

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

EXAMINATION REPORT
OF
CITY OF GARRETT
DEKALB COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennie DePaolo	01-01-04 to 12-31-07
Mayor	David Wiant	01-01-04 to 12-31-07
President of the Common Council	David Wiant	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	David Wiant	01-01-04 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Garrett (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the financial information presented herein. 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 information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the City 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

November 27, 2006

CITY OF GARRETT
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 Funds:				
General	\$ 594,297	\$ 1,814,650	\$ 2,267,213	\$ 141,734
Motor Vehicle Highway	172,936	558,887	627,273	104,550
Local Road and Street	11,429	34,117	33,146	12,400
Park and Recreation	44,808	173,543	203,726	14,625
Park Nonreverting	7,861	7,215	5,760	9,316
Cumulative Park	71,237	22,282	23,435	70,084
Redevelopment	59,427	14,286	9,938	63,775
Heritage Nonreverting	969	-	164	805
Debt Service	87,574	162,419	148,719	101,274
Law Enforcement Continuing Education	3,990	2,461	1,821	4,630
Operation Pullover	50	200	-	250
Criminal Justice Grant	49	-	49	-
Riverboat	50,019	36,592	-	86,611
Rainy Day	256,670	-	101,318	155,352
TIF	202,308	289,141	75,127	416,322
Donation	22,960	14,877	13,439	24,398
Underpass Project	502	-	502	-
Electronic Transfer	30	795,536	788,476	7,090
Code Enforcement	19,544	23,968	21,020	22,492
General Improvement	8,334	2,425	-	10,759
Cumulative Capital Improvement	25,946	17,939	30,000	13,885
Cumulative Capital Development	106,647	66,582	126,502	46,727
Cumulative Fire	87,136	44,433	-	131,569
CEDIT	101,906	139,837	171,800	69,943
Proprietary Funds:				
Electric Utility - Operating	999,723	5,511,213	5,769,786	741,150
Electric Utility - Bond and Interest	-	141,622	29,200	112,422
Electric Utility- Depreciation	247,677	3,129,025	3,003,773	372,929
Electric Utility - Customer Deposit	118,811	33,802	33,740	118,873
Electric Utility - Construction	-	3,932,050	2,666,299	1,265,751
Electric Utility- Cash Reserve	89,596	1,265,768	1,047,384	307,980
Water Utility - Operating	576,207	798,951	700,718	674,440
Water Utility - Bond and Interest	73,329	43,352	109,778	6,903
Water Utility - Customer Deposit	40,260	9,780	10,780	39,260
Water Utility - Construction	850,621	2,895	629,599	223,917
Water Utility - Depreciation	81,810	9,387	35,998	55,199
Water Utility- Cash Reserve	-	66,155	-	66,155
Wastewater Utility - Operating	917,981	1,479,684	1,270,536	1,127,129
Wastewater Utility - Bond and Interest	328,292	472,555	348,507	452,340
Wastewater Utility - Customer Deposit	42,233	20,829	11,850	51,212
Wastewater Utility - Construction	496,240	8,520	103,872	400,888
Wastewater Utility - Depreciation	100,998	178,297	277,795	1,500
Wastewater Utility - Cash Reserve	516,688	-	-	516,688
Employee Benefit Trust	41,745	577,397	533,134	86,008
Fiduciary Funds:				
Police Officers' Pension	239,074	21,787	32,899	227,962
Payroll	5,061	1,799,147	1,792,520	11,688
Totals	<u>\$ 7,702,975</u>	<u>\$ 23,723,606</u>	<u>\$ 23,057,596</u>	<u>\$ 8,368,985</u>

The accompanying notes are an integral part of the schedules.

CITY OF GARRETT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

The City 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 City 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 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.

CITY OF GARRETT
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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 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% 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 City has entered into various debts such as general obligation bonds to provide funds for the acquisition and construction of major capital facilities, a loan for the purchase of a fire truck, and several capital leases for the construction of a police/fire station, the purchase of communication equipment, and a street sweeper. The outstanding principal at December 31, 2005, was \$190,000, \$10,566 and \$652,205, respectively. The Electric, Water, and Wastewater Utilities have entered into various revenue bonds for expansion and improvements. Revenue bonds outstanding at December 31, 2005 for Electric, Water, and Wastewater Utilities are \$3,950,000, \$800,000, and \$5,468,000, respectively.

CITY OF GARRETT,
EXIT CONFERENCE

The contents of this report were discussed on November 27, 2006, with Jennie DePaolo, Clerk-Treasurer; and David Wiant, Mayor. Our examination disclosed no material items that warrant comment at this time.