

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GARRETT

DEKALB COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
06/03/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marcie Conkle	01-01-12 to 12-31-19
Mayor	Tonya Hoeffel (deceased) (Vacant) Chris Hoeffel Todd Fiandt	01-01-12 to 09-06-15 09-07-15 to 09-30-15 10-01-15 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Tonya Hoeffel (deceased) (Vacant) Chris Hoeffel Todd Fiandt	01-01-12 to 09-06-15 09-07-15 to 09-30-15 10-01-15 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Brad Stump	01-01-13 to 12-31-16
Superintendent of Water Utility	Pat Kleeman	01-01-13 to 12-31-16
Superintendent of Wastewater Utility	Bruce Schlosser	01-01-13 to 12-31-16
Superintendent of Electric Utility	Dave Vanderbosch	01-01-13 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the City of Garrett (City), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Examination Report of the City, which provides our opinion on the City's financial statement, and our Financial Statements Examination Report of the Water, Wastewater, and Electric Utilities, which provide our opinion on the Utilities financial statements. These reports may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

March 30, 2016

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CLERK-TREASURER  
CITY OF GARRETT

CLERK-TREASURER  
CITY OF GARRETT  
EXAMINATION RESULTS AND COMMENTS

**POLICE PENSION CALCULATION**

The City has three members being paid from the 1925 Police Officers' Pension Plan. One of the member's annual pension calculations for 2013 through 2015 were found to be calculated incorrectly, resulting in an overpayment each respective year as shown:

<u>Years</u>	<u>Pension Paid</u>	<u>Calculated Pension to be Paid</u>	<u>Overpayment</u>
2013	\$ 28,885	\$ 28,378	\$ 507
2014	29,853	28,956	897
2015	30,340	29,523	817

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**CONDITION OF RECORDS**

Financial record presented for examination of the Water, Wastewater, and Electric Utilities' financial statements were incomplete. Adjustments to the financial statements and notes to the financial statements were recommended and approved by management. Some of the deficiencies included:

1. Several account balances remained constant since the prior examination, indicating that utility officials have not analyzed or adjusted these accounts for current activity. These accounts include Accrued Revenue, Inventories, Compensated Absences, Unearned Revenue, Revenue Bonds Payable, Loss Deferral on Refunding, and Depreciation Expense.
2. Prior examination adjustments for 2012 were not reversed for 2013 or 2014 for Accounts Payable and Prepaid Expenses.

CLERK-TREASURER  
CITY OF GARRETT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

3. Capital asset records contained Construction in Progress (CIP); however, there was no CIP recorded in the financial statements.
4. Accumulated Depreciation was not adjusted for the retirement of assets in the Electric Utility in 2014 for \$8,304.
5. Financial statements contained a negative Interfund Receivable and Payable of \$2,251 for the amount of interest paid on a temporary loan between the Water Utility and Wastewater Utility in 2013. This temporary loan was paid off during 2013, so there is no receivable or payable and the amount paid in interest should have been recorded as interest income and expense.
6. Accounts Payable at December 31, 2013 and 2014, for the Electric Utility did not include a payable for wholesale power purchased for December 2013 or December 2014, resulting in a significant understatement in the Accounts Payable reported at year end.
7. Loss on Deferral of Refunding was not amortized for 2013 and 2014.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
CITY OF GARRETT  
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2016, with Marcie Conkle, Clerk-Treasurer; Todd Fandt, Mayor; and Amanda Charles, Common Council member.