

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

EXAMINATION REPORT
OF
CITY OF CLINTON
VERMILLION COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/27/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosemary Moore	01-01-04 to 12-31-07
Mayor	Ronald A. Shepard	01-01-04 to 12-31-07
President of the Board of Public Works	Ronald A. Shepard	01-01-06 to 12-31-07
President of the Common Council	Martin J. Russell	01-01-06 to 12-31-07
Superintendent of Utilities	Vacant	01-01-06 to 07-31-07
Utility Office Manager	Linda Whiteman	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF CLINTON, VERMILLION COUNTY, INDIANA

We have examined the financial information presented herein of the City of Clinton (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

July 31, 2007

CITY OF CLINTON
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	\$ (36,984)	\$ 857,413	\$ 636,040	\$ 184,389
Motor Vehicle Highway	(54,192)	207,309	117,382	35,735
Local Road and Street	31,731	26,547	32,015	26,263
Park and Recreation	55,713	28,073	41,045	42,741
Golf	21,863	70,816	69,324	23,355
Cemetery	(5,900)	62,898	80,258	(23,260)
Little Italy Grand Prix	3	-	-	3
Senior Citizens	500	1,800	112	2,188
Court Law Enforcement Continuing Education	6,267	6,324	7,242	5,349
Riverboat	64,646	32,257	60,000	36,903
Lilly Endowment	2,935	-	-	2,935
Police Continuing Education	2,219	2,636	1,987	2,868
Police Equipment	1,539	3,520	4,739	320
Rainy Day	25,938	125	11,470	14,593
Golf Course Equipment	843	75	12	906
City Deferral	4,702	3,960	348	8,314
Feather Creek	26,814	598	2,927	24,485
Redevelopment	8,824	44	-	8,868
Debt Service	7,487	80,572	34,253	53,806
General Obligation Bond	44,145	60,802	41,580	63,367
Cumulative Capital Improvement	24,975	18,313	24,000	19,288
Cumulative Capital Development	7,275	7,562	8,000	6,837
Cumulative Fire	-	21,338	-	21,338
Proprietary Funds:				
Water Utility - Operating	96,681	652,142	704,071	44,752
Water Utility - Bond and Interest	131,323	136,003	113,270	154,056
Water Utility - Depreciation	29,130	108,350	221,041	(83,561)
Water Utility - Customer Deposit	104,562	28,100	12,912	119,750
Water Utility - Debt Service Reserve	36,471	27,713	3,870	60,314
Water Utility - Retainage	44,899	-	44,899	-
Wastewater Utility - Operating	13,840	736,467	713,158	37,149
Wastewater Utility - Bond and Interest	58,735	216,288	215,846	59,177
Wastewater Utility - Debt Service Reserve	221,828	-	-	221,828
Wastewater Utility - Equipment	4,513	-	60,967	(56,454)
Wastewater Utility - Improvement	(96,980)	131,318	200,434	(166,096)
Fiduciary Funds:				
Police Pension	62,177	136,207	70,691	127,693
Fire Pension	24,449	43,548	35,299	32,698
Cemetery Trust Expendable	2,694	-	-	2,694
Cemetery Trust Nonexpendable	1,000	11	-	1,011
Lease Escrow	7,429	-	-	7,429
City Court	6,452	274,596	273,965	7,083
County Court Costs	-	26,610	26,610	-
Deferral Program	30	56,591	56,591	30
Payroll	23,179	1,189,301	1,191,366	21,114
Totals	\$ 1,013,755	\$ 5,256,227	\$ 5,117,724	\$ 1,152,258

The accompanying notes are an integral part of the financial information.

CITY OF CLINTON
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, highways and streets, culture and recreation, planning and zoning, general administrative services, water, and wastewater treatment.

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 CLINTON
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.

CITY OF CLINTON
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (City and Utilities)

The City has a capital asset register but the information is incomplete. Not all assets are recorded. Several recorded assets were not classified as to type of asset, and some did not have dates of purchase or original cost listed. Not all City capital asset additions and disposals are being recorded. An inventory of all capital assets owned has not been taken.

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. 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)

APPROPRIATIONS (City)

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Improvement	2006	\$ 24,000
Cumulative Capital Development	2006	2,000

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DEPOSITS (City)

Tests of receipts indicated that approximately 21% of tested receipts were deposited later than the next business day. A similar comment has been included in the last seven reports.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

OVERDRAWN FUND BALANCES (City and Utilities)

The Cemetery Fund, Water Utility - Depreciation Fund, Wastewater Utility - Improvement Fund, and the Wastewater Utility - Equipment Fund were overdrawn in 2006.

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)

CITY OF CLINTON
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2007, with Rosemary Moore, Clerk-Treasurer; Ronald A. Shepard, Mayor; and Martin J. Russell, President of the Common Council. The officials concurred with our findings.