807</u>	<u>\$ 792</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, 2011
 (Continued)

	Redevelopment	Tax Increment Financing	Wastewater Utility Drainage Reconstruction	Drainage Retainage	Drainage Grant	Employee Benefit	Employee Benefit Trust
Cash and investments - beginning	\$ 47,278	\$ 1,576,757	\$ 262,569	\$ 6,872	\$ -	\$ -	\$ 43,522
Receipts:							
Taxes	-	292,913	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	221,839	-	35,184	600,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	35,000	-	-	42,873	11
Total receipts	-	514,752	35,000	35,184	600,000	42,873	11
Disbursements:							
Personal services	433	-	-	-	-	-	42,873
Supplies	-	-	-	-	-	-	-
Other services and charges	2,051	-	297,569	42,056	600,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	679,932	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	42,873	660
Total disbursements	2,484	679,932	297,569	42,056	600,000	42,873	43,533
Excess (deficiency) of receipts over disbursements	(2,484)	(165,180)	(262,569)	(6,872)	-	-	(43,522)
Cash and investments - ending	\$ 44,794	\$ 1,411,577	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Electronic Transfer	Payroll Net Salaries	Payroll Federal Withholding	Payroll FICA	Payroll Medicare	Payroll State Withholding	Payroll County Withholding
Cash and investments - beginning	\$ 318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	380,933	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	616,696	211,994	234,607	69,882	29,994	75,016	30,844
Total receipts	<u>997,629</u>	<u>211,994</u>	<u>234,607</u>	<u>69,882</u>	<u>29,994</u>	<u>75,016</u>	<u>30,844</u>
Disbursements:							
Personal services	-	211,994	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	997,658	-	234,607	69,882	29,994	75,016	30,844
Total disbursements	<u>997,658</u>	<u>211,994</u>	<u>234,607</u>	<u>69,882</u>	<u>29,994</u>	<u>75,016</u>	<u>30,844</u>
Excess (deficiency) of receipts over disbursements	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 289</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, 2011
 (Continued)

	Payroll Police Pension Withholding	Payroll Voluntary PERF	Payroll Aflac	Payroll Direct Deposit	Payroll Cafeteria Plan	Payroll Employee Support Payments	Payroll Employee's Utilities Withholding
Cash and investments - beginning	\$ 3,514	\$ 4,219	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	13,647	9,634	10,074	1,405,670	25,304	42,592	26,362
Total receipts	13,647	9,634	10,074	1,405,670	25,304	42,592	26,362
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	13,718	8,350	10,074	1,405,670	25,304	42,592	26,362
Total disbursements	13,718	8,350	10,074	1,405,670	25,304	42,592	26,362
Excess (deficiency) of receipts over disbursements	(71)	1,284	-	-	-	-	-
Cash and investments - ending	\$ 3,443	\$ 5,503	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Capital Bank & Trust	Payroll Washington National Life	Payroll Colonial Insurance Payment	Payroll MML Baystate Insurance	Payroll Massmutual Insurance Payment	Payroll Allen County Garnishment	Payroll Annual Support Withholding
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	520	290	594	360	188	2,721	220
Total receipts	<u>520</u>	<u>290</u>	<u>594</u>	<u>360</u>	<u>188</u>	<u>2,721</u>	<u>220</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	520	290	594	360	188	2,721	220
Total disbursements	<u>520</u>	<u>290</u>	<u>594</u>	<u>360</u>	<u>188</u>	<u>2,721</u>	<u>220</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</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, 2011
 (Continued)

	Payroll Group Insurance Withholding	Payroll Back Property Tax	Payroll Steuben Garnishment	Payroll Allen County Support Garnishment	Payroll Unknown	Electric Utility Operating	Electric Utility Bond & Interest
Cash and investments - beginning	\$ 1,289	\$ -	\$ -	\$ -	\$ 218	\$ 732,899	\$ 41,247
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	160
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	7,415,048	-
Penalties	-	-	-	-	-	15,975	-
Other receipts	93,174	3,599	587	1,100	100	116,641	302,117
Total receipts	93,174	3,599	587	1,100	100	7,547,664	302,277
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	68,124
Capital outlay	-	-	-	-	-	12,468	-
Utility operating expenses	-	-	-	-	-	7,139,970	-
Other disbursements	93,600	3,599	587	1,100	-	527,734	3,685
Total disbursements	93,600	3,599	587	1,100	-	7,680,172	71,809
Excess (deficiency) of receipts over disbursements	(426)	-	-	-	100	(132,508)	230,468
Cash and investments - ending	\$ 863	\$ -	\$ -	\$ -	\$ 318	\$ 600,391	\$ 271,715

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Electric Utility Depreciation	Electric Utility Consumer Deposit	Electric Utility Cash Reserve	Electric Utility Debt Reserve	Electric Utility IM True Up	Electric Utility Sub-Station Project	Electric Utility Sub-Station Retainage
Cash and investments - beginning	\$ 972,939	\$ 107,315	\$ -	\$ 309,288	\$ 205,623	\$ -	\$ 18,355
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	36,590	-	-	-	-	-	4,650
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	38,500	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	66,000	-	104,000	2,027	52,200	135,151	-
Total receipts	<u>102,590</u>	<u>38,500</u>	<u>104,000</u>	<u>2,027</u>	<u>52,200</u>	<u>135,151</u>	<u>4,650</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	244,545	-	-	-	-	114,651	23,005
Utility operating expenses	93,305	-	-	-	90,413	-	-
Other disbursements	136,988	36,620	104,000	3,335	-	-	-
Total disbursements	<u>474,838</u>	<u>36,620</u>	<u>104,000</u>	<u>3,335</u>	<u>90,413</u>	<u>114,651</u>	<u>23,005</u>
Excess (deficiency) of receipts over disbursements	<u>(372,248)</u>	<u>1,880</u>	<u>-</u>	<u>(1,308)</u>	<u>(38,213)</u>	<u>20,500</u>	<u>(18,355)</u>
Cash and investments - ending	<u>\$ 600,691</u>	<u>\$ 109,195</u>	<u>\$ -</u>	<u>\$ 307,980</u>	<u>\$ 167,410</u>	<u>\$ 20,500</u>	<u>\$ -</u>

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility Operating	Wastewater Utility Debt Reserve	Wastewater Utility Depreciation	Wastewater Utility Consumer Deposit	Wastewater Utility Bond & Interest	Wastewater Utility Cash Reserve	Water Utility Bond & Interest
Cash and investments - beginning	\$ 348,844	\$ 440,233	\$ 278,655	\$ 66,250	\$ 298,996	\$ -	\$ 56,638
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	1,419,723	-	9,000	20,400	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	14,527	2,889	21,417	-	452,845	60,000	61,397
Total receipts	<u>1,434,250</u>	<u>2,889</u>	<u>30,417</u>	<u>20,400</u>	<u>452,845</u>	<u>60,000</u>	<u>61,397</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	314,913	-	61,303
Capital outlay	23,068	-	66,412	-	-	-	-
Utility operating expenses	1,060,701	-	16,431	-	-	-	-
Other disbursements	515,219	4,747	-	20,750	300	60,000	600
Total disbursements	<u>1,598,988</u>	<u>4,747</u>	<u>82,843</u>	<u>20,750</u>	<u>315,213</u>	<u>60,000</u>	<u>61,903</u>
Excess (deficiency) of receipts over disbursements	<u>(164,738)</u>	<u>(1,858)</u>	<u>(52,426)</u>	<u>(350)</u>	<u>137,632</u>	<u>-</u>	<u>(506)</u>
Cash and investments - ending	<u>\$ 184,106</u>	<u>\$ 438,375</u>	<u>\$ 226,229</u>	<u>\$ 65,900</u>	<u>\$ 436,628</u>	<u>\$ -</u>	<u>\$ 56,132</u>

CITY OF GARRETT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility Operating	Water Utility Debt Reserve	Water Utility Improvement	Water Utility Consumer Deposit	Water Utility Cash Reserve	Totals
Cash and investments - beginning	\$ 102,669	\$ 66,430	\$ 46,673	\$ 52,530	\$ -	\$ 7,536,640
Receipts:						
Taxes	-	-	-	-	-	2,149,344
Licenses and permits	-	-	-	-	-	4,764
Intergovernmental	-	-	-	-	-	1,976,047
Charges for services	-	-	-	-	-	397,734
Fines and forfeits	-	-	-	-	-	28,427
Utility fees	902,620	-	5,250	20,200	-	9,830,741
Penalties	-	-	-	-	-	15,975
Other receipts	3,042	436	-	-	6,000	4,619,197
Total receipts	<u>905,662</u>	<u>436</u>	<u>5,250</u>	<u>20,200</u>	<u>6,000</u>	<u>19,022,229</u>
Disbursements:						
Personal services	-	-	-	-	-	1,916,740
Supplies	-	-	-	-	-	232,377
Other services and charges	-	-	-	-	-	1,715,579
Debt service - principal and interest	-	-	-	-	-	511,757
Capital outlay	2,067	-	26,640	-	-	1,391,561
Utility operating expenses	822,297	-	14,601	-	-	9,237,718
Other disbursements	70,392	711	-	16,440	6,000	4,633,880
Total disbursements	<u>894,756</u>	<u>711</u>	<u>41,241</u>	<u>16,440</u>	<u>6,000</u>	<u>19,639,612</u>
Excess (deficiency) of receipts over disbursements	<u>10,906</u>	<u>(275)</u>	<u>(35,991)</u>	<u>3,760</u>	<u>-</u>	<u>(617,383)</u>
Cash and investments - ending	<u>\$ 113,575</u>	<u>\$ 66,155</u>	<u>\$ 10,682</u>	<u>\$ 56,290</u>	<u>\$ -</u>	<u>\$ 6,919,257</u>

CITY OF GARRETT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Other:	
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	2,700,004
Construction in progress	692,105
Total other capital assets	18,971,710
Water Utility:	
Capital assets, not being depreciated:	
Land	37,983
Buildings	290,157
Improvements other than buildings	5,030,282
Machinery and equipment	299,043
Transportation equipment	60,504
Total Water Utility capital assets	5,717,969
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	43,792
Buildings	1,286,532
Improvements other than buildings	9,055,564
Machinery and equipment	5,245,433
Transportation equipment	10,000
Total Wastewater Utility capital assets	15,641,321
Electric Utility:	
Capital assets, not being depreciated:	
Land	203,091
Buildings	145,515
Improvements other than buildings	13,744,541
Machinery and equipment	428,700
Transportation equipment	440,721
Total Electric Utility capital assets	14,962,568
Total capital assets not being depreciated	\$ 55,293,568

CITY OF GARRETT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Fire/Police Station	\$ 189,296	\$ 91,000	CEDIT
Bonds payable:			
Revenue bonds:			
Waterworks improvement	660,000	60,028	Water B & I
Sewageworks, wastewater expansion	3,825,000	401,199	Sewer B & I
Electric Utility improvements and extension	3,250,000	293,048	Electric B & I
Interfund payable:			
Water Utility	<u>180,000</u>	<u>94,501</u>	Water Utility
Total debt	<u>\$ 8,104,296</u>	<u>\$ 939,776</u>	

CITY OF GARRETT
AUDIT RESULTS AND COMMENTS

PUBLIC WORKS - CHANGE ORDERS

During the Elias Schopf Drain Project (a project costing \$841,108.27), additional work was completed and a change order of \$14,607.15 was not prepared for this additional work. The change order was discussed at a board meeting, but not officially approved.

Indiana Code 36-1-12-18 states in part:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor.

(b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person . . ."

INTERFUND RECEIVABLE/PAYABLE

A Resolution on April 21, 2009, was approved allowing a temporary loan of \$200,000 from the Wastewater Utility to the Water Utility. Per the resolution the temporary loan is to be repaid according to the amortization schedule attached to the resolution. The principal payment of \$45,000 and interest payment of \$2,250 due January 1, 2011, has not been paid.

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)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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 its major federal program for the year ended December 31, 2011. The City's major federal program is 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 its major federal program 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 its major federal program for the year ended December 31, 2011.

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 THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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, Common 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

March 27, 2012

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF GARRETT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Community Focus Funds Grant	14.228	CF-09-206	\$ <u>600,000</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Safe Routes to School (SRTS)	20.205	1006384	<u>20,750</u>
Pass-Through Town of Hudson Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pull Over-Blitz Grant	20.601		<u>5,310</u>
Total for federal grantor agency			<u>26,060</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act Energy Efficiency Lighting Grant	81.128	A302-11-EECBG-02-021	<u>36,590</u>
Total federal awards expended			<u>\$ 662,650</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GARRETT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 statement. 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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GARRETT
EXIT CONFERENCE

The contents of this report were discussed on March 27, 2012, with Jennie L. DePaolo, former Clerk-Treasurer; Marcie L. Conkle, Clerk-Treasurer; and Tonya Hoeffel, Mayor. The Official Response has been made a part of this report and may be found on page 41.

JENNIE L. DEPAOLO
GARRETT, INDIANA

April, 2012

TO: INDIANA STATE BOARD OF ACCOUNTS
INDIANAPOLIS, INDIANA

RE: 2011 Audit Results and Comments

PUBLIC WORKS – CHANGE ORDERS

In a regular public Board meeting, 6/7/2011, consulting project engineer, Mike Kline, Elias Schopf Drain Project, did in fact advise Board members of \$14,607.14 increased cost difference due to required material quantities vs. estimated amount @ bid time. A prepared breakdown of final totals was presented for review (although not an official change order document) and approved by Board motion.

Board had always been advised in advance for engineer preparation of such document; however, as Clerk-Treasurer was attending State meeting and not present, such document was unfortunately not prepared.

INTERFUND RECEIVABLE/PAYABLE

Due to apparent miscommunication between the Clerk-Treasurer and Accounts Payable Clerk, payment was overlooked upon due date, but has since been corrected, and payment authorized by current Clerk-Treasurer, January, 2012.

Jennie L. DePaolo
Clerk-Treasurer, 1984 thru 12/2011