

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

EXAMINATION REPORT
OF
CITY OF ROCKPORT
SPENCER COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
06/28/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Harold Goffinet	01-01-08 to 08-03-10
	Vacant	08-04-10 to 08-22-10
	Debra Collins	08-23-10 to 09-15-10
	Vacant	09-16-10 to 09-29-10
	Elizabeth Naef	09-30-10 to 12-31-11
Mayor	Nedra Groves	01-01-08 to 07-12-10
	Ferman Yearby III	07-13-10 to 08-02-10
	Harold Goffinet	08-03-10 to 12-31-11
President of the City Council	Ferman Yearby III	01-01-09 to 12-31-11
President of the Board of Public Works	Nedra Groves	01-01-09 to 07-12-10
	Ferman Yearby III	07-13-10 to 08-02-10
	Harold Goffinet	08-03-10 to 12-31-11



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 ROCKPORT, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the City of Rockport (City), for the period of January 1, 2009 to December 31, 2009. 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, 2009, 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

June 1, 2011

CITY OF ROCKPORT
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 447,093	\$ 493,231	\$ 459,835	\$ 480,489
Motor Vehicle Highway	136,904	151,540	133,097	155,347
Local Road and Street	5,317	19,130	21,700	2,747
Park and Recreation	24,971	154,343	145,429	33,885
Donations	-	3,187	-	3,187
Law Enforcement Continuing Education	2,520	1,759	2,698	1,581
Sanitation	19,245	60,308	58,726	20,827
School Traffic	11,846	6,946	4,795	13,997
Canine	33	-	-	33
Rainy Day	42,207	52,518	40,000	54,725
William Natcher Bridge	419,805	19,750	-	439,555
Cumulative Capital Improvement	11,693	6,624	2,980	15,337
CEDIT	219,475	257,325	96,313	380,487
Sanitation Reserve	72,970	18,331	7,204	84,097
Capital Improvement Fund	183,588	-	102,020	81,568
Cemetery Perpetual Care	1,500	415	-	1,915
Donation Trust	-	56,375	6,328	50,047
Young Cemetery	64,017	-	64,017	-
Proprietary Funds:				
Water Utility - Operating	1,094,861	662,651	505,254	1,252,258
Water Utility - Bond and Interest	148,690	190,983	235,207	104,466
Water Utility - Debt Service	269,796	150,946	132,900	287,842
Water Utility - Customer Deposit	14,990	6,147	7,529	13,608
Water Utility - Cash Reserve	-	192	-	192
Wastewater Utility - Operating	228,012	736,358	661,913	302,457
Wastewater Utility - Bond and Interest - 2000	24,160	316,670	268,612	72,218
Wastewater Utility - Bond and Interest - 1997	425,064	139,217	151,672	412,609
Wastewater Utility - Debt Service - 1997	17,472	17,472	-	34,944
Wastewater Utility - Debt Service - 2000	192,497	183,307	183,307	192,497
Wastewater Utility - Customer Deposit	15,885	6,352	7,689	14,548
Wastewater Utility - Improvement	642	15,000	-	15,642
Fiduciary Fund:				
Payroll	(19,039)	521,740	493,121	9,580
Totals	<u>\$ 4,076,214</u>	<u>\$ 4,248,817</u>	<u>\$ 3,792,346</u>	<u>\$ 4,532,685</u>

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

CITY OF ROCKPORT
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, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater.

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 IC 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.

CITY OF ROCKPORT
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 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

Funding Policy and Annual Pension Cost

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

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

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:		
Street Sweeper	\$ 10,497	\$ 11,049
River Bluff Project	<u>540,000</u>	<u>54,150</u>
Total governmental activities debt	<u>\$ 550,497</u>	<u>\$ 65,199</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Revenue Bonds of 2000	\$ 1,165,000	\$ 118,785
Refunding Revenue Bonds of 2005	<u>1,355,000</u>	<u>117,178</u>
Total Water Utility	<u>2,520,000</u>	<u>235,963</u>
Wastewater Utility:		
Capital leases:		
Street Sweeper	5,249	5,524
Revenue bonds:		
Revenue Bonds of 1997	520,000	77,180
Revenue Bonds of 2000	2,420,000	240,180
Revenue Bonds of 2001	<u>131,803</u>	<u>13,350</u>
Total Wastewater Utility	<u>3,077,052</u>	<u>336,234</u>
Total business-type activities debt	<u>\$ 5,597,052</u>	<u>\$ 572,197</u>

CITY OF ROCKPORT
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to City and Utilities)

The City and Utilities have begun recording capital asset additions, but disposals are not being recorded. In addition, records are incomplete so that information does not clearly identify specific assets or accurate details. Some listed assets do not meet the threshold level prescribed in the ordinance. No inventory has been taken for verification of recorded assets. When the City disposes of a capital asset, the cost of the asset and the related accumulated depreciation should also be recorded in the records as deletions. A similar comment was included in the prior report.

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)

UTILITY RECEIPTS TAX (Applies to Water Utility)

The Rockport Water Utility did not pay Utility Receipts Tax estimates on time to the Indiana Department of Revenue during the examination period, which may result in penalties and interest being applied. The annual utility receipts tax return, Form URT for 2009 was not presented for examination. A similar comment was included in the prior report.

All questions concerning the preparation of this form should be directed to the Indiana Department of Revenue, Indiana Government Center North, Indianapolis, Indiana 46204, telephone number (317) 615-2662.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ROCKPORT
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2011, with Elizabeth Naef, Clerk-Treasurer, and Harold Goffinet, Mayor. The officials concurred with our findings.

A separate exit conference was held with the City Council member: Connie Hargis.