

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF GRIFFITH

LAKE COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**  
08/09/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ronald Szafarczyk	01-01-04 to 12-31-07
President of the Town Council	Richard Konopasek Stan Dobosz	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of Sanitary Commissioners	Clark Swartz	01-01-05 to 12-31-06
President of the Stormwater Management Board	George Jerome Patrick Janke	01-01-05 to 12-31-05 01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GRIFFITH, LAKE COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Town of Griffith (Town), for the period of January 1, 2005 to December 31, 2005. The Town's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 26, 2006

TOWN OF GRIFFITH  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Fund:				
General	\$ 1,074,878	\$ 11,582,244	\$ 10,220,903	\$ 2,436,219
Special Revenue Funds:				
Motor Vehicle Highway	136,015	849,311	789,976	195,350
Local Road and Street	202,568	193,178	170,801	224,945
Park and Recreation	43,605	330,425	259,431	114,599
Law Enforcement Continuing Education	5,897	11,642	14,604	2,935
Non-Reverting Police Equipment	8,023	3,955	4,819	7,159
Drug Task Force Grant	-	13,301	13,301	-
Law Enforcement Block Grant	238	-	-	238
Operation Night Light Grant	-	5,108	5,108	-
Operation Pullover Grant	3,423	31,574	31,874	3,123
BMV Fines Moving	724	5,811	5,868	667
Federal Asset Forfeiture	10,703	6,165	1,511	15,357
Asset Forfeiture Nonreverting	500	-	-	500
Vandalism Reward	500	-	-	500
Gun Range Interlocal	57,911	41,297	20,680	78,528
Unsafe Building Nonreverting	3,955	2,160	-	6,115
Recycling Grant	335,754	74,233	105,250	304,737
Fuel Fund Interlocal	-	45,445	34,060	11,385
Fire Dept Donation Equipment	23,406	168,415	163,684	28,137
Innkeeper Hotel Tax	1,617	5,400	1,313	5,704
Donation	20,101	14,855	15,527	19,429
Debt Service Funds:				
GMBF/Corp Bond/Lease	79,319	433,231	288,350	224,200
Park District Bond 2002	104,831	264,858	229,380	140,309
Capital Projects Funds:				
Cumulative Capital Improvement	166,161	61,199	154,884	72,476
Cumulative Building and Equipment	151,031	189,376	69,888	270,519
Casino Gaming Fund	199,455	396,738	505,537	90,656
General Improvement	102,466	-	-	102,466
Park District Improvement	112,696	1,029	19,978	93,747
Redevelopment Nonreverting	11,865	6,480	-	18,345
Building Escrow	-	6,450	1,050	5,400
Build Indiana Grant	22,215	-	22,215	-
2% Engineering Review Fee	7,864	-	1,935	5,929

The accompanying notes are an integral part of the schedules.

TOWN OF GRIFFITH  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005  
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Enterprise Funds:				
Water Utility				
Water Utility - Operating	286,782	1,345,905	1,379,365	253,322
Water Utility - Sinking Fund	55,321	408,000	403,910	59,411
Water Utility - Debt Reserve	302,318	96,700	-	399,018
Water Utility - Consumer Deposit	83,952	10,991	7,376	87,567
Water Utility - Depreciation Improvement	297,535	135,209	259,103	173,641
Sewer Utility				
Sewer Utility - Operating	93,917	1,784,273	1,738,306	139,884
Sewer Utility - Bond and Interest	9,100	-	-	9,100
Sewer Utility - Sinking Fund	88,599	842,345	619,405	311,539
Sewer Utility - Capital Cont	208,471	985,560	85,490	1,108,541
Sewer Utility - Consumer Deposit	79,875	10,308	7,170	83,013
Sewer Utility - Sewer Replacement Fund	497,363	-	1,794	495,569
Storm Utility				
Storm Utility - Operating	97,141	236,265	24,504	308,902
Storm Utility - Capital	-	401,000	33,608	367,392
Storm Utility - Stormwater District	3,654,445	47,334	1,525,097	2,176,682
Storm Utility - Stormwater Sinking	11,033	886,581	423,776	473,838
Fiduciary Fund:				
Pension Trust Fund:				
Police Officers' Pension	121,231	426,727	424,916	123,042
Agency Funds:				
Infraction Deferral	1,740	36,999	36,099	2,640
Payroll Fund	-	4,431,381	4,431,381	-
Self Insurance	236,809	739,306	739,568	236,547
PERF	-	118,747	118,747	-
Voluntary PERF	-	7,658	7,658	-
Police PERF	42	79,628	79,587	83
Totals	<u>\$ 9,013,395</u>	<u>\$ 27,774,797</u>	<u>\$ 25,498,787</u>	<u>\$ 11,289,405</u>

The accompanying notes are an integral part of the schedules.

TOWN OF GRIFFITH  
NOTES TO SCHEDULE

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF GRIFFITH  
NOTES TO SCHEDULE  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into various debts such as general obligation bonds for park, sanitary district and stormwater improvements, water refunding revenue bonds, and capital leases for public works building and vehicles. The outstanding principal at December 31, 2005, was \$11,780,000, \$3,730,000, and \$2,279,461, respectively.

Note 8. Subsequent Events

On February 21, 2006, the Town Council approved ordinance 2006-3 authorizing the issuance of tax anticipation warrants for \$2,400,000, which were used to refinance the balance of the outstanding warrants of 2005.

In October 2005, the Army Corps of Engineers awarded a bid for approximately \$1,400,000 to replace the Town's Genis pump station, with construction to begin in February 2006. The Army Corps of Engineers is managing the project, with the Town contributing for the costs of betterments, including \$125,000 for a by-pass pumping contract. This project is a component of the Cady Marsh Ditch improvements project (which includes the Deep Tunnel), which is ongoing during 2006.

TOWN OF GRIFFITH  
NOTES TO SCHEDULE  
(Continued)

2004 Pay 2005 Tax Rates and Levies

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2004 pay 2005 property tax bills were mailed out on October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

2005 Pay 2006 Tax Rates and Levies

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2005 pay 2006 property tax bills will be mailed out in June 2006, with the first installment due in July 2006 and the second installment due in November 2006.

TOWN OF GRIFFITH  
EXAMINATION RESULTS AND COMMENTS

WATER UTILITY CUSTOMER DEPOSIT REGISTER

The Water Utility maintains a computerized customer deposit register, a manual customer deposit register, and the utility fund ledger for the Water Consumer Deposit Fund (#604). Neither the manual nor the computerized control balance agrees with the ending cash balance of the Consumer Deposit Fund at December 31, 2005.

Monthly reconcilements of the manual or computerized customer deposit register to the fund ledger are not performed. The cash balance of the fund is \$8,674 more than the customer deposit register balance.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

As stated in prior audit reports, the Town and the Utilities did not maintain sufficient detailed records of capital assets. Upon purchase, the costs of the capital assets were added to the capital asset records. However, records providing historical costs for land are still being researched for correct inclusion in the detail.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TIMELINESS OF RECEIPT DEPOSIT – POLICE DEPARTMENT

Receipts from the police department for fees charged are not remitted to the Clerk-Treasurer's office for deposit on a timely basis. Receipts were held up to 134 days before deposit with the Clerk-Treasurer.

All collections made by any department or person connected with a city or town shall be turned in to the Clerk-Treasurer at least weekly. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

USER FEE CHARGES FOR PUBLIC SAFETY SERVICES

The Town adopted Ordinance 2004-26 establishing a user fee charge for the deployment of public safety vehicles. This user fee is for the delivery of fire and police department services, personnel, supplies and equipment to the scene of motor vehicle accidents. The ordinance references Indiana Code 36-8-12-16 as the basis for establishing this user fee. However, Indiana Code 36-8-12-16 only allows for a volunteer fire department to establish a user fee charge for public safety services. Receipts from this user fee are deposited into the General Fund, Police Incident Charges.

TOWN OF GRIFFITH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-8-12-16 states:

"Sec. 16. (a) A volunteer fire department that provides service within a jurisdiction served by the department may establish a schedule of charges for the services that the department provides not to exceed the state fire marshal's recommended schedule for services. The volunteer fire department or its agent may collect a service charge according to this schedule from the owner of property that receives service if the following conditions are met:

(1) At the following times, the department gives notice under IC 5-3-1-4(d) in each political subdivision served by the department of the amount of the service charge for each service that the department provides:

(A) Before the schedule of service charges is initiated.

(B) When there is a change in the amount of a service charge.

(2) The property owner has not sent written notice to the department to refuse service by the department to the owner's property.

(3) The bill for payment of the service charge:

(A) is submitted to the property owner in writing within thirty (30) days after the services are provided; and

(B) includes a copy of a fire incident report in the form prescribed by the state fire marshal, if the service was provided for an event that requires a fire incident report.

(b) A volunteer fire department shall use the revenue collected from the fire service charges under this section for:

(1) the purchase of equipment, buildings, and property for firefighting, fire protection, or other emergency services;

(2) deposit in the township firefighting fund established under IC 36-8-13-4; or

(3) to pay principal and interest on a loan under IC 22-14-5.

(c) If at least twenty-five percent (25%) of the money received by a volunteer fire department for providing fire protection or emergency services is received under one (1) or more contracts with one (1) or more political subdivisions (as defined in IC 34-6-2-110), the legislative body of a contracting political subdivision must approve the schedule of service charges established under subsection (a) before the schedule of service charges is initiated in that political subdivision.

(d) A volunteer fire department that: 1) has contracted with a political subdivision to provide fire protection or emergency services; and (2) charges for services under this section; must submit a report to the legislative body of the political subdivision before April 1 of each year indicating the amount of service charges collected during the previous calendar year and how those funds have been expended.

TOWN OF GRIFFITH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(e) The state fire marshal shall annually prepare and publish a recommended schedule of service charges for fire protection services.

(f) The volunteer fire department or its agent may maintain a civil action to recover an unpaid service charge under this section."

TOWN OF GRIFFITH  
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with Ronald Szafarczyk, Clerk-Treasurer; and Stanley Dobosz, President of the Town Council. The officials concurred with our findings.