

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

EXAMINATION REPORT

OF

CITY OF MONTPELIER

BLACKFORD COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
08/09/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedule of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedule	5-6
Examination Result and Comment: Delinquent Wastewater Accounts	7
Exit Conference	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dennis L. Clouse	01-01-04 to 12-31-07
Mayor	James A. McPherson	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	James A. McPherson	01-01-04 to 12-31-07
President of the Common Council	David W. Wall	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF MONTPELIER, BLACKFORD COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Montpelier (City), for the period of January 1, 2005 to December 31, 2005. The City'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 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

July 10, 2006

CITY OF MONTPELIER
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	\$ 62,656	\$ 503,821	\$ 508,842	\$ 57,635
Motor Vehicle Highway	23,495	58,907	58,866	23,536
Local Road and Street	3,479	12,311	-	15,790
Law Enforcement Continuing Education	797	380	62	1,115
Riverboat	17,834	12,164	18,946	11,052
Rainy Day	2,389	-	-	2,389
Special Equipment	3,093	14,792	13,885	4,000
Cumulative Capital Improvement	1	5,963	5,963	1
Cumulative Capital Development	20,241	20,987	22,726	18,502
Street and Stormwater Construction	-	215,000	192,595	22,405
Economic Development Income Tax	98,221	63,171	72,482	88,910
Levy Excess	455	-	455	-
Proprietary Funds:				
Water Utility - Operating	46,206	319,887	327,307	38,786
Water Utility - Bond and Interest	187,981	108,243	90,645	205,579
Water Utility - Debt Service Reserve	58,006	-	-	58,006
Water Utility - Customer Deposit	10,170	6,062	5,415	10,817
Water Utility - Construction	2,231	3	-	2,234
Water Utility - Improvement	11,706	9,408	1,826	19,288
Water Utility - Grant CF-03-224	-	108,981	108,981	-
Water Utility - Water Tower				
Grant CF-03-224 Match	-	11,000	11,000	-
Water Utility - Retainage	-	18,022	-	18,022
Wastewater Utility - Operating	55,223	331,328	353,961	32,590
Wastewater Utility - Bond and Interest	176,153	163,724	162,032	177,845
Wastewater Utility - Escrow	3	-	3	-
Wastewater Utility - Construction	90	-	-	90
Storm Water Utility - Operating	48,800	42,119	55,003	35,916
Storm Water Utility - Bond and Interest	7,675	36,293	35,007	8,961
Sanitation - Operating	46,389	102,135	99,799	48,725
Sanitation - Improvement	36,023	12,198	39,925	8,296
Fiduciary Funds:				
Police Officers' Pension	23,434	6,185	9,075	20,544
City Court User Fee	5,186	-	-	5,186
City Court	1,855	-	-	1,855
Payroll	2,111	435,088	435,398	1,801
Totals	<u>\$ 951,903</u>	<u>\$ 2,618,172</u>	<u>\$ 2,630,199</u>	<u>\$ 939,876</u>

The accompanying notes are an integral part of the schedules.

CITY OF MONTPELIER
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, economic development, culture and recreation, water, wastewater, stormwater, trash collection 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

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 MONTPELIER
NOTES TO SCHEDULE
(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 revenue bonds for various utility improvements, a loan for utility improvements and capital leases for equipment. The outstanding principal at December 31, 2005, was \$1,474,000, \$1,178,622, and \$221,499, respectively.

Note 8. Subsequent Event

Industrial Park Infrastructure

The City plans to invest \$1,750,000 in new infrastructure for their industrial park. The project will be funded by an \$875,000 grant from the Federal Economic Development Administration which the City will match by issuing bonds. To date, no bonds have been issued.

CITY OF MONTPELIER
EXAMINATION RESULT AND COMMENT

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May"

CITY OF MONTPELIER
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2006, with Dennis L. Clouse, Clerk-Treasurer; James A. McPherson, Mayor; and Roberta Lancaster, Deputy Clerk-Treasurer. The officials concurred with our finding.