

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

EXAMINATION REPORT  
OF  
CITY OF LOGANSPOUR  
CASS COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
11/24/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ruth Ellen Bland	01-01-08 to 12-31-11
Mayor	Michael E. Fincher	01-01-08 to 12-31-11
President of the Common Council	Chuck LaDow Brandon Meagher	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Utilities	Paul Hartman	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LOGANSPORT, CASS COUNTY, INDIANA

We have examined the financial information presented herein of the City of Logansport (City), for the period of January 1, 2009 to December 31, 2009. 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, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 22, 2010

CITY OF LOGANSPORT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 3,027,330	\$ 10,871,582	\$ 10,705,085	\$ 3,193,827
Motor Vehicle Highway	861,587	722,372	862,060	721,899
Local Road and Street	50,226	71,318	57,329	64,215
Law Enforcement Continuing Education	56,398	7,784	7,814	56,368
Park Nonreverting Operating	47,284	40,157	44,532	42,909
Ben Long	473	-	-	473
Fire Report	650	147	234	563
Solid Waste District	20,535	640	-	21,175
Police Reserve	190	-	-	190
Nonreverting Host Community	1,069,579	181,448	557,852	693,175
Eastgate Property	660,530	117,137	124,801	652,866
Blitz Grant	207	4,000	4,031	176
Bulletproof Vest	-	927	-	927
JAG (Justice Assistance)	-	14,110	14,110	-
Auto Safety IU Grant	74	-	-	74
Donations	65	87,871	85,750	2,186
AIP Environmental Grant	392	-	-	392
Nonreverting Drug Investigation/Equipment	4,216	-	766	3,450
Nonreverting Unsafe Building	28,122	47,025	60,997	14,150
Rainy Day	444,774	262,522	225,000	482,296
Recreation Trails Program Grant	31,983	-	2,535	29,448
Fire Station/Street Department	274	1	-	275
Cumulative Capital Improvement	113,393	60,358	60,603	113,148
County Economic Development Income Tax	2,575,380	1,952,165	1,501,127	3,026,418
Park Nonreverting Capital	2,607	85,085	-	87,692
Logansport Nonreverting Equipment	850,430	257,284	113,032	994,682
Little Turtle Waterway Plaza	2,984	-	-	2,984
Nonreverting Infrastructure Maintenance	387,241	199,716	-	586,957
Nonreverting Old US 24 Highway Relinquishment	911,313	668,431	952,866	626,878
Nonreverting Land Development	70,434	32,906	73,340	30,000
Tax Increment Financing	40,145	2,160,217	1,409,710	790,652
CDBG IN Housing Grant 005	50	-	-	50
Nonreverting Logansport Health Insurance	107,445	-	100,000	7,445
Nonreverting Golf Operating	63,727	528,917	439,719	152,925
Nonreverting Grant Administration	114,871	-	14,247	100,624
Sharon Ness Memorial Scholarship - Parks	495	600	177	918
Transportation Enhancement Eel River Run Trail	186,279	747	51,272	135,754
DUI Task Force Grant	691	7,500	3,695	4,496
Forestry Exact Grant	3,000	2,789	2,959	2,830
Jefferson Street Federal Housing Grant	6,541	93,175	99,716	-
CDBG Planning Grant	2,500	19,960	22,460	-
Indiana Housing 007	-	116,594	120,969	(4,375)
Land - Water CF Grant	-	200,000	5,700	194,300
Mun Building Corp/Ivy Tech	-	244,190	153,500	90,690
Safe Routes - Indot Grant	-	256,645	14,521	242,124
<b>Proprietary Funds:</b>				
<b>Internal Service Fund:</b>				
Utility Health Insurance	1,488,444	1,535,362	1,770,141	1,253,665
Water Utility - Operating	198,803	3,751,787	3,664,724	285,866
Water Utility - Bond and Interest	-	223,635	223,635	-
Water Utility - Depreciation	2,506,192	53,876	-	2,560,068
Water Utility - Insurance Reserve	111,923	1,577	-	113,500
Water Utility - Bond Reserve	429,000	6,175	190,168	245,007
Wastewater Utility - Operating	359,971	5,578,317	5,300,660	637,628
Wastewater Utility - Bond and Interest	-	454,440	454,440	-
Wastewater Utility - Depreciation	1,412,410	614,617	3,000	2,024,027
Wastewater Utility - Insurance Reserve	107,618	1,516	-	109,134
Wastewater Utility - Bond Reserve	770,412	11,117	521,275	260,254
Wastewater Utility - Fiscal Agent	16,745	236	236	16,745
Electric Utility - Operating	2,282,644	40,419,998	41,195,584	1,507,058
Electric Utility - Depreciation	3,026,876	1,224,805	440,000	3,811,681
Electric Utility - Customer Deposit	145,095	14,619	4,714	155,000
Electric Utility - Insurance Reserve	279,307	3,945	13,252	270,000
Electric Utility - Employee Banked Vacation	233,629	39,641	784	272,486
Storm Water Utility - Operating	108,287	1,012,877	975,550	145,614
Storm Water Utility - Bond and Interest	-	144,317	144,317	-
Storm Water Utility - Depreciation	429,203	254,254	-	683,457
Storm Water Utility - Bond Reserve	147,420	2,117	2,117	147,420
Storm Water Utility - Operating Reserve	327,771	103,352	-	431,123
<b>Fiduciary Funds:</b>				
Police Pension	689,179	797,364	639,413	847,130
Fire Pension	1,121,482	999,402	822,307	1,298,577
Cemetery Endowment	2,252	-	-	2,252
Calvary Perpetual	51,162	-	-	51,162
Cemetery Perpetual	76,704	6,740	20,566	62,878
Cemetery Trust (Flanagan)	3,163	-	84	3,079
Pratt Charitable	4,950	15,072	15,000	5,022
Spry Charitable	10,050	30,143	30,000	10,193
<b>Totals</b>	<b>\$ 28,085,107</b>	<b>\$ 76,617,621</b>	<b>\$ 74,324,476</b>	<b>\$ 30,378,252</b>

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

CITY OF LOGANSPORT  
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, generation and distribution of electricity, water treatment and distribution, wastewater collection and treatment, storm water 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.

CITY OF LOGANSPOUR  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

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 LOGANSPORT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 4,901,847
Infrastructure	15,934,563
Buildings	12,880,553
Improvements other than buildings	4,166,742
Machinery and equipment	<u>6,570,504</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 44,454,209</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 77,749
Buildings	1,672,575
Improvements other than buildings	14,980,448
Machinery and equipment	<u>4,183,840</u>
Total Water Utility capital assets	<u>20,914,612</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	36,500
Buildings	2,404,821
Improvements other than buildings	17,366,450
Machinery and equipment	<u>14,615,879</u>
Total Wastewater Utility capital assets	<u>34,423,650</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	268,635
Buildings	6,395,184
Improvements other than buildings	34,365,517
Machinery and equipment	<u>38,409,459</u>
Total Electric Utility capital assets	<u>79,438,795</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>5,366,707</u>
Total business-type activities capital assets	<u>\$ 140,143,764</u>

CITY OF LOGANSPORT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Ivy Tech Campus Street and Improvements	\$ 3,940,000	\$ 153,496
Business-type activities:		
Water Utility:		
Revenue bonds:		
1995 Issue	\$ 160,000	\$ 164,748
2001 Issue	2,553,000	241,609
Total Water Utility	2,713,000	406,357
Wastewater Utility:		
Revenue bonds:		
1994 Issue	480,000	495,228
1998 Issue	724,000	91,952
2001 Issue	1,742,000	164,688
Total Wastewater Utility	2,946,000	751,868
Storm Water Utility:		
Revenue bonds:		
1995 Issue	270,000	140,833
Total Storm Water Utility	270,000	140,833
Total business-type activities debt	\$ 5,929,000	\$ 1,299,058

CITY OF LOGANSPORT  
EXAMINATION RESULTS AND COMMENTS

FAILURE TO DEPOSIT POLICE DEPARTMENT COLLECTIONS

The Police Department collects fees for gun permits, accident reports and other miscellaneous items. When these collections are received, a hand written receipt is issued to the citizen making the payment and the collection placed in a cash box. Periodically, the collections accumulated in the cash box are taken to the Clerk-Treasurer's office to be receipted to the City's records and deposited into the proper bank account.

Our test of the Police Department receipts discussed above revealed a significant number of collections that had not been turned in to the Clerk-Treasurer's office or deposited into any of the City's bank accounts. The police department employee responsible for the cash box indicated that she was not aware of any problems or issues related to balancing the cash box. Subsequent to our discussion with the police department employee, an envelope was found in the safe that contained a number of checks and \$2.00 of cash that had not been turned over to the Clerk-Treasurer. The dates on the checks confirmed they were a part of the missing collections. A detailed review of the contents of the envelope indicated that there were still more missing payments. We again brought this to the attention of the responsible police department employee. Shortly after this discussion another envelope containing more checks was found and turned over to us. Our review of the contents of this envelope indicated that these checks were also a part of the missing collections. Due to the age of the checks found, most of these checks could no longer be cashed.

We traced all the receipts issued by the Police Department for the years 2008, 2009 and the period from January 1, 2010 to July 26, 2010, to the receipts issued by the Clerk-Treasurer's office and the subsequent deposit into the proper bank account. The following cash receipt totals collected by the police department were never deposited to a city bank account:

2008	\$	1,284.00
2009		3,375.98
2010		<u>568.00</u>
Total	\$	<u>5,227.98</u>

On September 23, 2010, the City was able to deposit \$577.00 of the checks previously turned over to us. This reduced the amount of cash receipt totals collected by the police department, but never deposited to a city bank account to \$4,650.98.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We requested Jodi Nicoll, the Police Department Secretary responsible for the cash box, to reimburse the City \$4,650.98 for these undeposited collections. (See Summary, page 13)

APPROPRIATIONS

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

CITY OF LOGANSPOUR  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Rainy Day	2009	<u>\$ 125,000</u>

IC 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."

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. A similar comment was in the prior report numbers B30001, B32908, and B34811.

IC 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. . . ."

POLICE DEPARTMENT RECEIPTS AND FEES

Receipts and fees collected by the Police Department were remitted to the Clerk-Treasurer less frequently than once a week.

CITY OF LOGANSPOUR  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

TAX EXEMPT CALCULATION

The Utilities are not calculating the amount of tax exempt sales reported on their state form ST-103 correctly. Currently, they are backing into the exempt sales reported based on the total amount of sales tax collected during the period. The Utility should have documentary support for each amount reported on this form.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BOND INFORMATION

The City of Logansport held an Employee Dishonesty Policy which covered Jodi Nicoll, Police Department Secretary. The limit of coverage is \$500,000 per crime with a \$5,000 deductible. The coverage is for each examination period 01-01-08 to 12-31-08, 01-01-09 to 12-31-09 and 01-01-10 to 12-31-10 and is renewed annually. The policy is through St. Paul Fire and Marine Insurance Company.

The State of Indiana, through the City of Logansport, held an official bond on the City Clerk-Treasurer, Ruth Ellen Bland in the amount of \$50,000 for year ending 2007 and Continuation Certificates for the years 2008, 2009, and 2010, renewed annually until successor is duly qualified. The bond was underwritten by the Cincinnati Insurance Company of Ohio.

CITY OF LOGANSPORT  
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2010, with Paul Hartman, Superintendent of Utilities; LuAnn Davis, Utilities Controller; Michael E. Fincher, Mayor; Ruth Ellen Bland, Clerk-Treasurer; Brandon Meagher, President of the Common Council; and Scott Kraud, Council member. The officials concurred with our findings.

We also discussed the portion of this report related to the cash collections in the Police Department with Jodi Nicoll, Police Department Secretary.

CITY OF LOGANSPORT  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Jodi Nicoll, Police Department Secretary: Failure to Deposit Police Department Collections, page 9	\$ 5,227.98	\$	\$
Checks deposited on September 23, 2010 page 9	<u>                    </u>	<u>577.00</u>	<u>4,650.98</u>
Totals	<u>\$ 5,227.98</u>	<u>\$ 577.00</u>	<u>\$ 4,650.98</u>

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AFFIDAVIT

STATE OF INDIANA )  
Miami COUNTY )

I, Cindy J. Ropes, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the City of Logansport, Cass County, Indiana, for the period from January 1, 2009 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Cindy J. Ropes  
Field Examiner

Subscribed and sworn to before me this 21<sup>st</sup> day of October, 2010.

Marcia Ann Minard  
Notary Public

My Commission Expires: December 6, 2015 Use with Notary

County of Residence: Miami Use with Notary