

**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, 2006 to December 31, 2006



**FILED**

06/28/2007



## TABLE OF CONTENTS

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

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Gary Bishop, Sr.	01-01-04 to 12-31-07
Clerk-Treasurer	Helen J. Gerke	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Gary Bishop, Sr.	01-01-06 to 12-31-07
President of the Common Council	Kenneth Shuman	01-01-06 to 12-31-07
Superintendent Water Utility	Jeffery Boyle	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Environmental Management Corporation	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Ligonier (City), for the period of January 1, 2006 to December 31, 2006. 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, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 5, 2007

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, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 341,482	\$ 1,478,660	\$ 1,465,436	\$ 354,706
Motor Vehicle Highway	118,936	442,361	438,604	122,693
Local Road and Street	252,933	26,786	85,799	193,920
Park and Recreation	51,440	58,788	91,343	18,885
Law Enforcement Continuing Education	5,873	4,081	9,207	747
Riverboat	82,499	27,418	109,000	917
Rainy Day	-	32,059	-	32,059
Park Nonreverting Operating	3,260	20,781	24,000	41
Sports and Recreation	36,204	138,997	123,497	51,704
City Gift	17,910	13,813	17,371	14,352
Park Gift	38,685	2,149	38,747	2,087
Fire Grant	-	25,983	25,378	605
Rex Hagen Family Foundation	164	-	-	164
Thompson Beautification	4,488	25,000	28,025	1,463
Redevelopment Authority Lease Payment	399,262	143,254	271,016	271,500
Redevelopment Authority Debt Service Reserve	269,019	-	-	269,019
Cumulative Capital Improvement	36,139	15,565	39,841	11,863
Cumulative Capital Development	509,815	81,910	119,523	472,202
Cumulative Building and Fire Fighting Equipment	67,164	32,060	30,217	69,007
CEDIT	277,644	166,121	141,041	302,724
TIF No. 2 Warren	516,078	367,268	269,359	613,987
Land Purchase	22,046	785	-	22,831
General Improvement	27,386	2,485	-	29,871
Park Nonreverting Capital	6,023	172	-	6,195
Downtown Redevelopment	610	-	-	610
Levy Excess	-	9,109	9,109	-
Proprietary Funds:				
Water Utility - Operating	134,556	770,113	796,475	108,194
Water Utility - Bond and Interest	180,135	129,366	111,133	198,368
Water Utility - Debt Service Reserve	326,250	-	-	326,250
Water Utility - Depreciation	10,000	137	-	10,137
Water Utility - Customer Deposit	10,385	2,950	2,695	10,640
Water Utility - Construction	52,818	-	15,176	37,642
Wastewater Utility - Operating	1,679,809	1,022,996	1,190,785	1,512,020
Wastewater Utility - Bond and Interest	687,198	1,373,154	1,275,538	784,814
Wastewater Utility - Debt Service Reserve	628,055	-	-	628,055
Wastewater Utility - Depreciation	139,900	3,429	-	143,329
Wastewater Utility - Construction	74,280	4,467,170	743,593	3,797,857
Indiana Employment	18,335	-	1,312	17,023
Fiduciary Funds:				
Police Officers' Pension	99,947	4,664	-	104,611
Firefighters' Pension	32,059	-	32,059	-
Payroll	12,183	1,198,206	1,198,263	12,126
Totals	<u>\$ 7,170,970</u>	<u>\$ 12,087,790</u>	<u>\$ 8,703,542</u>	<u>\$ 10,555,218</u>

The accompanying notes are an integral part of the schedules.

CITY OF LIGONIER  
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. 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 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 bonds for construction of a police building, several capital leases for the purchase of police vehicles, 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, 2006, was \$2,895,000, \$41,226, \$82,884, and \$211,169, respectively.

CITY OF LIGONIER  
EXAMINATION RESULT AND COMMENT

CHANGE ORDERS

The change orders for the city hall remodeling project were 71% of the original contract amount.

The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. (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 June 5, 2007, with Helen J. Gerke, Clerk-Treasurer. The official concurred with our finding.