

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

EXAMINATION REPORT
OF
CITY OF RENSSELAER
JASPER COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
10/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Frieda Bretzinger	01-01-08 to 12-31-11
Mayor	Herbert H. Arihood	01-01-08 to 12-31-11
President of the Common Council	William Hollerman George Cover	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Superintendent of Water and Wastewater Utility	Michael Murphy	01-01-08 to 12-31-09
Electric Utility Coordinator	Donna Cochran	01-01-08 to 12-31-09
President of Gas Utility	LeMoyne Koehler	01-01-08 to 12-31-09
Utility Office Manager	Tammy J. Wisely	01-01-08 to 12-31-09



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 RENSSELAER, JASPER COUNTY, INDIANA

We have examined the financial information presented herein of the City of Rensselaer (City), for the period of January 1, 2008 to December 31, 2008. 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, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

September 2, 2009

CITY OF RENSSELAER
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, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 253,316	\$ 2,870,222	\$ 2,646,582	\$ 476,956
Motor Vehicle Highway	39,467	460,688	371,265	128,890
Local Road and Street	4,202	25,010	20,624	8,588
Law Enforcement Continuing Education	4,886	5,993	6,096	4,783
Rainy Day Fund	73,037	150,522	76,348	147,211
Riverboat	82,026	33,210	48,643	66,593
Cumulative Capital Improvement	10,327	17,216	18,497	9,046
Cumulative Capital Development	142,065	87,961	-	230,026
County Economic Development Income Tax	298,794	174,545	101,440	371,899
Police Drug	678	-	-	678
Community Alliance	1,559	550	1,298	811
Drug Free Jasper	3,268	5,000	4,007	4,261
Alarm Contract	4,065	1,370	3,694	1,741
Attendance Officer	2,966	2,000	2,369	2,597
Redevelopment Commission	6,517	3,550	1,685	8,382
Community Disability Commission	864	-	-	864
Housing Commission	52,879	-	52,879	-
Child Safety Seat Grant	867	4,620	2,319	3,168
Comprehensive Planning Grant	-	1,000	-	1,000
Criminal Justice Victim Assistance	9,063	10,695	19,758	-
Criminal Justice Traffic Safety	875	5,450	5,460	865
Smoking Cessation	89	-	-	89
Recycling Grant	4,071	20,000	2,389	21,682
Downtown Revitalization Grant	-	69,805	69,805	-
Melville Street Project	-	2,349,661	2,093,208	256,453
Weston Cemetery Extension Donation	10,350	-	10,160	190
Aerial Fire Truck Donation	10,000	10,000	-	20,000
Weston Cemetery Perpetual Care	115,529	2,640	-	118,169
Tax Abatement	178	-	160	18
Sidewalk Maintenance	16,473	6,600	2,366	20,707
Public Relations	10,547	6,624	8,537	8,634
Federal Grants #1 Water Utility Project	-	554,731	554,731	-
Levy Excess	4,046	-	4,046	-
Public Safety Loit	-	163,696	16,793	146,903
Proprietary Funds:				
Water Utility - Operating	191,630	1,097,150	1,079,422	209,358
Water Utility - Bond and Interest	205,678	147,261	135,389	217,550
Water Utility - Customer Deposit	116,088	26,122	17,332	124,878
Water Utility - Improvement	54,609	58,714	106,925	6,398
Wastewater Utility - Operating	235,963	1,016,235	1,101,212	150,986
Wastewater Utility - Bond and Interest	360,682	194,045	250,422	304,305
Wastewater Utility - Customer Deposit	29,265	10,285	5,426	34,124
Wastewater Utility - Construction	191,231	-	14,986	176,245
Wastewater Utility - Improvement	31,256	315,735	345,731	1,260
On-Account	146,438	-	20,694	125,744
Electric Utility - Operating	1,783,830	8,655,699	8,133,903	2,305,626
Electric Utility - Bond and Interest	843,232	783,265	784,057	842,440
Electric Utility - Customer Deposit	166,944	43,376	25,352	184,968
Electric Utility - Construction	172,694	-	20,343	152,351
Electric Utility - Improvement	600,292	1,536,484	1,854,132	282,644
Electric Utility - Cash Reserve	199,853	4,437	18	204,272
Gas Utility - Operating	1,286,983	6,186,480	6,008,673	1,464,790
Gas Utility - Customer Deposit	153,341	29,195	19,676	162,860
Gas Utility - Improvement	88,119	33,353	40,287	81,185
Gas Utility - Cash Reserve	497,287	11,047	56	508,278
Fiduciary Funds:				
Tax Increment Finance	376,702	592,612	498,348	470,966
TIF Reserve	334,358	-	67	334,291
Telephone Clearing	-	42,386	42,386	-
Tax Clearing	-	801,852	801,852	-
Payroll	48,851	4,097,474	4,088,031	58,294
Totals	<u>\$ 9,278,330</u>	<u>\$ 32,726,566</u>	<u>\$ 31,539,879</u>	<u>\$ 10,465,017</u>

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

CITY OF RENSSELAER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 7. Subsequent Event

The City has a major wastewater utility construction project in 2009. Funding for the project is to be financed with a State Revolving Loan (SRF) of \$2,645,000 and federal stimulus money of \$1,135,000.

CITY OF RENNELLAER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 234,000
Buildings	1,605,813
Improvements other than buildings	933,203
Machinery and equipment	2,481,433
Construction in progress	<u>1,027,709</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,282,158</u>
Business-type activities:	
Water Utility:	
Capital assets:	
Buildings	\$ 1,360,000
Infrastructure	3,572,923
Machinery and equipment	<u>3,825,416</u>
 Total Water Utility capital assets	 <u>8,758,339</u>
Wastewater Utility:	
Capital assets:	
Land	162,940
Construction in progress	2,119,599
Buildings	4,833,440
Infrastructure	1,693,689
Machinery and equipment	<u>606,439</u>
 Total Wastewater Utility capital assets	 <u>9,416,107</u>
Gas Utility:	
Capital assets:	
Land	8,195
Construction in progress	482,146
Buildings	219,677
Infrastructure	2,743,175
Machinery and equipment	<u>385,358</u>
 Total Gas Utility capital assets	 <u>3,838,551</u>
Electric Utility:	
Capital assets:	
Buildings	425,440
Infrastructure	9,802,446
Machinery and equipment	<u>1,405,946</u>
 Total Electric Utility capital assets	 <u>11,633,832</u>
 Total business-type activities capital assets	 <u>\$ 33,646,829</u>

CITY OF RENSSELAER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Economic development lease rental bonds	\$ 603,000	\$ 43,063
Special tax district bonds	480,000	61,344
Notes and loans payable	201,559	105,491
Bonds payable:		
General obligation bonds:		
Melville Street Project	<u>1,335,000</u>	<u>76,515</u>
Total governmental activities debt	<u>\$ 2,619,559</u>	<u>\$ 286,413</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
1998 Refunding revenue bonds	\$ 215,000	\$ 107,750
2001 Revenue bonds for construction	<u>406,000</u>	<u>36,383</u>
Total Water Utility	<u>621,000</u>	<u>144,133</u>
Wastewater Utility:		
Revenue bonds:		
2004 Refunding revenue bonds	955,000	191,165
2006 Revenue bonds for construction	<u>1,250,000</u>	<u>57,303</u>
Total Wastewater Utility	<u>2,205,000</u>	<u>248,468</u>
Electric Utility:		
Revenue bonds:		
1998 Refunding revenue bonds	1,220,000	442,010
2005 Revenue bonds for construction	<u>6,340,000</u>	<u>332,850</u>
Total Electric Utility	<u>7,560,000</u>	<u>774,860</u>
Total business-type activities debt:	<u>\$ 10,386,000</u>	<u>\$ 1,167,461</u>

CITY OF RENNELAER
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2009, with Frieda Bretzinger, Clerk-Treasurer; and Herbert H. Arihood, Mayor. Our examination disclosed no material items that warrant comment at this time.