

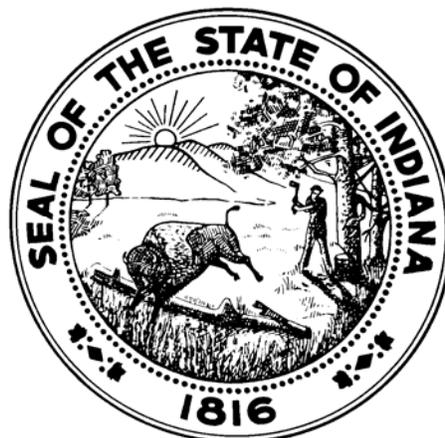
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2004

CITY OF RUSHVILLE

RUSH COUNTY, INDIANA



FILED
08/16/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann L. Copley	01-01-04 to 12-31-07
Mayor	Robert M. Bridges	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Robert M. Bridges	01-01-04 to 12-31-07
President of the Common Council	Michael Pavey	01-01-04 to 12-31-06
Superintendent of Utilities	EMC of Indiana, LLC	01-01-04 to 12-31-06
Utility Office Manager	Ruth Ann Wise	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF RUSHVILLE, RUSH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rushville (City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedule of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Other Governmental Funds; Combining Schedule of Additions, Deductions, and Changes in Cash Balances – Pension Trust Funds; Combining Schedule of Additions, Deductions, and Changes in Cash Balances – Agency Funds; and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Other Governmental Funds; Combining Schedule of Additions, Deductions, and Changes in Cash Balances – Pension Trust Funds; and Combining Schedule of Additions, Deductions, and Changes in Cash Balances – Agency Funds; have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 5, 2006

CITY OF RUSHVILLE
STATEMENT OF CASH ACTIVITIES AND NET ASSETS - CASH BASIS
For The Year Ended December 31, 2004

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,274,416	\$ 7,880	\$ -	\$ -	\$ (1,266,536)	\$ -	\$ (1,266,536)
Public safety	1,682,353	-	9,095	65,878	(1,607,380)	-	(1,607,380)
Highways and streets	401,919	1,448	-	-	(400,471)	-	(400,471)
Sanitation	222,061	10,188	-	-	(211,873)	-	(211,873)
Health and welfare	66,159	400	170	-	(65,589)	-	(65,589)
Economic development	222,796	-	36,068	-	(186,728)	-	(186,728)
Culture and recreation	288,451	39,439	8,131	-	(240,881)	-	(240,881)
Interest on long-term debt	75,738	-	-	-	(75,738)	-	(75,738)
Total governmental activities	<u>4,233,893</u>	<u>59,355</u>	<u>53,464</u>	<u>65,878</u>	<u>(4,055,196)</u>	<u>-</u>	<u>(4,055,196)</u>
Business-type activities:							
Water	908,826	745,302	-	-	-	(163,524)	(163,524)
Wastewater	1,215,157	1,036,980	-	-	-	(178,177)	(178,177)
Total business-type activities	<u>2,123,983</u>	<u>1,782,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(341,701)</u>	<u>(341,701)</u>
Total primary government	<u>\$ 6,357,876</u>	<u>\$ 1,841,637</u>	<u>\$ 53,464</u>	<u>\$ 65,878</u>	<u>(4,055,196)</u>	<u>(341,701)</u>	<u>(4,396,897)</u>
General receipts:							
Property taxes					2,809,382	-	2,809,382
Other local sources					369,039	21,875	390,914
Bonds and loans					-	519,750	519,750
Other intergovernmental revenues					1,415,679	-	1,415,679
Unrestricted investment earnings					-	7,938	7,938
Total general receipts					<u>4,594,100</u>	<u>549,563</u>	<u>5,143,663</u>
Change in net assets					538,904	207,862	746,766
Net assets - beginning					<u>4,403,447</u>	<u>554,544</u>	<u>4,957,991</u>
Net assets - ending					<u>\$ 4,942,351</u>	<u>\$ 762,406</u>	<u>\$ 5,704,757</u>
<u>Assets</u>							
Cash and cash equivalents					\$ 3,786,494	\$ 121,199	\$ 3,907,693
Cash with fiscal agent					128,212	-	128,212
Restricted assets:							
Cash and cash equivalents					<u>1,027,645</u>	<u>641,207</u>	<u>1,668,852</u>
Total assets					<u>\$ 4,942,351</u>	<u>\$ 762,406</u>	<u>\$ 5,704,757</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 23,857	\$ -	\$ 23,857
Highways and streets					429,975	-	429,975
Health and welfare					1,566	-	1,566
Urban redevelopment and housing					494,317	-	494,317
Debt service					128,212	345,979	474,191
Construction					-	197,709	197,709
Other purposes					77,733	97,519	175,252
Unrestricted					<u>3,786,691</u>	<u>121,199</u>	<u>3,907,890</u>
Total net assets					<u>\$ 4,942,351</u>	<u>\$ 762,406</u>	<u>\$ 5,704,757</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RUSHVILLE
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	General	Electric Liquidation	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 2,368,086	\$ -	\$ 441,296	\$ 2,809,382
Licenses and permits	886	-	410	1,296
Intergovernmental	1,127,335	-	407,686	1,535,021
Charges for services	400	-	58,955	59,355
Fines and forfeits	7,564	-	8,197	15,761
Other	175,676	25,525	137,252	338,453
Total receipts	3,679,947	25,525	1,053,796	4,759,268
Disbursements:				
General government	1,086,404	-	7,408	1,093,812
Public safety	1,610,511	-	71,842	1,682,353
Highways and streets	-	-	401,919	401,919
Sanitation	222,061	-	-	222,061
Health and welfare	65,725	-	434	66,159
Culture and recreation	214,237	-	39,214	253,451
Urban redevelopment and housing	51,000	-	28,329	79,329
Debt service:				
Principal	-	-	111,047	111,047
Interest	-	-	73,710	73,710
Administrative fees	-	-	2,028	2,028
Capital outlay:				
General government	-	-	180,604	180,604
Urban redevelopment and housing	-	-	67,420	67,420
Total disbursements	3,249,938	-	983,955	4,233,893
Excess of revenue over disbursements	430,009	25,525	69,841	525,375
Other financing sources (uses)				
Transfers in	41,760	-	141,728	183,488
Transfers out	(141,728)	(19,000)	(22,760)	(183,488)
Other receipts	12,129	1,400	-	13,529
Total other financing sources (uses)	(87,839)	(17,600)	118,968	13,529
Excess of receipts and other financing sources over disbursements and other financing uses	342,170	7,925	188,809	538,904
Cash basis fund balance - beginning	779,300	2,042,783	1,581,364	4,403,447
Cash basis fund balance - ending	\$ 1,121,470	\$ 2,050,708	\$ 1,770,173	\$ 4,942,351
<u>Cash Basis Assets - December 31</u>				
Cash and cash equivalents	\$ 1,121,470	\$ 2,050,708	\$ 614,316	\$ 3,786,494
Cash with fiscal agent	-	-	128,212	128,212
Restricted assets:				
Cash and cash equivalents	-	-	1,027,645	1,027,645
Total cash basis assets - December 31	\$ 1,121,470	\$ 2,050,708	\$ 1,770,173	\$ 4,942,351
<u>Cash Basis Fund Balance - December 31</u>				
Restricted for:				
Public safety	\$ -	\$ -	\$ 23,857	\$ 23,857
Highways and streets	-	-	429,975	429,975
Health and welfare	-	-	1,566	1,566
Urban redevelopment and housing	-	-	494,317	494,317
Debt service	-	-	128,212	128,212
Other purposes	-	-	77,733	77,733
Unrestricted	1,121,470	2,050,708	614,513	3,786,691
Total cash basis fund balance - December 31	\$ 1,121,470	\$ 2,050,708	\$ 1,770,173	\$ 4,942,351

The notes to the financial statements are an integral part of this statement.

CITY OF RUSHVILLE
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2004

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Customer collections	\$ 745,302	\$ 1,036,980	\$ 1,782,282
Other water receipts	21,790	-	21,790
Other	<u>73</u>	<u>12</u>	<u>85</u>
Total operating receipts	<u>767,165</u>	<u>1,036,992</u>	<u>1,804,157</u>
Operating disbursements:			
Cost of sales and services	398,297	541,405	939,702
Equipment and capital improvements	128,248	193,793	322,041
Other	15,565	-	15,565
Salaries and wages	<u>225,986</u>	<u>292,765</u>	<u>518,751</u>
Total operating disbursements	<u>768,096</u>	<u>1,027,963</u>	<u>1,796,059</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(931)</u>	<u>9,029</u>	<u>8,098</u>
Nonoperating receipts (disbursements):			
Bond proceeds	222,750	297,000	519,750
Interest and investment receipts	3,740	4,198	7,938
Debt service of principal	(100,000)	(95,000)	(195,000)
Interest and investment disbursement	<u>(40,730)</u>	<u>(92,194)</u>	<u>(132,924)</u>
Total nonoperating receipts (disbursements)	<u>85,760</u>	<u>114,004</u>	<u>199,764</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	84,829	123,033	207,862
Cash basis fund balance - beginning	<u>255,101</u>	<u>299,443</u>	<u>554,544</u>
Cash basis fund balance - ending	<u>\$ 339,930</u>	<u>\$ 422,476</u>	<u>\$ 762,406</u>
<u>Cash Basis Assets - December 31</u>			
Cash and cash equivalents	\$ 22,636	\$ 98,563	\$ 121,199
Restricted assets:			
Cash and cash equivalents	<u>317,294</u>	<u>323,913</u>	<u>641,207</u>
Total cash basis assets - December 31	<u>\$ 339,930</u>	<u>\$ 422,476</u>	<u>\$ 762,406</u>
<u>Cash Basis Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 125,273	\$ 220,706	\$ 345,979
Construction	94,502	103,207	197,709
Other purposes	97,519	-	97,519
Unrestricted	<u>22,636</u>	<u>98,563</u>	<u>121,199</u>
Total cash basis fund balance - December 31	<u>\$ 339,930</u>	<u>\$ 422,476</u>	<u>\$ 762,406</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RUSHVILLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 350,547	\$ -
Investment earnings:		
Interest	2,837	-
Transfers in	14,000	-
Agency fund additions	-	2,662,373
Total additions	367,384	2,662,373
Deductions:		
Benefits	298,199	-
Administrative and general	224	-
Transfers out	14,000	-
Agency fund deductions	-	2,646,963
Total deductions	312,423	2,646,963
Excess of total additions over total deductions	54,961	15,410
Cash and cash equivalents - beginning	460,449	74,746
Cash and cash equivalents - ending	\$ 515,410	\$ 90,156

The notes to the financial statements are an integral part of this statement.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the Primary Government.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The electric liquidation fund accounts for the proceeds from the sale of the City's electric utility, and is utilized to fund capital projects when necessary.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the Fire and Police pension funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for various taxing authorities and city employees' benefit providers.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and the municipal utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The City does not have any internal service funds.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash Fund Balances

1. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments (2) law through constitutional provisions or enabling legislations.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The City does not have any internal service funds.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2004, were as follows:

Transfer From	Transfer To	2004
General Fund	Rainy Day	\$ 141,728
Electric Liquidation	General Fund	19,000
Cumulative Capital Improvement	General Fund	22,760
Total		\$ 183,488

The City typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

During 1992, the City joined with other governmental entities to form the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its workman's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure – Enterprise Funds

Water Utility

On August 7, 2001, the City Council adopted Ordinance No. 2001-9 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 18, 2005.

Wastewater Utility

The current rate structure was approved by the City Council on October 18, 2005.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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 the 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 member's 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. The 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

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 104,954	\$ 343,400	\$ 147,000
Interest on net pension obligation	(7,154)	61,500	24,100
Adjustment to annual required contribution	8,153	(102,600)	(40,100)
Annual pension cost	105,953	302,300	131,000
Contributions made	115,404	209,612	140,935
Increase (decrease) in net pension obligation	(9,451)	92,688	(9,935)
Net pension obligation, beginning of year	(98,680)	911,386	356,432
Net pension obligation, end of year	\$ (108,131)	\$ 1,004,074	\$ 346,497
Contribution rates:			
City	11.5%	981%	N/A
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-04	01-01-04
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	32 years	12 years	12 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

N/A = Not available

Actuarial Assumptions

Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 107,901	127%	\$ (43,890)
	06-30-04	89,356	161%	(98,680)
	06-30-05	105,953	129%	(108,131)
1925 Police Officers' Pension Plan	12-31-01	287,900	69%	845,122
	12-31-02	299,200	78%	911,386
	12-31-03	302,300	69%	1,004,074
1937 Firefighters' Pension Plan	12-31-01	123,500	116%	395,384
	12-31-02	131,600	130%	356,432
	12-31-03	131,000	108%	346,497

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2004, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	10	8
Current active employees	0	1

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2004, 2003, and 2002, were \$190,553, \$179,153, and \$167,347, respectively, equal to the required contributions for each year.

CITY OF RUSHVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 330,953	\$ 1,005,290	\$ (674,337)	33%	\$ 864,479	(78%)
07-01-04	437,794	1,201,297	(763,503)	36%	1,028,216	(74%)
07-01-05	530,772	986,892	(456,120)	54%	835,383	(55%)

Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 69,725	\$ 3,118,800	\$ (3,049,075)	2%	\$ 88,200	(3,457%)
01-01-00	98,185	3,065,900	(2,967,715)	3%	30,800	(9,635%)
01-01-01	103,134	3,066,700	(2,963,566)	3%	31,700	(9,349%)
01-01-02	131,613	3,128,200	(2,996,587)	4%	33,800	(8,866%)
01-01-03	181,678	2,723,500	(2,541,822)	7%	33,600	(7,565%)
01-01-04	195,217	3,082,100	(2,886,883)	6%	35,000	(8,248%)

Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 63,040	\$ 1,467,600	\$ (1,404,560)	4%	No covered payroll	N/A
01-01-00	80,195	1,415,100	(1,334,905)	6%	No covered payroll	N/A
01-01-01	59,284	1,375,900	(1,316,616)	4%	No covered payroll	N/A
01-01-02	104,203	1,411,000	(1,306,797)	7%	No covered payroll	N/A
01-01-03	168,932	1,348,000	(1,179,068)	13%	No covered payroll	N/A
01-01-04	198,038	1,363,700	(1,165,662)	15%	No covered payroll	N/A

N/A = not available

CITY OF RUSHVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
1925 Police Officers' Pension Plan	12-31-98	\$ 300,600	40%
	12-31-99	317,400	57%
	12-31-00	305,900	56%
	12-31-01	315,600	63%
	12-31-02	333,600	70%
	12-31-03	343,400	61%
1937 Firefighters' Pension Plan	12-31-98	\$ 366,600	58%
	12-31-99	138,700	99%
	12-31-00	137,900	56%
	12-31-01	138,700	103%
	12-31-02	147,600	116%
	12-31-03	147,000	96%

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Park Nonreverting Operating	Rainy Day	Miscellaneous Revenue Revolving Loan	Unsafe Building
Receipts:							
Taxes	\$ 221,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	410	-	-	-	-
Intergovernmental	238,330	20,415	-	-	-	-	-
Charges for services	1,448	-	-	39,439	-	-	7,880
Fines and forfeits	900	-	2,522	-	-	-	-
Other	4,839	171	1	4,066	1,324	6,922	3
Total receipts	466,815	20,586	2,933	43,505	1,324	6,922	7,883
Disbursements:							
General government	-	-	-	-	-	-	7,408
Public safety	-	-	2,905	-	-	-	-
Highways and streets	383,962	17,957	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	32,012	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	383,962	17,957	2,905	32,012	-	-	7,408
Excess (deficiency) of revenue over (under) disbursements	82,853	2,629	28	11,493	1,324	6,922	475
Other financing sources (uses)							
Transfers in	-	-	-	-	141,728	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	141,728	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	82,853	2,629	28	11,493	143,052	6,922	475
Cash basis fund balance - beginning	274,253	70,240	7,537	79,157	-	52,888	12,342
Cash basis fund balance - ending	\$ 357,106	\$ 72,869	\$ 7,565	\$ 90,650	\$ 143,052	\$ 59,810	\$ 12,817
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 90,650	\$ 143,052	\$ -	\$ 12,817
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	357,106	72,869	7,565	-	-	59,810	-
Total cash basis assets - December 31	\$ 357,106	\$ 72,869	\$ 7,565	\$ 90,650	\$ 143,052	\$ 59,810	\$ 12,817
Cash Basis Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ 7,565	\$ -	\$ -	\$ -	\$ -
Highways and streets	357,106	72,869	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	59,810	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	90,650	143,052	-	12,817
Total cash basis fund balance - December 31	\$ 357,106	\$ 72,869	\$ 7,565	\$ 90,650	\$ 143,052	\$ 59,810	\$ 12,817

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Abandoned Vehicle	K-9 Division	Donation	Forfeiture Monies	21st Century	Tobacco Enforcement	Flatrock Apartments
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,000	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	4,775	-	-	-
Other	-	150	10,051	-	14,828	-	75,418
Total receipts	-	150	10,051	4,775	14,828	2,000	75,418
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,151	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	434	-
Culture and recreation	-	-	7,202	-	-	-	-
Urban redevelopment and housing	-	-	-	-	10,911	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	-	-	8,353	-	10,911	434	-
Excess (deficiency) of revenue over (under) disbursements	-	150	1,698	4,775	3,917	1,566	75,418
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	150	1,698	4,775	3,917	1,566	75,418
Cash basis fund balance - beginning	1,415	49	11,416	3,683	27,670	-	-
Cash basis fund balance - ending	<u>\$ 1,415</u>	<u>\$ 199</u>	<u>\$ 13,114</u>	<u>\$ 8,458</u>	<u>\$ 31,587</u>	<u>\$ 1,566</u>	<u>\$ 75,418</u>
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ 1,415	\$ 199	\$ -	\$ -	\$ 31,587	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	13,114	8,458	-	1,566	75,418
Total cash basis assets - December 31	<u>\$ 1,415</u>	<u>\$ 199</u>	<u>\$ 13,114</u>	<u>\$ 8,458</u>	<u>\$ 31,587</u>	<u>\$ 1,566</u>	<u>\$ 75,418</u>
Cash Basis Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 8,458	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	1,566	-
Urban redevelopment and housing	-	-	-	-	-	-	75,418
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	13,114	-	-	-	-
Unrestricted	1,415	199	-	-	31,587	-	-
Total cash basis fund balance - December 31	<u>\$ 1,415</u>	<u>\$ 199</u>	<u>\$ 13,114</u>	<u>\$ 8,458</u>	<u>\$ 31,587</u>	<u>\$ 1,566</u>	<u>\$ 75,418</u>

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Law Enforcement Block Grant	Operation Pullover	CDBG Program Income	Durbin Restoration	Air Pack Grant	OJP Grants/Vests	IDFA Ameitech
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,040	2,155	-	2,500	65,030	848	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	12,953	-	-	-	161
Total receipts	5,040	2,155	12,953	2,500	65,030	848	161
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	3,460	-	-	64,326	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	1,500	2,500	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	-	3,460	1,500	2,500	64,326	-	-
Excess (deficiency) of revenue over (under) disbursements	5,040	(1,305)	11,453	-	704	848	161
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,040	(1,305)	11,453	-	704	848	161
Cash basis fund balance - beginning	-	1,450	26,351	-	-	1,097	18,145
Cash basis fund balance - ending	<u>\$ 5,040</u>	<u>\$ 145</u>	<u>\$ 37,804</u>	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 1,945</u>	<u>\$ 18,306</u>
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	5,040	145	37,804	-	704	1,945	18,306
Total cash basis assets - December 31	\$ 5,040	\$ 145	\$ 37,804	\$ -	\$ 704	\$ 1,945	\$ 18,306
Cash Basis Fund Balance - December 31							
Restricted for:							
Public safety	\$ 5,040	\$ 145	\$ -	\$ -	\$ 704	\$ 1,945	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	37,804	-	-	-	18,306
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash basis fund balance - December 31	\$ 5,040	\$ 145	\$ 37,804	\$ -	\$ 704	\$ 1,945	\$ 18,306

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Sanitation Nonreverting Landfill	Brownfields Grant	CEDIT	Redevelopment Bond	Cumulative Capital Improvement	Intat Storm Sewer Grant	Flatrock Project
Receipts:							
Taxes	\$ -	\$ -	\$ 104,666	\$ 63,907	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	33,568	10,000	-	22,372	-	-
Charges for services	10,188	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	163	35	1,771	1,666	18	3	279
Total receipts	10,351	33,603	116,437	65,573	22,390	3	279
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	13,418	-	-	-	-	-
Debt service:							
Principal	-	-	35,000	76,047	-	-	-
Interest	-	-	24,757	48,953	-	-	-
Administrative fees	-	-	1,023	1,005	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	3,096
Urban redevelopment and housing	-	-	37,250	-	-	-	-
Total disbursements	-	13,418	98,030	126,005	-	-	3,096
Excess (deficiency) of revenue over (under) disbursements	10,351	20,185	18,407	(60,432)	22,390	3	(2,817)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(22,760)	-	-
Total other financing sources (uses)	-	-	-	-	(22,760)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	10,351	20,185	18,407	(60,432)	(370)	3	(2,817)
Cash basis fund balance - beginning	19,886	-	286,149	188,644	11,562	7,144	38,182
Cash basis fund balance - ending	<u>\$ 30,237</u>	<u>\$ 20,185</u>	<u>\$ 304,556</u>	<u>\$ 128,212</u>	<u>\$ 11,192</u>	<u>\$ 7,147</u>	<u>\$ 35,365</u>
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ 30,237	\$ -	\$ 304,556	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	128,212	-	-	-
Restricted assets:							
Cash and cash equivalents	-	20,185	-	-	11,192	7,147	35,365
Total cash basis assets - December 31	\$ 30,237	\$ 20,185	\$ 304,556	\$ 128,212	\$ 11,192	\$ 7,147	\$ 35,365
Cash Basis Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	20,185	-	-	-	7,147	-
Debt service	-	-	-	128,212	-	-	-
Other purposes	-	-	-	-	11,192	-	35,365
Unrestricted	30,237	-	304,556	-	-	-	-
Total cash basis fund balance - December 31	\$ 30,237	\$ 20,185	\$ 304,556	\$ 128,212	\$ 11,192	\$ 7,147	\$ 35,365

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Main Street Local	Main Street Build Indiana	Build Indiana Community Center	Cumulative Capital Development	NE Revitalization	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 51,425	\$ -	\$ 441,296
Licenses and permits	-	-	-	-	-	410
Intergovernmental	-	-	-	5,428	-	407,686
Charges for services	-	-	-	-	-	58,955
Fines and forfeits	-	-	-	-	-	8,197
Other	-	72	1,916	347	95	137,252
Total receipts	-	72	1,916	57,200	95	1,053,796
Disbursements:						
General government	-	-	-	-	-	7,408
Public safety	-	-	-	-	-	71,842
Highways and streets	-	-	-	-	-	401,919
Health and welfare	-	-	-	-	-	434
Culture and recreation	-	-	-	-	-	39,214
Urban redevelopment and housing	-	-	-	-	-	28,329
Debt service:						
Principal	-	-	-	-	-	111,047
Interest	-	-	-	-	-	73,710
Administrative fees	-	-	-	-	-	2,028
Capital outlay:						
General government	-	-	-	177,508	-	180,604
Urban redevelopment and housing	-	-	-	-	30,170	67,420
Total disbursements	-	-	-	177,508	30,170	983,955
Excess (deficiency) of revenue over (under) disbursements	-	72	1,916	(120,308)	(30,075)	69,841
Other financing sources (uses)						
Transfers in	-	-	-	-	-	141,728
Transfers out	-	-	-	-	-	(22,760)
Total other financing sources (uses)	-	-	-	-	-	118,968
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	72	1,916	(120,308)	(30,075)	188,809
Cash basis fund balance - beginning	1,702	13,284	258,673	138,370	30,075	1,581,364
Cash basis fund balance - ending	<u>\$ 1,702</u>	<u>\$ 13,356</u>	<u>\$ 260,589</u>	<u>\$ 18,062</u>	<u>\$ -</u>	<u>\$ 1,770,173</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,513
Cash with fiscal agent	-	-	-	-	-	128,212
Restricted assets:						
Cash and cash equivalents	1,702	13,356	260,589	18,062	-	1,027,448
Total cash basis assets - December 31	\$ 1,702	\$ 13,356	\$ 260,589	\$ 18,062	\$ -	\$ 1,770,173
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,857
Highways and streets	-	-	-	-	-	429,975
Health and welfare	-	-	-	-	-	1,566
Urban redevelopment and housing	1,702	13,356	260,589	-	-	494,317
Debt service	-	-	-	-	-	128,212
Other purposes	-	-	-	18,062	-	77,733
Unrestricted	-	-	-	-	-	614,513
Total cash basis fund balance - December 31	\$ 1,702	\$ 13,356	\$ 260,589	\$ 18,062	\$ -	\$ 1,770,173

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2004

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Supplemental Police and Fire Pension</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 209,612	\$ 140,935	\$ -	\$ 350,547
Investment earnings:				
Interest	878	1,025	934	2,837
Transfers in	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>
Total additions	<u>210,490</u>	<u>141,960</u>	<u>14,934</u>	<u>367,384</u>
Deductions:				
Benefits	186,313	111,886	-	298,199
Administrative and general	100	124	-	224
Transfers out	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>14,000</u>
Total deductions	<u>193,413</u>	<u>119,010</u>	<u>-</u>	<u>312,423</u>
Excess of total additions over total deductions	17,077	22,950	14,934	54,961
Cash and cash equivalents - beginning	<u>195,217</u>	<u>198,038</u>	<u>67,194</u>	<u>460,449</u>
Cash and cash equivalents - ending	<u>\$ 212,294</u>	<u>\$ 220,988</u>	<u>\$ 82,128</u>	<u>\$ 515,410</u>

CITY OF RUSHVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	City Payroll	Utility Payroll	Total
Additions:			
Agency fund additions	\$ 2,324,124	\$ 338,249	\$ 2,662,373
Deductions:			
Agency fund deductions	2,308,714	338,249	2,646,963
Excess of total additions over total deductions	15,410	-	15,410
Cash and cash equivalents - beginning	74,746	-	74,746
Cash and cash equivalents - ending	\$ 90,156	\$ -	\$ 90,156

CITY OF RUSHVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2004

CAPITAL LEASES

The City has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Fire truck	\$ 217,245	\$ 247,229	\$ 52,214
Trash packer	50,047	54,453	18,151
Backhoe	92,726	101,480	23,370
Sewage jet truck	107,072	92,726	29,881
		Ending Balance	Due Within One Year
Governmental activities:			
Notes and loans payable	\$ 64,645	\$ 17,617	
Bonds payable:			
Revenue bonds:			
Park district bonds	540,000	35,000	
Total governmental activities long-term debt	\$ 1,071,735	\$ 548,505	
Business-type activities:			
Water Utility:			
Notes and loans payable	\$ 225,000	\$ 225,000	
Bonds payable:			
Revenue bonds:			
2001 Water works refunding bonds	805,000	100,000	
Total Water Utility	1,030,000	325,000	
Wastewater Utility:			
Notes and loans payable	300,000	300,000	
Bonds payable:			
Revenue bonds:			
1995 Sewage works revenue bonds	1,525,000	100,000	
Total Wastewater Utility	1,825,000	400,000	
Total business-type activities	\$ 2,855,000	\$ 725,000	

CITY OF RUSHVILLE
AUDIT RESULTS AND COMMENTS

PRESIGNING DOCUMENTS - POLICE DEPARTMENT

While testing receipts for timely deposits, it was noted that in several instances official receipts were issued for amounts charged by certain customers. These customers consist of insurance companies and law offices seeking copies of accident reports. The customers pay weekly, bi-weekly, or monthly.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS - CITY

The City does not maintain detailed, completed capital asset records. Officials are in the process of reconstructing those records to reflect acquisition value.

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)

CAPITAL ASSET RECORDS - UTILITIES

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

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)

CITY OF RUSHVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 5, 2006, with Robert M. Bridges, Mayor; and Ann L. Copley, Clerk-Treasurer. The officials concurred with our audit findings.