

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

EXAMINATION REPORT

OF

CITY OF RUSHVILLE

RUSH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
11/05/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann L. Copley	01-01-04 to 12-31-11
Mayor	Robert M. Bridges Mervyn R. Bostic	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Robert M. Bridges Mervyn R. Bostic	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Michael Pavey William R. Goins	01-01-06 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Water Utility	Les Day	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Les Day	01-01-07 to 12-31-08
Utility Office Manager	Ruth Ann Wise	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 RUSHVILLE, RUSH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Rushville (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 Town 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

September 15, 2008

CITY OF RUSHVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 1,353,578	\$ 4,636,629	\$ 4,744,946	\$ 1,245,261
Electric Liquidation	1,651,842	187,029	18,100	1,820,771
Motor Vehicle Highway	157,668	606,592	540,301	223,959
Local Road and Street	52,517	34,185	37,771	48,931
Park Nonreverting Operating	81,656	66,850	81,353	67,153
Law Enforcement Continuing Education	4,642	6,073	8,517	2,198
Rainy Day	222,458	246,161	431,358	37,261
Miscellaneous Revenue Revolving Loan	64,633	138,827	137,325	66,135
Unsafe Building	7,860	1,513	820	8,553
Abandoned Vehicle	1,415	-	-	1,415
K-9 Division	100	-	99	1
Donation	17,071	71,233	73,374	14,930
Forfeiture Monies	6,307	-	3,838	2,469
21st Century	86,213	2,553	25,069	63,697
Tobacco Enforcement	1,566	-	-	1,566
Flatrock Apartments	3,507	-	-	3,507
Operation Pullover	420	3,600	3,131	889
Community Development Block Grant Program Income	224	4,016	-	4,240
Police Grants/Vests	-	2,379	-	2,379
IDFA Ameitech	20,314	816	-	21,130
Sanitation Nonreverting Landfill	22,213	10,586	-	32,799
Brownfields Grant	18,668	602	-	19,270
Booker T. Washington	13,920	16,344	23,467	6,797
2nd and Perkins Turn Radius	3,350	-	-	3,350
Commerce Park Development	-	542,113	48,706	493,407
Economic Development Income Tax	241,783	226,056	247,976	219,863
Redevelopment Bond	96,213	66,459	136,005	26,667
Cumulative Capital Improvement	21,699	21,663	21,900	21,462
Intat Storm Sewer Grant	7,167	-	-	7,167
Flatrock Project	33,152	279	33,431	-
Build Indiana Community Center	247,343	8,236	344	255,235
Supplemental Police and Fire Pension	129,941	27,077	13,375	143,643
Music for Rush County	-	1,000	1,000	-
Amphitheater	-	3,208	-	3,208
Federal Deposit	-	20	-	20
Cumulative Capital Development	95,110	80,038	89,712	85,436
<b>Proprietary Funds:</b>				
Water Utility - Operating	74,459	908,254	933,123	49,590
Water Utility - Bond and Interest	121,400	-	-	121,400
Water Utility - Depreciation	67,439	38,597	19,494	86,542
Water Utility - Customer Deposit	123,452	26,296	20,150	129,598
Water Utility - Construction	3,915	134,000	109,735	28,180
Water Utility - Improvement	51,387	188,488	180,217	59,658
Wastewater Utility - Operating	93,937	1,013,048	1,021,097	85,888
Wastewater Utility - Bond and Interest	205,691	-	-	205,691
Wastewater Utility - Depreciation	71,234	110,467	76,300	105,401
Wastewater Utility - Construction	28,372	60,819	75,065	14,126
Wastewater Utility - Improvement	72,462	252,844	238,282	87,024
<b>Fiduciary Funds:</b>				
Police Officers' Pension	256,641	356,059	225,352	387,348
Firefighters' Pension	227,139	123,965	191,210	159,894
Flexible Spending Account	10,138	18,739	27,463	1,414
City Payroll	79,393	2,492,876	2,467,602	104,667
Utility Payroll	2,959	385,146	388,039	66
<b>Totals</b>	<u>\$ 6,154,568</u>	<u>\$ 13,121,735</u>	<u>\$ 12,695,047</u>	<u>\$ 6,581,256</u>

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

CITY OF RUSHVILLE  
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 (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, public administrative services, water, wastewater, urban redevelopment and housing, 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.

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 RUSHVILLE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

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

1. 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.

2. 1925 Police Officers' Pension Plan

The City contributes to the 1925 Police Officer's Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by the 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 the state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information for the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for the 1925 Police Officers' Pension Plan are established by state statute.

CITY OF RUSHVILLE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

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 statutes (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 disability benefits. The City has two police officers eligible for this plan.

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

Funding Policy and Annual Pension Cost

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, which has not been changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of the plan members and the City are established by the Board of Trustees of PERF.

CITY OF RUSHVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2007

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire truck	\$ 85,599	\$ 48,473
Backhoe	24,611	24,611
Notes and loans payable	21,236	10,633
Bonds payable:		
General obligation bond:		
2007 Industrial park bonds	1,150,000	-
Park district bonds	430,000	40,000
Total governmental activities long-term debt	<u>\$ 1,711,446</u>	<u>\$ 123,717</u>
Governmental Activities - Economic Development:		
Tax Increment Financing (TIF) Bonds:		
INTAT redevelopment bonds	<u>\$ 122,471</u>	<u>\$ 91,129</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2001 Water works refunding bonds	\$ 490,000	\$ 115,000
2005 Water line extension bonds	784,000	5,000
Total Water Utility	<u>1,274,000</u>	<u>120,000</u>
Wastewater Utility		
Capital lease:		
Sewage jet truck	28,580	28,580
Revenue bonds:		
1995 Sewage works revenue bonds	1,200,000	120,000
2005 Sewer line extension bonds	956,300	10,300
Total Wastewater Utility	<u>2,184,880</u>	<u>158,880</u>
Total business-type activities long-term debt	<u>\$ 3,458,880</u>	<u>\$ 278,880</u>

CITY OF RUSHVILLE  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (CITY AND UTILITIES)

The City of Rushville and its Water and Wastewater Utilities do not maintain capital asset records. Records providing historical cost for the capital asset acquisitions and disposals were not available for examination. The City has hired a consulting firm to accumulate capital asset information.

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. 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)

PERSONAL EXPENSES (PARK AND RECREATION BOARD)

The Park Department paid for a Christmas dinner at the Dutch Mill restaurant for the Park Board, Park Staff and Park Patrol from the Park Nonreverting Fund. The total cost of the meal was \$713.25 and was paid on December 4, 2007.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (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 September 15, 2008, with Ann L. Copley, Clerk-Treasurer; Mervyn R. Bostic, Mayor; William R. Goins, President of the Common Council; and Dennis O. Corn, President of the Park Board.