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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF RENSSELAER

JASPER COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/01/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Frieda M. Bretzinger	01-01-08 to 12-31-15
Mayor	Herbert H. Arihood Stephen A. Wood	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	Carole J. Beaver George T. Cover	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water and Wastewater Utility	Michael W. Murphy	01-01-11 to 12-31-12
Superintendent of Electric Utility	Donna S. Cochran	01-01-11 to 12-31-12
Superintendent of Gas Utility	LeMoyne E. Koehler Donna Lockridge	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Utility Office Manager	Tammy J. Wisley	01-01-11 to 12-31-12



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 statement of the City of Rensselaer (City), for the period of January 1, 2011 to December 31, 2011. The City's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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.

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, 2011, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, and others within the entity 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 28, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF RENSSELAER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 323,380	\$ 2,643,080	\$ 2,247,156	\$ 719,304
Motor Vehicle Highway	233,123	227,606	299,747	160,982
Local Road And Street	4,345	23,786	21,172	6,959
Police Continuing Education	2,815	4,082	3,721	3,176
Riverboat Distribution	33,129	33,130	20,680	45,579
Drug Free Jasper County	2,953	5,000	6,698	1,255
Rainy Day	251,669	1,044	173,606	79,107
Police Drug	3,066	-	-	3,066
Levy Excess	3,628	-	3,628	-
TIF Allocation	817,931	579,216	422,903	974,244
Cumulataive Capital Development	113,537	65,928	66,787	112,678
Redevelopment Commission	9,061	966	3,931	6,096
Economic Development	208,947	171,758	131,347	249,358
Cumulative Capital Improvement	8,063	15,203	11,876	11,390
Police Equipment Grant	-	12,516	12,516	-
Contractor Registration	-	8,200	-	8,200
TIF Construction	-	534,115	56,533	477,582
Future Development	765	8,400	7,887	1,278
Business Registration	1,250	2,150	-	3,400
Attendance Officer	2,244	-	308	1,936
Weston Cem Extension Donation	190	-	-	190
Aerial Fire Truck Donation	9,244	-	3,422	5,822
Comprehensive Plan Grant	1,500	-	-	1,500
Criminal Justice S.A.F.E.R.	-	-	-	-
Criminal Justice Traffic Safety	870	6,492	6,456	906
Smoking Cessation	89	-	-	89
Urban Forestry Council Grant	7,796	3,904	1,379	10,321
Downtown Revitalization Grant	23,213	11,939	26,210	8,942
Melville Street Project	178,402	5,406	96,216	87,592
Recycling Grant	11,305	20,000	7,748	23,557
TIF Surplus Reserve	334,291	82,000	-	416,291
Community Alliance	1,578	900	810	1,668
Alarm Contract	9	1,824	-	1,833
Community Disability Commission	864	-	-	864
Public Safety LOIT	237,034	166,311	122,586	280,759
Child Safety Seat Grant	1,556	1,345	1,553	1,348
Tax Abatement	17	500	58	459
Sidewalk Maintenance	31,598	7,200	209	38,589
Public Relations	5,588	7,275	1,524	11,339
Safe Kids	284	1,000	1,006	278
Debt Service	35,195	79,694	77,001	37,888
Weston Cem Perpetual Care	122,049	1,645	-	123,694
Payroll	60,500	4,621,459	4,621,940	60,019
Telephone Clearing	-	46,699	46,699	-
Tax Clearing	-	639,877	662,836	(22,959)
All Funds Transfer Clearing	-	3,000,000	3,000,000	-
Electric Operating	3,113,884	9,996,485	9,693,943	3,416,426
Electric Bond And Interest	841,020	830,461	771,430	900,051
Electric Improvement	762,377	94,081	721,882	134,576
Electric Meter Deposit	198,688	39,475	31,262	206,901
Electric Construction	-	4,199,157	1,110,301	3,088,856
Electric Cash Reserve	207,261	550	-	207,811
Sewage Efficiency Grant	-	62,000	62,000	-
Wastewater Operating	181,501	1,291,087	1,407,401	65,187
Wastewater Bond And Interest	61,765	331,000	332,508	60,257
Wastewater Improvement	435,022	78,840	469,975	43,887
Wastewater Meter Deposit	59,892	22,400	12,843	69,449
Wastewater Construction	-	219,850	219,850	-
Water Efficiency Grant	-	38,000	38,000	-
Water Construction	-	500,495	500,495	-
Water Operating	194,320	1,326,448	1,268,476	252,292
Water Bond And Interest	147,009	39,404	110,864	75,549
Water Improvement	966	380,227	125,585	255,608
Water Meter Deposit	140,316	23,400	20,525	143,191
On-Account	110,287	44	29,493	80,838
Gas Operating	1,339,113	3,693,099	3,667,764	1,364,448
Gas Improvement	160,704	36,552	143,462	53,794
Gas Meter Deposit	173,150	29,125	26,565	175,710
Gas Cash Reserve	515,717	1,319	-	517,036
Totals	\$ 11,726,070	\$ 36,275,149	\$ 32,932,773	\$ 15,068,446

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

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT

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 presents the financial information for the City.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts include 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.

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,

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements include 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.

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

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT
(Continued)

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
(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 statement. 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 any replacement items purchased.

Note 6. Pension Plans

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 Indiana Public Retirement System (INPRS) 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.

INPRS administers the plan and issues a publicly available financial report that includes financial statement and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF RENSSELAER
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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 Retirement System (INPRS) 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.

INPRS issues a publicly available financial report that includes financial statement and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Police Continuing Education	Riverboat Distribution	Drug Free Jasper County	Rainy Day
Cash and investments - beginning	\$ 323,380	\$ 233,123	\$ 4,345	\$ 2,815	\$ 33,129	\$ 2,953	\$ 251,669
Receipts:							
Taxes	1,134,576	74,338	-	-	-	-	-
Licenses and permits	14,440	-	-	980	-	-	-
Intergovernmental	964,803	149,074	23,786	-	33,130	-	-
Charges for services	444,248	3,342	-	-	-	-	-
Fines and forfeits	48,105	-	-	3,102	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	36,908	852	-	-	-	5,000	1,044
Total receipts	<u>2,643,080</u>	<u>227,606</u>	<u>23,786</u>	<u>4,082</u>	<u>33,130</u>	<u>5,000</u>	<u>1,044</u>
Disbursements:							
Personal services	1,466,734	204,684	-	-	-	6,698	142,986
Supplies	121,428	45,702	-	-	-	-	9,022
Other services and charges	620,097	49,361	-	3,721	-	-	21,598
Debt service - principal and interest	-	-	-	-	20,680	-	-
Capital outlay	38,897	-	21,172	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,247,156</u>	<u>299,747</u>	<u>21,172</u>	<u>3,721</u>	<u>20,680</u>	<u>6,698</u>	<u>173,606</u>
Excess (deficiency) of receipts over disbursements	<u>395,924</u>	<u>(72,141)</u>	<u>2,614</u>	<u>361</u>	<u>12,450</u>	<u>(1,698)</u>	<u>(172,562)</u>
Cash and investments - ending	<u>\$ 719,304</u>	<u>\$ 160,982</u>	<u>\$ 6,959</u>	<u>\$ 3,176</u>	<u>\$ 45,579</u>	<u>\$ 1,255</u>	<u>\$ 79,107</u>

CITY OF RENNELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Police Drug	Levy Excess	TIF Allocation	Cumulative Capital Development	Redevelopment Commission	Economic Development	Cumulative Capital Improvement
Cash and investments - beginning	\$ 3,066	\$ 3,628	\$ 817,931	\$ 113,537	\$ 9,061	\$ 208,947	\$ 8,063
Receipts:							
Taxes	-	-	299,501	58,317	854	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	7,611	112	171,758	15,203
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	279,715	-	-	-	-
Total receipts	-	-	579,216	65,928	966	171,758	15,203
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	293,484	-	3,931	13,475	-
Debt service - principal and interest	-	-	129,419	-	-	-	-
Capital outlay	-	-	-	66,787	-	117,872	11,876
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,628	-	-	-	-	-
Total disbursements	-	3,628	422,903	66,787	3,931	131,347	11,876
Excess (deficiency) of receipts over disbursements	-	(3,628)	156,313	(859)	(2,965)	40,411	3,327
Cash and investments - ending	\$ 3,066	\$ -	\$ 974,244	\$ 112,678	\$ 6,096	\$ 249,358	\$ 11,390

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Police Equipment Grant	Contractor Registration	TIF Construction	Future Development	Business Registration	Attendance Officer	Weston Cem Extension Donation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 765	\$ 1,250	\$ 2,244	\$ 190
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	8,200	-	-	2,150	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	8,400	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	12,516	-	534,115	-	-	-	-
Total receipts	12,516	8,200	534,115	8,400	2,150	-	-
Disbursements:							
Personal services	-	-	-	-	-	308	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	56,533	7,887	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,516	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	12,516	-	56,533	7,887	-	308	-
Excess (deficiency) of receipts over disbursements	-	8,200	477,582	513	2,150	(308)	-
Cash and investments - ending	\$ -	\$ 8,200	\$ 477,582	\$ 1,278	\$ 3,400	\$ 1,936	\$ 190

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Aerial Fire Truck Donation	Comprehensive Plan Grant	Criminal Justice S.A.F.E.R.	Criminal Justice Traffic Safety	Smoking Cessation	Urban Forestry Council Grant	Downtown Revitalization Grant
Cash and investments - beginning	\$ 9,244	\$ 1,500	\$ -	\$ 870	\$ 89	\$ 7,796	\$ 23,213
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	6,492	-	3,904	11,939
Total receipts	-	-	-	6,492	-	3,904	11,939
Disbursements:							
Personal services	-	-	-	6,456	-	-	-
Supplies	-	-	-	-	-	1,379	-
Other services and charges	3,422	-	-	-	-	-	26,210
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,422	-	-	6,456	-	1,379	26,210
Excess (deficiency) of receipts over disbursements	(3,422)	-	-	36	-	2,525	(14,271)
Cash and investments - ending	<u>\$ 5,822</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 89</u>	<u>\$ 10,321</u>	<u>\$ 8,942</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Melville Street Project	Recycling Grant	TIF Surplus Reserve	Community Alliance	Alarm Contract	Community Disability Commission	Public Safety LOIT
Cash and investments - beginning	\$ 178,402	\$ 11,305	\$ 334,291	\$ 1,578	\$ 9	\$ 864	\$ 237,034
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	166,311
Charges for services	-	-	-	-	1,824	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	5,406	20,000	82,000	900	-	-	-
Total receipts	<u>5,406</u>	<u>20,000</u>	<u>82,000</u>	<u>900</u>	<u>1,824</u>	<u>-</u>	<u>166,311</u>
Disbursements:							
Personal services	-	-	-	-	-	-	103,937
Supplies	-	5,500	-	810	-	-	-
Other services and charges	96,216	1,879	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	369	-	-	-	-	18,649
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>96,216</u>	<u>7,748</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>-</u>	<u>122,586</u>
Excess (deficiency) of receipts over disbursements	<u>(90,810)</u>	<u>12,252</u>	<u>82,000</u>	<u>90</u>	<u>1,824</u>	<u>-</u>	<u>43,725</u>
Cash and investments - ending	<u>\$ 87,592</u>	<u>\$ 23,557</u>	<u>\$ 416,291</u>	<u>\$ 1,668</u>	<u>\$ 1,833</u>	<u>\$ 864</u>	<u>\$ 280,759</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Child Safety Seat Grant	Tax Abatement	Sidewalk Maintenance	Public Relations	Safe Kids	Debt Service	Weston Cem Perpetual Care
Cash and investments - beginning	\$ 1,556	\$ 17	\$ 31,598	\$ 5,588	\$ 284	\$ 35,195	\$ 122,049
Receipts:							
Taxes	-	-	-	-	-	70,493	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	9,201	-
Charges for services	-	-	7,200	7,200	-	-	1,645
Fines and forfeits	-	500	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,345	-	-	75	1,000	-	-
Total receipts	1,345	500	7,200	7,275	1,000	79,694	1,645
Disbursements:							
Personal services	-	-	-	1,285	-	-	-
Supplies	1,553	58	-	239	1,006	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	77,001	-
Capital outlay	-	-	209	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	1,553	58	209	1,524	1,006	77,001	-
Excess (deficiency) of receipts over disbursements	(208)	442	6,991	5,751	(6)	2,693	1,645
Cash and investments - ending	\$ 1,348	\$ 459	\$ 38,589	\$ 11,339	\$ 278	\$ 37,888	\$ 123,694

CITY OF RENNELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll	Telephone Clearing	Tax Clearing	All Funds Transfer Clearing	Electric Operating	Electric Bond And Interest	Electric Improvement
Cash and investments - beginning	\$ 60,500	\$ -	\$ -	\$ -	\$ 3,113,884	\$ 841,020	\$ 762,377
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	9,920,852	-	1,035
Penalties	-	-	-	-	32,514	-	-
Other receipts	4,621,459	46,699	639,877	3,000,000	43,119	830,461	93,046
Total receipts	<u>4,621,459</u>	<u>46,699</u>	<u>639,877</u>	<u>3,000,000</u>	<u>9,996,485</u>	<u>830,461</u>	<u>94,081</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	46,699	662,836	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	658,792	-
Capital outlay	-	-	-	-	-	-	602,153
Utility operating expenses	-	-	-	-	8,809,128	-	119,729
Other disbursements	4,621,940	-	-	3,000,000	884,815	112,638	-
Total disbursements	<u>4,621,940</u>	<u>46,699</u>	<u>662,836</u>	<u>3,000,000</u>	<u>9,693,943</u>	<u>771,430</u>	<u>721,882</u>
Excess (deficiency) of receipts over disbursements	<u>(481)</u>	<u>-</u>	<u>(22,959)</u>	<u>-</u>	<u>302,542</u>	<u>59,031</u>	<u>(627,801)</u>
Cash and investments - ending	<u>\$ 60,019</u>	<u>\$ -</u>	<u>\$ (22,959)</u>	<u>\$ -</u>	<u>\$ 3,416,426</u>	<u>\$ 900,051</u>	<u>\$ 134,576</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Electric Meter Deposit	Electric Construction	Electric Cash Reserve	Sewage Efficiency Grant	Wastewater Operating	Wastewater Bond And Interest	Wastewater Improvement
Cash and investments - beginning	\$ 198,688	\$ -	\$ 207,261	\$ -	\$ 181,501	\$ 61,765	\$ 435,022
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	1,253,940	-	-
Penalties	-	-	-	-	22,690	-	-
Other receipts	39,475	4,199,157	550	62,000	14,457	331,000	78,840
Total receipts	<u>39,475</u>	<u>4,199,157</u>	<u>550</u>	<u>62,000</u>	<u>1,291,087</u>	<u>331,000</u>	<u>78,840</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	179,225	328,508	-
Capital outlay	-	1,073,440	-	62,000	-	-	469,631
Utility operating expenses	31,262	15	-	-	-	-	-
Other disbursements	-	36,846	-	-	1,228,176	4,000	344
Total disbursements	<u>31,262</u>	<u>1,110,301</u>	<u>-</u>	<u>62,000</u>	<u>1,407,401</u>	<u>332,508</u>	<u>469,975</u>
Excess (deficiency) of receipts over disbursements	<u>8,213</u>	<u>3,088,856</u>	<u>550</u>	<u>-</u>	<u>(116,314)</u>	<u>(1,508)</u>	<u>(391,135)</u>
Cash and investments - ending	<u>\$ 206,901</u>	<u>\$ 3,088,856</u>	<u>\$ 207,811</u>	<u>\$ -</u>	<u>\$ 65,187</u>	<u>\$ 60,257</u>	<u>\$ 43,887</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Meter Deposit	Wastewater Construction	Water Efficiency Grant	Water Construction	Water Operating	Water Bond And Interest	Water Improvement
Cash and investments - beginning	\$ 59,892	\$ -	\$ -	\$ -	\$ 194,320	\$ 147,009	\$ 966
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	1,189,815	-	-
Penalties	-	-	-	-	6,550	-	-
Other receipts	22,400	219,850	38,000	500,495	130,083	39,404	380,227
Total receipts	<u>22,400</u>	<u>219,850</u>	<u>38,000</u>	<u>500,495</u>	<u>1,326,448</u>	<u>39,404</u>	<u>380,227</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	38,904	-
Capital outlay	-	134,262	38,000	500,495	-	-	-
Utility operating expenses	-	85,588	-	-	1,268,476	-	114,774
Other disbursements	12,843	-	-	-	-	71,960	10,811
Total disbursements	<u>12,843</u>	<u>219,850</u>	<u>38,000</u>	<u>500,495</u>	<u>1,268,476</u>	<u>110,864</u>	<u>125,585</u>
Excess (deficiency) of receipts over disbursements	<u>9,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,972</u>	<u>(71,460)</u>	<u>254,642</u>
Cash and investments - ending	<u>\$ 69,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,292</u>	<u>\$ 75,549</u>	<u>\$ 255,608</u>

CITY OF RENSSELAER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Meter Deposit	On-Account	Gas Operating	Gas Improvement	Gas Meter Deposit	Gas Cash Reserve	Totals
Cash and investments - beginning	\$ 140,316	\$ 110,287	\$ 1,339,113	\$ 160,704	\$ 173,150	\$ 515,717	\$ 11,726,070
Receipts:							
Taxes	-	-	-	-	-	-	1,638,079
Licenses and permits	-	-	-	-	-	-	25,770
Intergovernmental	-	-	-	-	-	-	1,540,989
Charges for services	-	-	-	-	-	-	473,859
Fines and forfeits	-	-	-	-	-	-	51,707
Utility fees	-	-	3,631,847	-	-	-	15,997,489
Penalties	-	-	13,893	-	-	-	75,647
Other receipts	23,400	44	47,359	36,552	29,125	1,319	16,471,609
Total receipts	23,400	44	3,693,099	36,552	29,125	1,319	36,275,149
Disbursements:							
Personal services	-	-	-	-	-	-	1,933,088
Supplies	-	-	-	-	-	-	186,697
Other services and charges	-	-	-	-	-	-	1,907,349
Debt service - principal and interest	-	-	-	-	-	-	1,432,529
Capital outlay	-	-	-	143,462	-	-	3,311,790
Utility operating expenses	-	-	3,634,411	-	-	-	14,063,383
Other disbursements	20,525	29,493	33,353	-	26,565	-	10,097,937
Total disbursements	20,525	29,493	3,667,764	143,462	26,565	-	32,932,773
Excess (deficiency) of receipts over disbursements	2,875	(29,449)	25,335	(106,910)	2,560	1,319	3,342,376
Cash and investments - ending	\$ 143,191	\$ 80,838	\$ 1,364,448	\$ 53,794	\$ 175,710	\$ 517,036	\$ 15,068,446

CITY OF RENNELAER
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 576,618	\$ 13,924
Electric	429,724	669,660
Wastewater	27,385	88,351
Water	153,593	81,507
On-Account	7	-
Gas	<u>303,761</u>	<u>257,151</u>
Totals	<u>\$ 1,491,088</u>	<u>\$ 1,110,593</u>

CITY OF RENSSELAER
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2008 Melville Street Project	\$ 1,250,000	\$ 108,781
Capital leases	1993 Economic Development Lease Rental Bonds	470,000	99,000
Capital leases	2000 Special Tax District Bonds	<u>380,000</u>	<u>60,273</u>
Total governmental activities		<u>2,100,000</u>	<u>2,368,054</u>
Electric:			
Revenue bonds	2005 #15 Generator	6,340,000	381,425
Revenue bonds	2011 69kV Line West Side Annex	<u>4,170,000</u>	<u>200,427</u>
Total Electric		<u>10,510,000</u>	<u>581,852</u>
Wastewater:			
Revenue bonds	2004 Sewage Refunding Bond	460,000	195,505
Revenue bonds	2006 Houston Sewer Project	1,250,000	52,220
Revenue bonds	2009 Wastewater Treatment Plant Upgrade	2,430,000	183,411
Revenue bonds	2011 West Side Sewer Project	<u>-</u>	<u>-</u>
Total Wastewater		<u>4,140,000</u>	<u>4,571,136</u>
Water:			
Revenue bonds	2001 Houston Water Project	327,000	34,742
Revenue bonds	2011 Water Plant Upgrade	4,445,000	44,540
Notes and loans	2011 Jr Bond for Water Tower	<u>100,000</u>	<u>11,253</u>
Total Water		<u>4,872,000</u>	<u>90,535</u>
Totals		<u>\$ 21,622,000</u>	<u>\$ 1,371,577</u>

CITY OF RENSSELAER
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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

	Ending Balance
Governmental activities:	
Land	\$ 273,000
Buildings	1,667,146
Improvements other than buildings	2,039,500
Machinery, equipment and vehicles	2,770,478
Total governmental activities	6,750,124
Electric:	
Land	273,946
Buildings	425,440
Improvements other than buildings	16,093,368
Machinery, equipment and vehicles	1,484,778
Construction in progress	1,346,480
Total Electric	19,624,012
Wastewater:	
Land	162,829
Buildings	4,833,440
Improvements other than buildings	3,514,837
Machinery, equipment and vehicles	658,275
Construction in progress	1,199,468
Total Wastewater	10,368,849
Water:	
Buildings	1,403,890
Improvements other than buildings	2,747,058
Machinery, equipment and vehicles	165,005
Construction in progress	841,854
Total Water	5,157,807
Gas:	
Land	8,195
Buildings	324,829
Improvements other than buildings	1,930,084
Machinery, equipment and vehicles	439,355
Total Gas	2,702,463
Total capital assets	\$ 44,603,255

CITY OF RENSSELAER
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS - UTILITY

Each utility has a resolution concerning penalties on late payments. Penalties were not properly calculated and billed to the utility office manager's account for February and March of 2011. The amount of penalties that should have been charged for those months was \$19.54.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BUDGET PAYMENT PLAN

The Rensselaer Utilities provide their customers the opportunity to pay their utilities under a budget billing agreement rather than actual usage if they desire. Under this agreement equal monthly utility payments for the coming year are calculated based on the prior year's usage. Each customer's budget payment amount is calculated by the utility office manager based on the prior twelve months usage and used to prepare a budget agreement that is signed by the customer prior to starting the plan. At the end of the year actual usage on these accounts are calculated and any differences between the actual usage and the budget payments is settled.

The utility office manager entered into a budget billing agreement with the Rensselaer Utilities in 2011. The budget payment amount, calculated by the utility business manager, was \$35 per month less than it should have been based on the prior twelve months usage. Additionally, payments made while on this plan were late for the months of August, September, October, November and December.

Section three of the budget agreement contract, signed by all customers paying under budget agreement contracts, states, "The first payment under this Agreement shall be due no later than on the 30 of August, 2011. Customer shall pay the monthly net no later than the due date as previously established for Customer's account." In addition, Section 5 states, "Customer further understands and agrees that failure to adhere to the terms and conditions of this Agreement, on any occasion during the twelve-month period, shall be subject to discontinuance of the Budget Payment Plan, without prior notice. Any outstanding amount on account shall be due under regular payment terms as established by City Ordinance. Said agreement shall then immediately become null and void."

Based on the wording in this agreement the penalties that should have been charged from August to December 2011 were \$62.12.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

The Rensselaer Utilities paid penalties totaling \$4,975 to the Indiana Department of Revenue on August 10, 2011 for Utility Receipts Tax not paid timely for the period ending December 31, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

CITY OF RENSSELAER
EXAMINATION RESULTS AND COMMENTS
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS - PAYROLL

The City and Utility has an ordinance concerning salaries and longevity pay.

Longevity pay for the Utility Computer Operator/Clerk has been miscalculated since October 8, 2010, resulting in an underpayment of salary to this employee of \$823.18.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Water, Electric and Gas Utilities did not calculate the Indiana Utility Receipts Tax for the year correctly. The Utilities calculated the Utility Receipts Tax using the same exemptions as were used for the calculation of the Indiana Sales Tax. Exempt organizations for sales tax purposes, which are addressed in Indiana Code 6-2.5-5, have a much broader scope than exempt organizations for the Utility Receipts Tax, which are addressed in Indiana Code 6-2.3-4. Additionally, the Utility receipts tax calculated was based on sales instead of receipts as defined in Indiana Code 6-2.3-1-3.5. Based on preliminary calculations made during our examination we estimate the Water, Electric and Gas Utilities underpaid their Indiana Utility Receipts Tax by approximately \$4,900, \$57,000 and \$5,578, respectively, during 2011 as a result of these errors.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS - BUILDING

The Building Department has a permit rate schedule for each type of building permit. Of the 16 permits tested, 5 were not charged the correct amount per the rate schedule resulting in a total undercharge of \$350.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF RENNELAER
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2012, with Frieda M. Bretzinger, Clerk-Treasure; Tammy J. Wisley, Utility Office Manager; George T. Cover, President of the Common Council; and Ernest Watson, Jr, member of the Common Council.