

B38042

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, 2008 to December 31, 2009



FILED
12/10/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann L. Copley	01-01-08 to 12-31-11
Mayor	Mervyn R. Bostic	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Mervyn R. Bostic	01-01-08 to 12-31-11
President of the Common Council	William Goins	01-01-08 to 12-31-10
Superintendent of Water Utility	Les Day	01-01-08 to 12-31-10
Superintendent of Wastewater Utility	Les Day	01-01-08 to 12-31-10
Utility Office Manager	Ruth Ann Wise	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2008 to December 31, 2009. The Town'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 years ended December 31, 2008 and 2009, 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 required parts 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 28, 2010

CITY OF RUSHVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,245,261	\$ 5,197,751	\$ 5,251,176	\$ 1,191,836
Electric Liquidation	1,820,771	229,579	53,346	1,997,004
Motor Vehicle Highway	223,959	493,580	613,785	103,754
Local Road and Street	48,931	20,387	38,117	31,201
Park Nonreverting Operating	67,153	51,833	38,430	80,556
Law Enforcement Continuing Education	2,198	7,813	3,186	6,825
Rainy Day	37,261	393,712	200,000	230,973
Miscellaneous Revenue Revolving Loan	66,135	124,373	140,352	50,156
Unsafe Building	8,553	4,153	17,483	(4,777)
Abandoned Vehicle	1,415	-	-	1,415
K-9 Division	1	-	-	1
Donation	14,930	63,162	56,587	21,505
Forfeiture Monies	2,469	-	-	2,469
21st Century	63,697	1,104	350	64,451
Tobacco Enforcement	1,566	-	-	1,566
Flatrock Apartments	3,507	-	-	3,507
Operation Pullover	889	8,344	8,124	1,109
Community Development Block Grant Program Income	4,240	677	-	4,917
Police Grants/Vests	2,379	993	1,203	2,169
IDFA Ameitech	21,130	386	-	21,516
Sanitation Nonreverting Landfill	32,799	8,754	21,039	20,514
Brownfields Grant	19,270	324	-	19,594
Booker T. Washington	6,797	18,548	17,824	7,521
2nd and Perkins Turn Radius	3,350	-	-	3,350
Commerce Park Development	493,407	8,765	69,193	432,979
Economic Development Income Tax	219,863	327,477	341,615	205,725
Redevelopment Bond	26,667	341,394	171,186	196,875
Park District Bonds	-	59,170	59,026	144
Cumulative Capital Improvement	21,462	19,744	30,961	10,245
Intat Storm Sewer Grant	7,167	-	6,850	317
Build Indiana Community Center	255,235	4,578	11,301	248,512
Supplemental Police and Fire Pension	143,643	25,625	-	169,268
Amphitheater	3,208	341	-	3,549
Federal Deposit	20	18	-	38
Cumulative Capital Development	85,436	132,956	94,904	123,488
RCVA Shelter Grant	-	23,389	23,389	-
Proprietary Funds:				
Water Utility - Operating	49,590	885,273	898,819	36,044
Water Utility - Bond and Interest	121,400	4,200	-	125,600
Water Utility - Depreciation	86,542	24,274	77,012	33,804
Water Utility - Customer Deposit	129,598	23,914	19,912	133,600
Water Utility - Construction	28,180	-	28,180	-
Water Utility - Improvement	59,658	223,168	220,772	62,054
Wastewater Utility - Operating	85,888	995,264	1,054,946	26,206
Wastewater Utility - Bond and Interest	205,691	5,073	-	210,764
Wastewater Utility - Depreciation	105,401	33,387	13,576	125,212
Wastewater Utility - Construction	14,126	-	5	14,121
Wastewater Utility - Improvement	87,024	289,546	278,935	97,635
Fiduciary Funds:				
Police Officers' Pension	387,348	303,187	375,333	315,202
Firefighters' Pension	159,894	247,332	124,972	282,254
Flexible Spending Account (Bancorp & FSA)	1,414	40,551	20,535	21,430
City Payroll	104,667	2,496,498	2,522,384	78,781
Utility Payroll	66	394,033	391,440	2,659
Totals	\$ 6,581,256	\$ 13,534,630	\$ 13,296,248	\$ 6,819,638

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

CITY OF RUSHVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 1,191,836	\$ 4,776,157	\$ 4,972,319	\$ 995,674
Electric Liquidation	1,997,004	48,074	-	2,045,078
Motor Vehicle Highway	103,754	502,410	516,836	89,328
Local Road and Street	31,201	18,394	30,000	19,595
Park Nonreverting Operating	80,556	37,170	55,494	62,232
Law Enforcement Continuing Education	6,825	6,116	5,512	7,429
Rainy Day	230,973	293,515	230,000	294,488
Miscellaneous Revenue Revolving Loan	50,156	36,483	53,025	33,614
Unsafe Building	(4,777)	6,159	7,558	(6,176)
Abandoned Vehicle	1,415	-	-	1,415
K-9 Division	1	500	-	501
Donation	21,505	48,438	59,509	10,434
Forfeiture Monies	2,469	282	-	2,751
21st Century	64,451	265	-	64,716
Tobacco Enforcement	1,566	-	-	1,566
Flatrock Apartments	3,507	-	3,000	507
Operation Pullover	1,109	3,765	4,506	368
Community Development Block Grant Program Income	4,917	1	4,918	-
Police Grants/Vests	2,169	602	2,398	373
IDFA Ameitech	21,516	80	-	21,596
Sanitation Nonreverting Landfill	20,514	10,900	8,408	23,006
Brownfields Grant	19,594	75	-	19,669
Booker T. Washington	7,521	22,012	22,919	6,614
2nd and Perkins Turn Radius	3,350	-	-	3,350
Commerce Park Development	432,979	101,912	190,664	344,227
Economic Development Income Tax	205,725	432,857	272,133	366,449
Redevelopment Bond	196,875	399	197,267	7
Park District Bonds	144	56,838	56,815	167
Cumulative Capital Improvement	10,245	18,461	40	28,666
Intat Storm Sewer Grant	317	-	-	317
Build Indiana Community Center	248,512	957	21,574	227,895
Supplemental Police and Fire Pension	169,268	24,641	-	193,909
Amphitheater	3,549	2	3,551	-
Federal Deposit	38	18	-	56
Cumulative Capital Development	123,488	59,314	30,805	151,997
RCVA Shelter Grant	-	128,417	114,171	14,246
Downtown Facade Grant	-	30,000	30,000	-
OCRA/Emerson Grant	-	400,030	400,000	30
TIF	-	537,294	2,800	534,494
Proprietary Funds:				
Water Utility - Operating	36,044	939,980	797,611	178,413
Water Utility - Bond and Interest	125,600	5,757	-	131,357
Water Utility - Depreciation	33,804	39,535	21,289	52,050
Water Utility - Customer Deposit	133,600	24,140	26,585	131,155
Water Utility - Construction	-	1,087,113	70,000	1,017,113
Water Utility - Improvement	62,054	184,458	225,754	20,758
Wastewater Utility - Operating	26,206	1,180,001	999,405	206,802
Wastewater Utility - Bond and Interest	210,764	7,182	-	217,946
Wastewater Utility - Depreciation	125,212	7,916	34,533	98,595
Wastewater Utility - Construction	14,121	-	180	13,941
Wastewater Utility - Improvement	97,635	239,676	308,453	28,858
Fiduciary Funds:				
Police Officers' Pension	315,202	313,736	324,792	304,146
Firefighters' Pension	282,254	261,875	250,017	294,112
Flexible Spending Account (Bancorp & FSA)	21,430	9,012	10,335	20,107
City Payroll	78,781	2,543,472	2,541,256	80,997
Utility Payroll	2,659	387,676	390,176	159
Totals	<u>\$ 6,819,638</u>	<u>\$ 14,834,067</u>	<u>\$ 13,296,608</u>	<u>\$ 8,357,097</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 utility, wastewater, economic development, 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 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 Town 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

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

a. Public Employees' Retirement Fund

Plan Description

The Town 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 Town 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.

b. 1925 Police Officers' Pension Plan

Plan Description

The City and the State of Indiana contribute 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

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

CITY OF RUSHVILLE,
NOTES TO FINANCIAL INFORMATION
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City and the State of Indiana contribute 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

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute

2. 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 CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 4,150,000
Infrastructure	11,423,229
Buildings	2,643,021
Improvements other than buildings	1,680,866
Machinery and equipment	<u>2,159,327</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 22,056,443</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 40,000
Buildings	1,467,200
Improvements other than buildings	2,247,841
Machinery and equipment	<u>943,142</u>
 Total Water Utility capital assets	 <u>4,698,183</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	173,600
Buildings	1,912,496
Machinery and equipment	<u>6,562,661</u>
 Total Wastewater Utility capital assets	 <u>8,648,757</u>
 Total business-type activities capital assets	 <u>\$ 13,346,940</u>

CITY OF RUSHVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The City of Rushville has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Packer	\$ 60,815	\$ 41,140
Pothole Patcher	18,000	6,745
Fire Truck	763,398	75,575
Bonds payable:		
General obligation bonds:		
Pool Construction	305,324	67,980
Commerce Park Bond	1,150,000	279,100
BANS Commerce Park	<u>615,000</u>	<u>-</u>
Total governmental activities debt	<u>\$ 2,912,537</u>	<u>\$ 470,540</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Bond Construction	\$ 1,231,556	\$ -
Water Construction	<u>1,115,000</u>	<u>-</u>
Total Water Utility	<u>2,346,556</u>	<u>-</u>
Wastewater Utility:		
Capital leases:		
Wastewater	<u>2,106,553</u>	<u>-</u>
Total Wastewater Utility	<u>2,106,553</u>	<u>-</u>
Total business-type activities debt	<u>\$ 4,453,109</u>	<u>\$ -</u>

CITY OF RUSHVILLE
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Clerk-Treasurer's official bond was filed in the Office of the County Recorder but did not satisfy the minimum coverage amount, and was not an annual bond for the period July 1, 2009, to date.

Effective July 1, 2009, the Clerk-Treasurer shall file an annual individual official surety bond in the amount of \$30,000 per each \$1,000,000 of receipts. The amount of annual coverage may not be less than \$30,000 or more than \$300,000 unless the fiscal body approves a greater amount of annual coverage for the officer or employee according to IC 5-4-1-18.

OVERDRAWN FUND BALANCES

The Unsafe Building Fund was overdrawn in 2008 and 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF RUSHVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2010, with Ann L. Copley, Clerk-Treasurer, and, Mervyn R. Bostic, Mayor. The officials concurred with our findings.