

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

EXAMINATION REPORT
OF
CITY OF ROCHESTER
FULTON COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
10/11/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedule of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedule	5-6
Exit Conference	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carla Smith	01-01-04 to 12-31-07
Mayor	Philip E. Thompson	01-01-04 to 12-31-07
President of the Common Council	David Ewick	01-01-05 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 ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF ROCHESTER, FULTON COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Rochester (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 13, 2006

CITY OF ROCHESTER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 524,062	\$ 3,206,407	\$ 2,695,794	\$ 1,034,675
Motor Vehicle Highway	153,981	729,373	705,395	177,959
Local Road and Street	34,343	26,395	13,300	47,438
Park and Recreation	139,784	551,226	472,243	218,767
Law Enforcement Continuing Education	4,183	1,955	2,310	3,828
Riverboat	38,725	246,629	198,124	87,230
Rainy Day	380,102	962,378	860,102	482,378
Nonreverting Park Operating	28,570	12,828	12,695	28,703
Cumulative Capital Improvement	186,633	398,547	386,813	198,367
Cumulative Capital Development	290,263	662,976	701,326	251,913
Nonreverting Park Capital Improvement	100,097	107,561	145,544	62,114
Nonreverting Community Host Fee	460,913	1,325,726	1,070,900	715,739
Police Crime	215	-	-	215
Redevelopment Commission	26,147	1,009	-	27,156
Economic Development Commission	453	-	-	453
Park Bond	22,123	181,436	159,822	43,737
City Building Debt	1,125	69,231	55,752	14,604
Minnow Creek Debt	2,269	10,137	12,143	263
Minnow Creek Maintenance	20,495	17,404	743	37,156
Minnow Creek Assessment	154,649	281,822	288,645	147,826
Operation Pullover Grant	1,509	4,100	5,541	68
LCC Grant	134	1,500	208	1,426
Marijuana Eradication	1,250	-	-	1,250
DEA Asset	1,819	6,019	-	7,838
IHFA M92-M94	64,578	15,991	20	80,549
IHFA HD-401-013	27,827	300	-	28,127
IHFA HM701-002	-	2,891	-	2,891
Proprietary Funds:				
Water Utility - Operating	548,896	1,086,149	1,135,568	499,477
Water Utility - Bond and Interest	330,678	615,187	613,500	332,365
Water Utility - Depreciation	619,349	624,507	564,816	679,040
Water Utility - Customer Deposit	24,703	7,040	6,670	25,073
Wastewater Utility - Operating	323,933	1,235,533	1,142,165	417,301
Wastewater Utility - Bond and Interest	596,021	656,142	649,258	602,905
Wastewater Utility - Depreciation	166,847	72,000	10,664	228,183
Fiduciary Funds:				
Police Officers' Pension	74,672	26,190	25,552	75,310
Firefighters' Pension	80,051	45,181	57,674	67,558
Payroll	26,238	2,062,759	2,063,708	25,289
Electronic Clearing	12,480	396,765	396,306	12,939
Totals	<u>\$ 5,470,117</u>	<u>\$ 15,651,294</u>	<u>\$ 14,453,301</u>	<u>\$ 6,668,110</u>

The accompanying notes are an integral part of the schedules.

CITY OF ROCHESTER
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town 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 ROCHESTER
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The City has entered into various debts such as bonds for acquisition and construction of park facilities, city hall, water and wastewater utility improvements and minnow creek public drain improvements, loans for minnow creek assessments and golf course equipment and a capital lease for park golf carts. The outstanding principal at December 31, 2005, was \$4,282,702, \$112,812, and \$65,201, respectively.

Note 8. Subsequent Event

The Rochester water utility awarded a bid for the Fourth Street water tank rehabilitation project on April 10, 2006, for \$219,400.

CITY OF ROCHESTER
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with Carla Smith, Clerk-Treasurer; Philip E. Thompson, Mayor. Our examination disclosed no material items that warrant comment at this time.