

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, 2007 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosemary Moore Kara Vorek	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	Ronald Shepard Jerry Hawkins (Vacant) Arthur A. Lindsay, Jr.	01-01-04 to 12-31-07 01-01-08 to 07-07-08 07-08-08 to 08-03-08 08-04-08 to 12-31-11
President of the Board of Public Works	Ronald Shepard Jerry Hawkins (Vacant) Arthur A. Lindsay, Jr.	01-01-07 to 12-31-07 01-01-08 to 07-07-08 07-08-08 to 08-03-08 08-04-08 to 12-31-08
President of the Common Council	Martin Russell Roy Strayer	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of the Utilities	(Vacant)	01-01-07 to 12-31-08



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 CLINTON, VERMILLION COUNTY, INDIANA

We have examined the financial information presented herein of the City of Clinton (City), for the period of January 1, 2007 to December 31, 2007. 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, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 2, 2008

CITY OF CLINTON
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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 184,389	\$ 698,056	\$ 950,845	\$ (68,400)
Motor Vehicle Highway	35,735	178,709	166,557	47,887
Local Road and Street	26,263	30,704	3,122	53,845
Park and Recreation	42,741	35,445	46,113	32,073
Golf	23,355	68,508	82,085	9,778
Cemetery	(23,260)	79,543	102,178	(45,895)
Little Italy Grand Prix	3	-	-	3
Senior Citizens	2,188	1,800	-	3,988
Court Law Enforcement Continuing Education	5,349	10,207	5,982	9,574
Riverboat	36,903	32,324	-	69,227
Rainy Day	14,593	47	3,529	11,111
Lilly Endowment	2,935	-	-	2,935
Police Continuing Education	2,868	3,204	3,343	2,729
Police Equipment	320	4,046	3,674	692
Golf Course Equipment	906	-	906	-
City Deferral	8,314	2,870	2,364	8,820
Feather Creek	24,485	-	602	23,883
Redevelopment	8,868	45	-	8,913
Debt Service	53,806	63,686	78,478	39,014
General Obligation Bond	63,367	364,574	346,967	80,974
Cumulative Capital Improvement	19,288	18,004	9,686	27,606
Cumulative Capital Development	6,837	5,170	5,087	6,920
Cumulative Fire	21,338	23,133	19,570	24,901
Proprietary Funds:				
Water Utility - Operating	44,752	728,719	716,526	56,945
Water Utility - Bond and Interest	154,056	132,044	189,284	96,816
Water Utility - Depreciation	(83,561)	184,372	102,810	(1,999)
Water Utility - Customer Deposit	119,750	126,907	111,891	134,766
Water Utility - Debt Service Reserve	60,314	28,946	156	89,104
Wastewater Utility - Operating	37,149	957,177	937,484	56,842
Wastewater Utility - Bond and Interest	59,177	252,019	59,627	251,569
Wastewater Utility - Debt Service Reserve	221,828	101,296	221,904	101,220
Wastewater Utility - Equipment	(56,454)	179,734	64,222	59,058
Wastewater Utility - Improvement	(166,096)	358,051	92,413	99,542
Fiduciary Funds:				
Police Officers' Pension	127,693	64,629	78,873	113,449
Firefighters' Pension	32,698	65,409	37,145	60,962
Cemetery Trust Expendable	2,694	-	-	2,694
Cemetery Trust Nonexpendable	1,011	-	-	1,011
Lease Escrow	7,429	-	-	7,429
City Court	7,083	471,521	464,183	14,421
County Court Costs	-	44,937	44,937	-
Deferral Program	30	90,438	90,438	30
Payroll	21,114	1,215,814	1,221,143	15,785
Totals	<u>\$ 1,152,258</u>	<u>\$ 6,622,088</u>	<u>\$ 6,264,124</u>	<u>\$ 1,510,222</u>

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, highway 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. All property taxes collected by the County Treasurer and available for distribution were not 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 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

City of Clinton

Office of Clerk-Treasurer
 259 Vine Street
 Clinton, IN 47842

CITY OF CLINTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
2001 series (paving)	\$ 290,000	\$ 40,580
2006 series (miscellaneous equipment)	280,000	71,660
Total governmental activities debt	\$ 570,000	\$ 112,240
Business-type Activities:		
Water Utility		
Notes and loans:		
2004 State Revolving Fund Loan (improvements)	\$ 1,698,000	\$ 127,206
Wastewater Utility		
Capital leases:		
1998 street sweeper	19,296	12,541
2005 vacuum truck	49,715	51,982
Notes and loans:		
2000 State Revolving Fund Loan (improvements)	2,299,804	212,698
Total business-type activities debt	\$ 2,368,815	\$ 277,221

CITY OF CLINTON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES (City and Utilities)

The General Fund, Cemetery Fund, and Water Utility - Depreciation Fund were overdrawn in 2007.

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)

APPROPRIATIONS (City)

The records presented for examination indicated the following expenditures in excess of budgeted appropriations in 2007:

<u>Fund</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	\$ <u>4,284</u>

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."

CAPITAL ASSET RECORDS (City and Utilities)

The City has a capital asset register, but the information is incomplete as entries to the register have not been made since 2005. 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 since May 2004.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

DEPOSITS (City)

A test of receipts indicated that approximately 73% of tested receipts were deposited later than the next business day. A similar comment has been included in the previous eight 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."

CITY OF CLINTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

LOCAL ROAD AND STREET FUND EXPENDITURE (City)

The City improperly posted check number 14909 in the amount of \$2,878 for the October 2007 purchase of ice control salt to the Local Road and Street Fund, rather than the Motor Vehicle Highway Fund.

Indiana Code 8-14-2-5 states:

"Money from the local road and street account shall be used exclusively by cities, towns, and counties for:

1. engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;
2. the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;
3. any local costs required to undertake a recreational or reservoir road project under IC 8-23-5; or
4. the purchase, rental or repair of highway equipment."

POLICE DEPARTMENT COLLECTIONS (City)

A test of receipts issued by the Police Department indicated that collections were remitted on a timely basis to the Clerk-Treasurer's office; however, the Clerk-Treasurer's office did not always issue a receipt for the remittance on a timely basis. As a result, the collections were not always deposited on a timely basis by the Clerk-Treasurer. Other instances were identified in which a receipt for Police Department collections was timely issued by the Clerk-Treasurer's office, but the corresponding deposit was not made in a timely manner.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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."

CITY OF CLINTON
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2008, with Arthur A. Lindsay, Jr., Mayor; Kara Vorek, Clerk-Treasurer; Marissa Stoffel, Deputy Clerk-Treasurer; and Richard Jovanovich, Sr., Common Council member. The officials concurred with our findings.

The contents of this report were discussed on December 2, 2008, with Ronald Shepard, former Mayor.

The contents of this report were discussed on December 2, 2008, with Rosemary Moore, former Clerk-Treasurer.