

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

EXAMINATION REPORT

OF

TOWN OF GRIFFITH

LAKE COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
07/31/2007

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OFFICIALS

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



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 financial information presented herein of the Town of Griffith (Town), for the period of January 1, 2006 to December 31, 2006. The Town'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 Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 20, 2007

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, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 2,436,219	\$ 7,516,908	\$ 8,962,176	\$ 990,951
Motor Vehicle Highway	195,350	940,571	756,715	379,206
Local Road and Street	224,945	191,648	235,639	180,954
Park and Recreation	114,599	236,858	293,247	58,210
Law Enforcement Continuing Education	2,935	11,705	13,712	928
Non Reverting Police Equipment	7,159	5,399	9,267	3,291
Drug Task Force Grant	-	13,389	13,389	-
Law Enforcement Block Grant	238	2,745	2,825	158
Operation Night Light Grant	-	1,236	1,236	-
Operation Pullover Grant	3,123	26,304	23,201	6,226
Operaton Safe Speed	-	2,628	2,628	-
BMV Fines Moving	667	7,586	8,108	145
Federal Asset Forfeiture	15,357	21,619	23,248	13,728
Asset Forfeiture Nonreverting	500	-	-	500
Vandalism Reward	500	-	-	500
Gun Range Interlocal	78,528	42,839	1,155	120,212
Unsafe Building Nonreverting	6,115	1,920	-	8,035
Recycling Grant	304,737	185,558	188,648	301,647
Fuel Fund Interlocal	11,385	49,613	53,767	7,231
Fire Department Donation Equipment	28,137	53,793	50,882	31,048
Innkeeper Hotel Tax	5,704	5,400	421	10,683
Donation	19,429	16,200	16,657	18,972
GMBF/Corp Bond/Lease	224,200	189,212	350,500	62,912
Park District Bond 2002	140,309	108,160	201,840	46,629
Cumulative Capital Improvement	72,476	69,825	44,538	97,763
Cumulative Capital Building and Equipment	270,519	164,378	83,888	351,009
Casino Gaming Fund	90,656	189,182	206,490	73,348
General Improvement	102,466	-	-	102,466
Park District Improvement	93,747	1,026	10,303	84,470
Redevelopment Nonreverting	18,345	5,760	-	24,105
Building Escrow	5,400	9,950	3,000	12,350
2% Engineering Review Fee	5,929	33,922	21,114	18,737
Major Moves Construction	-	415,391	-	415,391
Park Capital Donate	-	25,000	-	25,000
Proprietary Funds:				
Water Utility - Operating	253,322	1,337,904	1,287,839	303,387
Water Utility - Sinking	59,411	408,000	402,160	65,251
Water Utility - Debt Reserve	399,018	7,980	-	406,998
Water Utility - Customer Deposit	87,567	10,488	6,985	91,070
Water Utility - Depreciation Improvement	173,641	153,686	209,208	118,119
Sewer Utility - Operating	139,884	1,691,050	1,844,293	(13,359)
Sewer Utility - Bond and Interest	9,100	-	-	9,100
Sewer Utility - Sinking Fund	311,539	561,366	726,013	146,892
Sewer Utility - Capital	1,108,541	340,100	431,681	1,016,960
Sewer Utility - Consumer Deposit	83,013	10,380	6,700	86,693
Sewer Utility - Sewer Replacement Fund	495,569	-	14,717	480,852
Storm Utility - Operating	308,902	144,758	153,052	300,608
Storm Utility - Capital	367,392	520,000	102,558	784,834
Storm Utility - Storm Water District	2,176,682	84,795	335,545	1,925,932
Storm Utility - Storm Water Sinking	473,838	1,130,817	1,176,085	428,570
Fiduciary Funds:				
Police Officers' Pension	123,042	618,244	466,240	275,046
Infraction Deferral	2,640	31,284	32,604	1,320
Self Insurance	236,547	764,223	701,792	298,978
PERF	-	126,480	126,480	-
Voluntary PERF	-	12,590	12,590	-
Police PERF	83	84,061	84,092	52
Payroll	-	4,596,842	4,596,842	-
Totals	<u>\$ 11,289,405</u>	<u>\$ 23,180,773</u>	<u>\$ 24,296,070</u>	<u>\$ 10,174,108</u>

The accompanying notes are an integral part of the schedules.

TOWN OF GRIFFITH
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and street, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban development.

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.

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

TOWN OF GRIFFITH
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Tax Levies and Rates for 2004 and 2005

Property tax rates and levies for 2004 taxes payable in 2005 were not established by February 15, 2004, as required by state statute due to the delay in the completion of the reassessment of Lake County. The 2005 property tax rates and levies were not established until October 2004; thus, the property taxes were not billed or collected timely. The final settlement of the 2004 taxes payable in 2005 was distributed to the various governmental entities in March 2006.

Property tax rates and levies for 2005 taxes payable in 2006 were not established by February 15, 2005, as required by state statute due to the delay in the completion of the reassessment of Lake County. The tax bills were mailed to Lake County residents in August 2006. They were due in two installments on August 29, 2006 and November 14, 2006. The final settlement of the 2005 taxes payable in 2006 was distributed to the various governmental entities on January 4, 2007.

Note 8. Subsequent Event

Property tax rates and levies for 2006 taxes payable in 2007 were not established by February 15, 2006, as required by state statute due to the delay in the completion of the reassessment of Lake County. Currently, tax bills have not been mailed for the spring installment, normally due May 10.

TOWN OF GRIFFITH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

The Town of Griffith has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
1999 Public Works Building	\$ 1,465,000	\$ 92,500
2005 Park Department Truck	6,632	6,632
2006 Police Chevy Impala	10,067	4,874
Notes and loans payable:		
1999 Fire Truck	123,689	60,868
2004 2 Fire Trucks	450,300	63,134
Bonds payable:		
General obligation bonds:		
1996 Sanitary District Bond	3,205,000	245,000
2002 Park Bond	560,000	80,000
2004 Stormwater Bond	<u>7,520,000</u>	<u>290,000</u>
Total governmental activities long-term debt	<u>\$ 13,340,688</u>	<u>\$ 843,008</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2003 Water Refunding Revenue Bond	<u>\$ 3,475,000</u>	<u>\$ 260,000</u>
Total business-type activities long-term debt:	<u>\$ 3,475,000</u>	<u>\$ 260,000</u>

TOWN OF GRIFFITH
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The Sewer Operating Fund was overdrawn at December 31, 2006, by \$13,359.52.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The Water and Sewer Utilities maintain a computerized customer deposit register, a manual customer deposit register, and the utilities fund ledger for the Water Consumer Deposit Fund (No. 604) and Sewer Consumer Deposit Fund (No. 609). Neither the manual nor the computerized control balance agrees with the ending cash balance of the Water and Sewer Consumer Deposit Fund at December 31, 2006.

Monthly reconciliements of the manual or computerized customer deposit register to the fund ledger are not performed. The cash balance 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 do not maintain sufficient detailed records of capital assets. Records providing historical costs for land were omitted. In 2007, the Town included a partial listing of land to its capital asset record.

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)

TOWN OF GRIFFITH
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2007, with Ronald J. Szafarczyk, Clerk-Treasurer, Michelle P. Ciucki, Deputy Clerk-Treasurer; and Stan Dobosz, President of the Town Council. The officials concurred with our findings.