

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

ANNUAL FINANCIAL REPORT

2010

CITY OF RENSSELAER

JASPER COUNTY, INDIANA



FILED
06/27/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Frieda M. Bretzinger	01-01-08 to 12-31-11
Mayor	Herbert H. Arihood	01-01-08 to 12-31-11
President of the Common Council	Rick Williams Carole J. Beaver	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Water and Wastewater Utility	Michael W. Murphy	01-01-10 to 12-31-11
Superintendent of Electric Utility	Donna S. Cochran	01-01-10 to 12-31-11
Superintendent of Gas Utility	LeMoyne E. Koehler	01-01-10 to 12-31-11
Utility Office Manager	Tammy J. Wisley	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF RENSSELAER, JASPER COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Rensselaer (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express opinions on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), 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 statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 2, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion them.

STATE BOARD OF ACCOUNTS

June 2, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF RENSSELAER, JASPER COUNTY, INDIANA

We have audited the financial statement of the City of Rensselaer (City), for the year ended December 31, 2010, and have issued our report thereon dated June 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 2, 2011

FINANCIAL STATEMENT(S)

CITY OF RENSSELAER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 238,053	\$ 2,368,933	\$ 2,283,606	\$ 323,380
Future Development	-	24,500	23,735	765
Business Registration	-	1,250	-	1,250
Motor Vehicle Highway	230,285	312,951	310,113	233,123
Local Road And Street	6,411	24,394	26,460	4,345
Police Continuing Education	2,928	4,151	4,264	2,815
Riverboat	15,180	33,130	15,181	33,129
Attendance Officer	2,304	2,000	2,060	2,244
Drug Free Jasper County	5,160	5,000	7,207	2,953
Weston Cemetery Extension Donation	190	-	-	190
Aerial Firetruck Donation	10,000	-	756	9,244
Comprehensive Plan Park Grant	1,500	-	-	1,500
Criminal Justice Victim Assistance	2,124	-	2,124	-
Criminal Justice Traffic Safety	866	4,750	4,746	870
Smoking Cessation Grant	89	-	-	89
Urban Forestry Council Grant	500	11,200	3,904	7,796
Rainy Day	172,201	225,494	146,026	251,669
Downtown Revitalization Grant	-	133,730	110,517	23,213
Melville Street Project	178,561	119,291	119,450	178,402
Police Drug	678	2,388	-	3,066
Levy Excess	-	3,628	-	3,628
Recycling Grant	15,950	30,000	34,645	11,305
Tif Allocation	736,421	430,014	348,504	817,931
Tif Surplus Reserve	334,291	-	-	334,291
Community Alliance Contributions	860	900	182	1,578
Alarm Contract	28	1,356	1,375	9
Community Disability Commission	864	-	-	864
Public Safety Loit	168,356	149,524	80,846	237,034
Child Safety Seat Grant	1,583	2,379	2,406	1,556
Tax Abatement	17	-	-	17
Sidewalk Maintenance	25,651	7,200	1,253	31,598
Public Relations	894	7,450	2,756	5,588
Safe Kids	-	284	-	284
Debt Service	111,222	17,029	93,056	35,195
Cumulative Capital Development	98,178	70,359	55,000	113,537
Redevelopment Commission	13,435	-	4,374	9,061
Economic Development Income Tax	233,415	176,544	201,012	208,947
Cumulative Capital Improvement	9,379	15,501	16,817	8,063
Weston Cemetery Perpetual Care	120,209	1,840	-	122,049
Payroll	60,573	4,459,204	4,459,277	60,500
Telephone Clearing	(631)	46,419	45,788	-
Tax Clearing	-	643,243	643,243	-
All Funds Clearing	22	1,351,164	1,351,186	-
Electric Operating	2,761,894	9,357,473	9,005,483	3,113,884
Electric Bond And Interest	841,740	775,435	776,155	841,020
Electric Improvement	868,788	220,262	326,673	762,377
Electric Meter Deposit	190,316	37,358	28,986	198,688
Electric Construction	129,062	-	129,062	-
Electric Cash Reserve	205,908	1,353	-	207,261
Gas Operating	1,495,782	3,648,593	3,805,262	1,339,113
Gas Improvement	314,426	36,132	189,854	160,704
Gas Meter Deposit	166,336	31,875	25,061	173,150
Gas Cash Reserve	512,354	3,363	-	515,717
On-Account	173,193	(4,831)	58,075	110,287
Wastewater Operating	239,730	1,278,438	1,336,667	181,501
Wastewater Bond And Interest	60,300	246,000	244,535	61,765
Wastewater Improvement	440,636	-	5,614	435,022
Wastewater Meter Deposit	44,497	25,300	9,905	59,892
Wastewater Construction	-	2,136,087	2,136,087	-
Water Operating	156,198	1,276,181	1,238,059	194,320
Water Bond And Interest	209,700	80,620	143,311	147,009
Water Improvement	48,651	220,000	267,685	966
Water Meter Deposit	133,695	26,025	19,404	140,316
Totals	\$ 11,790,953	\$ 30,082,864	\$ 30,147,747	\$ 11,726,070

The notes to the financial statement(s) are an integral part of this statement.

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT(S)

Note 1. 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 form of government and provides some or all of 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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The City may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Rensselaer's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Future Development	Business Registration	Motor Vehicle Highway	Local Road And Street	Police Continuing Education
Cash and investments - beginning	\$ 238,053	\$ -	\$ -	\$ 230,285	\$ 6,411	\$ 2,928
Receipts:						
Taxes	1,022,593	-	-	129,396	-	-
Licenses and permits	13,989	-	-	-	-	1,350
Intergovernmental	728,285	-	-	165,261	24,394	-
Charges for services	489,237	24,500	-	17,802	-	1,660
Fines and forfeits	943	-	1,250	-	-	1,141
Utility fees	-	-	-	-	-	-
Other receipts	113,886	-	-	492	-	-
Total receipts	<u>2,368,933</u>	<u>24,500</u>	<u>1,250</u>	<u>312,951</u>	<u>24,394</u>	<u>4,151</u>
Disbursements:						
Personal services	1,527,384	-	-	206,777	-	-
Supplies	119,027	-	-	39,008	-	-
Other services and charges	557,736	23,735	-	54,324	-	4,264
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	79,615	-	-	10,004	26,460	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	(156)	-	-	-	-	-
Total disbursements	<u>2,283,606</u>	<u>23,735</u>	<u>-</u>	<u>310,113</u>	<u>26,460</u>	<u>4,264</u>
Excess (deficiency) of receipts over disbursements	<u>85,327</u>	<u>765</u>	<u>1,250</u>	<u>2,838</u>	<u>(2,066)</u>	<u>(113)</u>
Cash and investments - ending	<u>\$ 323,380</u>	<u>\$ 765</u>	<u>\$ 1,250</u>	<u>\$ 233,123</u>	<u>\$ 4,345</u>	<u>\$ 2,815</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Riverboat	Attendance Officer	Drug Free Jasper County	Weston Cemetery Extension Donation	Aerial Firetruck Donation	Comprehensive Plan Park Grant
Cash and investments - beginning	\$ 15,180	\$ 2,304	\$ 5,160	\$ 190	\$ 10,000	\$ 1,500
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	33,130	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	2,000	5,000	-	-	-
Total receipts	<u>33,130</u>	<u>2,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	2,060	7,207	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	756	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	15,181	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>15,181</u>	<u>2,060</u>	<u>7,207</u>	<u>-</u>	<u>756</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>17,949</u>	<u>(60)</u>	<u>(2,207)</u>	<u>-</u>	<u>(756)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 33,129</u>	<u>\$ 2,244</u>	<u>\$ 2,953</u>	<u>\$ 190</u>	<u>\$ 9,244</u>	<u>\$ 1,500</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Criminal Justice Victim Assistance	Criminal Justice Traffic Safety	Smoking Cessation Grant	Urban Forestry Council Grant	Rainy Day	Downtown Revitalization Grant
Cash and investments - beginning	\$ 2,124	\$ 866	\$ 89	\$ 500	\$ 172,201	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	4,750	-	10,000	225,494	133,730
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	1,200	-	-
Total receipts	-	4,750	-	11,200	225,494	133,730
Disbursements:						
Personal services	2,124	4,746	-	-	10,444	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	3,904	-	101,017
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	135,582	9,500
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	2,124	4,746	-	3,904	146,026	110,517
Excess (deficiency) of receipts over disbursements	(2,124)	4	-	7,296	79,468	23,213
Cash and investments - ending	\$ -	\$ 870	\$ 89	\$ 7,796	\$ 251,669	\$ 23,213

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Melville Street Project	Police Drug	Levy Excess	Recycling Grant	Tif Allocation	Tif Surplus Reserve
Cash and investments - beginning	\$ 178,561	\$ 678	\$ -	\$ 15,950	\$ 736,421	\$ 334,291
Receipts:						
Taxes	-	-	3,628	-	429,849	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	30,000	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	119,291	2,388	-	-	165	-
Total receipts	<u>119,291</u>	<u>2,388</u>	<u>3,628</u>	<u>30,000</u>	<u>430,014</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	99,450	-	-	1,099	-	-
Debt service - principal and interest	-	-	-	-	265,124	-
Capital outlay	20,000	-	-	33,546	83,380	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>119,450</u>	<u>-</u>	<u>-</u>	<u>34,645</u>	<u>348,504</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(159)</u>	<u>2,388</u>	<u>3,628</u>	<u>(4,645)</u>	<u>81,510</u>	<u>-</u>
Cash and investments - ending	<u>\$ 178,402</u>	<u>\$ 3,066</u>	<u>\$ 3,628</u>	<u>\$ 11,305</u>	<u>\$ 817,931</u>	<u>\$ 334,291</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Community Alliance Contributions	Alarm Contract	Community Disability Commission	Public Safety Loit	Child Safety Seat Grant	Tax Abatement
Cash and investments - beginning	\$ 860	\$ 28	\$ 864	\$ 168,356	\$ 1,583	\$ 17
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	149,524	2,200	-
Charges for services	-	1,356	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	900	-	-	-	179	-
Total receipts	<u>900</u>	<u>1,356</u>	<u>-</u>	<u>149,524</u>	<u>2,379</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	80,846	-	-
Supplies	182	1,375	-	-	2,406	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>182</u>	<u>1,375</u>	<u>-</u>	<u>80,846</u>	<u>2,406</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>718</u>	<u>(19)</u>	<u>-</u>	<u>68,678</u>	<u>(27)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,578</u>	<u>\$ 9</u>	<u>\$ 864</u>	<u>\$ 237,034</u>	<u>\$ 1,556</u>	<u>\$ 17</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sidewalk Maintenance	Public Relations	Safe Kids	Debt Service	Cumulative Capital Development	Redevelopment Commission
Cash and investments - beginning	\$ 25,651	\$ 894	\$ -	\$ 111,222	\$ 98,178	\$ 13,435
Receipts:						
Taxes	-	-	-	12,715	52,545	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	2,692	11,121	-
Charges for services	-	-	-	1,622	6,693	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	7,200	7,450	284	-	-	-
Total receipts	<u>7,200</u>	<u>7,450</u>	<u>284</u>	<u>17,029</u>	<u>70,359</u>	<u>-</u>
Disbursements:						
Personal services	-	1,532	-	-	-	-
Supplies	-	1,224	-	-	-	-
Other services and charges	-	-	-	93,056	-	4,374
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,253	-	-	-	55,000	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,253</u>	<u>2,756</u>	<u>-</u>	<u>93,056</u>	<u>55,000</u>	<u>4,374</u>
Excess (deficiency) of receipts over disbursements	<u>5,947</u>	<u>4,694</u>	<u>284</u>	<u>(76,027)</u>	<u>15,359</u>	<u>(4,374)</u>
Cash and investments - ending	<u>\$ 31,598</u>	<u>\$ 5,588</u>	<u>\$ 284</u>	<u>\$ 35,195</u>	<u>\$ 113,537</u>	<u>\$ 9,061</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Economic Development Income Tax	Cumulative Capital Improvement	Weston Cemetery Perpetual Care	Payroll	Telephone Clearing	Tax Clearing
Cash and investments - beginning	\$ 233,415	\$ 9,379	\$ 120,209	\$ 60,573	\$ (631)	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	171,644	15,501	-	-	-	-
Charges for services	4,900	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,840	4,459,204	46,419	643,243
Total receipts	<u>176,544</u>	<u>15,501</u>	<u>1,840</u>	<u>4,459,204</u>	<u>46,419</u>	<u>643,243</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	147,116	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	49,696	16,817	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,200	-	-	4,459,277	45,788	643,243
Total disbursements	<u>201,012</u>	<u>16,817</u>	<u>-</u>	<u>4,459,277</u>	<u>45,788</u>	<u>643,243</u>
Excess (deficiency) of receipts over disbursements	<u>(24,468)</u>	<u>(1,316)</u>	<u>1,840</u>	<u>(73)</u>	<u>631</u>	<u>-</u>
Cash and investments - ending	<u>\$ 208,947</u>	<u>\$ 8,063</u>	<u>\$ 122,049</u>	<u>\$ 60,500</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	All Funds Clearing	Electric Operating	Electric Bond And Interest	Electric Improvement	Electric Meter Deposit	Electric Construction
Cash and investments - beginning	\$ 22	\$ 2,761,894	\$ 841,740	\$ 868,788	\$ 190,316	\$ 129,062
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	8,776,704	-	-	-	-
Other receipts	1,351,164	580,769	775,435	220,262	37,358	-
Total receipts	1,351,164	9,357,473	775,435	220,262	37,358	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	775,455	-	-	-
Capital outlay	-	-	-	326,673	-	129,062
Utility operating expenses	-	-	-	-	28,986	-
Other disbursements	1,351,186	9,005,483	700	-	-	-
Total disbursements	1,351,186	9,005,483	776,155	326,673	28,986	129,062
Excess (deficiency) of receipts over disbursements	(22)	351,990	(720)	(106,411)	8,372	(129,062)
Cash and investments - ending	\$ -	\$ 3,113,884	\$ 841,020	\$ 762,377	\$ 198,688	\$ -

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Electric Cash Reserve	Gas Operating	Gas Improvement	Gas Meter Deposit	Gas Cash Reserve	On-Account
Cash and investments - beginning	\$ 205,908	\$ 1,495,782	\$ 314,426	\$ 166,336	\$ 512,354	\$ 173,193
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	1,353	3,584,105	-	-	3,363	(4,831)
Other receipts	-	64,488	36,132	31,875	-	-
Total receipts	<u>1,353</u>	<u>3,648,593</u>	<u>36,132</u>	<u>31,875</u>	<u>3,363</u>	<u>(4,831)</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	189,854	-	-	-
Utility operating expenses	-	-	-	25,061	-	58,075
Other disbursements	-	3,805,262	-	-	-	-
Total disbursements	<u>-</u>	<u>3,805,262</u>	<u>189,854</u>	<u>25,061</u>	<u>-</u>	<u>58,075</u>
Excess (deficiency) of receipts over disbursements	<u>1,353</u>	<u>(156,669)</u>	<u>(153,722)</u>	<u>6,814</u>	<u>3,363</u>	<u>(62,906)</u>
Cash and investments - ending	<u>\$ 207,261</u>	<u>\$ 1,339,113</u>	<u>\$ 160,704</u>	<u>\$ 173,150</u>	<u>\$ 515,717</u>	<u>\$ 110,287</u>

CITY OF RENNELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Operating	Wastewater Bond And Interest	Wastewater Improvement	Wastewater Meter Deposit	Wastewater Construction
Cash and investments - beginning	\$ 239,730	\$ 60,300	\$ 440,636	\$ 44,497	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	1,105,227	-	-	-	-
Other receipts	173,211	246,000	-	25,300	2,136,087
Total receipts	<u>1,278,438</u>	<u>246,000</u>	<u>-</u>	<u>25,300</u>	<u>2,136,087</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	136,235	243,785	-	-	-
Capital outlay	-	-	5,614	-	2,136,087
Utility operating expenses	-	-	-	9,905	-
Other disbursements	1,200,432	750	-	-	-
Total disbursements	<u>1,336,667</u>	<u>244,535</u>	<u>5,614</u>	<u>9,905</u>	<u>2,136,087</u>
Excess (deficiency) of receipts over disbursements	<u>(58,229)</u>	<u>1,465</u>	<u>(5,614)</u>	<u>15,395</u>	<u>-</u>
Cash and investments - ending	<u>\$ 181,501</u>	<u>\$ 61,765</u>	<u>\$ 435,022</u>	<u>\$ 59,892</u>	<u>\$ -</u>

CITY OF RENNELLAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Operating	Water Bond And Interest	Water Improvement	Water Meter Deposit	Totals
Cash and investments - beginning	\$ 156,198	\$ 209,700	\$ 48,651	\$ 133,695	\$ 11,790,953
Receipts:					
Taxes	-	-	-	-	1,650,726
Licenses and permits	-	-	-	-	15,339
Intergovernmental	-	-	-	-	1,707,726
Charges for services	-	-	-	-	547,770
Fines and forfeits	-	-	-	-	3,334
Utility fees	1,044,325	-	-	-	14,510,246
Other receipts	<u>231,856</u>	<u>80,620</u>	<u>220,000</u>	<u>26,025</u>	<u>11,647,723</u>
Total receipts	<u>1,276,181</u>	<u>80,620</u>	<u>220,000</u>	<u>26,025</u>	<u>30,082,864</u>
Disbursements:					
Personal services	-	-	-	-	1,843,120
Supplies	-	-	-	-	163,222
Other services and charges	-	-	-	-	1,090,831
Debt service - principal and interest	-	143,311	-	-	1,563,910
Capital outlay	-	-	267,685	-	3,591,009
Utility operating expenses	1,238,059	-	-	19,404	1,379,490
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,516,165</u>
Total disbursements	<u>1,238,059</u>	<u>143,311</u>	<u>267,685</u>	<u>19,404</u>	<u>30,147,747</u>
Excess (deficiency) of receipts over disbursements	<u>38,122</u>	<u>(62,691)</u>	<u>(47,685)</u>	<u>6,621</u>	<u>(64,883)</u>
Cash and investments - ending	<u>\$ 194,320</u>	<u>\$ 147,009</u>	<u>\$ 966</u>	<u>\$ 140,316</u>	<u>\$ 11,726,070</u>

CITY OF RENSSELAER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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	\$ 263,500
Infrastructure	997,341
Buildings	1,662,246
Machinery and equipment	2,743,934
Construction in progress	<u>1,027,709</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,694,730</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	\$ 343,352
Buildings	1,403,890
Improvements other than buildings	2,747,058
Machinery and equipment	<u>165,005</u>
 Total Water Utility capital assets	 <u>4,659,305</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	162,829
Construction in progress	896,385
Buildings	4,833,440
Improvements other than buildings	3,514,837
Machinery and equipment	<u>621,382</u>
 Total Wastewater Utility capital assets	 <u>10,028,873</u>
 Gas Utility:	
Capital assets, not being depreciated:	
Land	8,195
Construction in progress	-
Buildings	318,654
Improvements other than buildings	1,861,226
Machinery and equipment	<u>382,313</u>
 Total Gas Utility capital assets	 <u>2,570,388</u>
 Electric Utility:	
Capital assets, not being depreciated:	
Land	25,879
Construction in progress	141,891
Buildings	427,797
Improvements other than buildings	16,070,030
Machinery and equipment	<u>1,442,250</u>
 Total Electric Utility capital assets	 <u>18,107,847</u>
 Total business-type activities capital assets	 <u>\$ 35,366,413</u>

CITY OF RENNELAER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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	\$ 535,000	\$ 98,500
Special tax district bonds	400,000	61,323
Bonds payable:		
General obligation bonds:		
Melville Street Project	<u>1,300,000</u>	<u>111,156</u>
Total governmental activities debt	<u>\$ 2,235,000</u>	<u>\$ 270,979</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2001 Revenue bonds for construction	<u>356,000</u>	<u>38,904</u>
Total Water Utility	<u>356,000</u>	<u>38,904</u>
Wastewater Utility:		
Revenue bonds:		
2004 Refunding revenue bonds	630,000	191,288
2006 Revenue bonds for construction	1,250,000	52,220
2009 Revenue bonds	<u>2,520,000</u>	<u>186,903</u>
Total Wastewater Utility	<u>4,400,000</u>	<u>430,411</u>
Electric Utility:		
Revenue bonds:		
1998 Refunding revenue bonds	430,000	446,795
2005 Revenue bonds for construction	<u>6,340,000</u>	<u>166,425</u>
Total Electric Utility	<u>6,770,000</u>	<u>613,220</u>
Total business-type activities debt	<u>\$ 11,526,000</u>	<u>\$ 1,082,535</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF RENSSELAER, JASPER COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Rensselaer (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 2, 2011

CITY OF RENSSELAER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664	FY 2010	\$ <u>3,904</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	08VA058	<u>2,124</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OP-10-02-01-61 OP-11-02-01-55	3,247 <u>1,500</u>
Total for program			<u>4,747</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	FY 2010	<u>776,551</u>
Total federal awards expended			<u>\$ <u>787,326</u></u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF RENSSELAER
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Rensselaer (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF RENSSELAER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF RENSSELAER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF RENSSELAER
EXIT CONFERENCE

The contents of this report were discussed on June 2, 2011, with Frieda M. Bretzinger, Clerk-Treasurer; Tammy J. Wisley, Utility Office Manager; Herbert H. Arihood, Mayor; and Carole J. Beaver, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.