

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

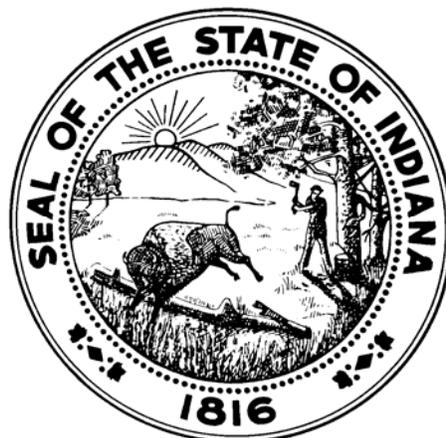
EXAMINATION REPORT

OF

CITY OF LIGONIER

NOBLE 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	Helen J. Gerke	01-01-04 to 12-31-07
Mayor	Gary W. Bishop, Sr.	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Gary W. Bishop, Sr.	01-01-04 to 12-31-07
President of the Common Council	Kenneth Schuman	01-01-05 to 12-31-06
Superintendent of Water Utility	Jeffery L. Boyle	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Environmental Management Corporation	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LIGONIER, NOBLE COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Ligonier (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 District 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 14, 2006

CITY OF LIGONIER  
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
<b>Governmental Funds:</b>				
General	\$ 4,653	\$ 1,789,484	\$ 1,452,655	\$ 341,482
Motor Vehicle Highway	147,671	406,078	434,813	118,936
Local Road and Street	287,671	28,262	63,000	252,933
Park and Recreation	4,758	167,113	120,431	51,440
Law Enforcement Continuing Education	2,613	3,470	210	5,873
Riverboat	55,025	27,474	-	82,499
Park Nonreverting Operating	7,287	20,333	24,360	3,260
Sports and Recreation	4,253	156,166	124,215	36,204
City Gift	18,335	18,465	18,890	17,910
Park Gift	13,110	224,694	199,119	38,685
Fire Grant	11,406	97,465	108,871	-
Police Grant	295	-	295	-
Rex Hagen Family Foundation	6,169	-	6,005	164
Thompson Beautification	3,840	35,000	34,352	4,488
Redevelopment Authority Lease Payment	-	399,262	-	399,262
Redevelopment Authority Debt Service Reserve	269,019	-	-	269,019
Cumulative Capital Improvement	39,661	13,469	16,991	36,139
Cumulative Capital Development	527,912	104,280	122,377	509,815
Cumulative Building and Fire Fighting Equipment	66,464	38,999	38,299	67,164
CEDIT	196,704	137,772	56,832	277,644
TIF#2 Warren	387,489	1,028,872	900,283	516,078
Redevelopment Authority Construction	973,482	5,128	978,610	-
Land Purchase	21,386	660	-	22,046
General Improvement	23,328	4,058	-	27,386
Park Nonreverting Capital	5,915	108	-	6,023
Downtown Redevelopment	610	-	-	610
<b>Proprietary Funds:</b>				
Water Utility - Operating	107,851	773,570	746,865	134,556
Water Utility - Bond and Interest	175,886	309,810	305,561	180,135
Water Utility - Debt Service Reserve	274,159	52,091	-	326,250
Water Utility - Depreciation	-	10,000	-	10,000
Water Utility - Customer Deposit	9,670	2,950	2,235	10,385
Water Utility - Construction	66,248	-	13,430	52,818
Wastewater Utility - Operating	1,578,537	1,123,178	1,021,906	1,679,809
Wastewater Utility - Bond and Interest	73,965	1,356,511	743,278	687,198
Wastewater Utility - Debt Service Reserve	628,055	-	-	628,055
Wastewater Utility - Depreciation	137,726	2,174	-	139,900
Wastewater Utility - Construction	-	217,389	143,109	74,280
Indiana Employment	19,502	-	1,167	18,335
<b>Fiduciary Funds:</b>				
Police Officers' Pension	97,052	2,895	-	99,947
Firefighters' Pension	32,059	-	-	32,059
Payroll	11,276	1,173,217	1,172,310	12,183
<b>Totals</b>	<b>\$ 6,291,042</b>	<b>\$ 9,730,397</b>	<b>\$ 8,850,469</b>	<b>\$ 7,170,970</b>

The accompanying notes are an integral part of the schedules.

CITY OF LIGONIER  
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, health and social services, culture and recreation, water and wastewater services, 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 LIGONIER  
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 bonds for construction of a police building, a capital lease for the purchase of a police car, a capital lease for the purchase of a street sweeper, and a loan for the purchase of a fire truck. The outstanding principal at December 31, 2005, was \$3,050,000, \$6,939, \$104,000, and \$247,461, respectively.

CITY OF LIGONIER  
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET INVENTORY

A physical inventory of capital assets owned by the City was not presented for examination

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)

CITY OF LIGONIER  
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2006, with Helen J. Gerke, Clerk-Treasurer; and Gary W. Bishop, Sr., Mayor. The officials concurred with our finding.