

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF RUSHVILLE

RUSH COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
10/19/2012

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with changes made on pg 28.

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann L. Copley	01-01-08 to 12-31-15
Mayor	Mervyn R. Bostic Michael P. Pavey	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Board of Public Works	Mervyn R. Bostic Michael P. Pavey	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	William Goins Robert Bridges	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Utilities	Les Day	01-01-11 to 12-31-12
Utility Office Manager	Gina Jenkins	01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF RUSHVILLE, RUSH COUNTY, INDIANA

We have examined the financial statement of the City of Rushville (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 statements 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 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, 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 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.

The City's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

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

September 17, 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 RUSHVILLE
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	\$ 865,188	\$ 4,066,577	\$ 4,022,951	\$ 908,814
Motor Vehicle Highway	119,006	471,344	446,932	143,418
Local Roads & Street	19,367	18,281	20,048	17,600
Park & Recreation Nonreverting	46,045	42,995	28,132	60,908
Abandoned Vehicles	1,415	-	-	1,415
Law Enforcement Continuing Education	7,414	4,948	5,414	6,948
Unsafe Building	9,280	16,434	4,011	21,703
Rainy Day	303,597	101,109	114,850	289,856
Levy Excess	11,694	17	11,711	-
TIF	854,315	343,087	973,888	223,514
Cumulative Capital Development	152,184	49,314	53,861	147,637
CEDIT	315,443	256,031	376,660	194,814
Cumulative Capital Improvement	17,569	17,229	25,875	8,923
Police Pension	285,421	176,882	213,510	248,793
Fire Pension	268,398	100,751	101,854	267,295
Assistance to Firefighters Grant	-	16,605	16,605	-
16th Street Grant	-	107,355	107,355	-
Child Restraint Grant	-	2,083	1,516	567
Levee Gauge Grant	-	6,502	-	6,502
GO Bonds	-	762,300	760,586	1,714
RFD NR	-	44,104	42,647	1,457
DARE Nonreverting	-	618	-	618
Asset Forfeiture	-	92,571	1,526	91,045
Cash Change	75	-	-	75
Donations	20,042	63,528	59,514	24,056
RCVA Shelter Project	2,161	-	-	2,161
Build Indiana Community Center	208,031	162	15,965	192,228
OJP Vest Grant	221	675	896	-
CDBG/OCRA Grant Emerson	30	-	30	-
Operation Pullover Grant	178	2,538	2,716	-
Tobacco Enforcement Grant	1,566	-	1,066	500
Electric Liquidation	2,046,647	5,415	6,000	2,046,062
Community Improvement Redevelopment	33,462	8,849	75	42,236
21st Century	50,586	1,875	1,873	50,588
Intat Storm Sewer	317	-	-	317
Flatrock Apartment Escrow	507	-	507	-
IDFA Ametiech	21,596	-	-	21,596
Brownfield Petro Grant Ss	19,669	-	-	19,669
Sanitation Nonreverting	26,682	13,461	31,452	8,691
Booker T Washington Nonreverting	12,656	18,742	10,345	21,053
Forfeiture	2,751	9	-	2,760
Flexible Spending Account	17,470	9	17,479	-
Federal Deposit	34	57	73	18
Commerce Park Development	325,318	359	25,354	300,323
Fiber Optic	9,810	24,086	1,141	32,755
Criminal Investigation Nonreverting	60	8,439	4,000	4,499
Fire & Police Pension Trust	214,793	20,192	-	234,985
Payroll	83,599	2,463,353	2,464,506	82,446
Utility Payroll	4,611	435,727	438,657	1,681
Wastewater Utility Cash Drawer	63	-	-	63
Wastewater Utility Petty Cash	625	-	-	625
Wastewater Revenue	236,671	1,183,916	1,097,381	323,206
Wastewater Debt Service Reserve	221,868	3,701	-	225,569
Wastewater Depreciation	256,321	150,000	28,576	377,745
Wastewater Construction	13,912	16	-	13,928
Wastewater Sinking	31,460	239,762	241,718	29,504
Water Operating	109,018	1,003,456	917,162	195,312
Water Debt Service Reserve	158,711	25,329	-	184,040
Water Depreciation	128,047	100,000	15,395	212,652
Water Meter Deposit	138,247	30,214	19,195	149,266
Water Construction	877,195	-	723,362	153,833
Water Sinking	23,186	227,765	226,589	24,362
Totals	\$ 8,574,532	\$ 12,728,772	\$ 13,680,959	\$ 7,622,345

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

CITY OF RUSHVILLE
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, general administrative services, water, wastewater, trash, 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 may 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, county economic development 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, demolition permits and sign 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, local road and street distribution received from the state, financial institution tax

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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: copies of public records, copy machine charges, accident report copies, recycling fees, dog pound fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations and fines and fees.

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; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may 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.

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

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, 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.

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.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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 statements 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 and Annual Pension Cost

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

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 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.

CITY OF RUSHVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statements 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.

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

	General	Motor Vehicle Highway	Local Roads & Street	Park & Recreation Nonreverting	Abandoned Vehicles	Law Enforcement Continuing Education	Unsafe Building
Cash and investments - beginning	\$ 865,188	\$ 119,006	\$ 19,367	\$ 46,045	\$ 1,415	\$ 7,414	\$ 9,280
Receipts:							
Taxes	2,665,106	223,622	-	-	-	-	-
Licenses and permits	572	150	-	-	-	1,590	150
Intergovernmental	1,095,442	231,364	18,183	-	-	-	-
Charges for services	15,004	3,564	-	41,874	-	1,308	16,246
Fines and forfeits	34,613	-	-	-	-	2,027	-
Utility fees	-	-	-	-	-	-	-
Other receipts	255,840	12,644	98	1,121	-	23	38
Total receipts	<u>4,066,577</u>	<u>471,344</u>	<u>18,281</u>	<u>42,995</u>	<u>-</u>	<u>4,948</u>	<u>16,434</u>
Disbursements:							
Personal services	2,758,946	269,910	-	4,911	-	-	-
Supplies	154,386	97,522	-	11,031	-	3,366	250
Other services and charges	594,988	63,370	20,048	12,040	-	2,048	3,761
Debt service - principal and interest	73,540	16,130	-	-	-	-	-
Capital outlay	245,964	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	195,127	-	-	150	-	-	-
Total disbursements	<u>4,022,951</u>	<u>446,932</u>	<u>20,048</u>	<u>28,132</u>	<u>-</u>	<u>5,414</u>	<u>4,011</u>
Excess (deficiency) of receipts over disbursements	<u>43,626</u>	<u>24,412</u>	<u>(1,767)</u>	<u>14,863</u>	<u>-</u>	<u>(466)</u>	<u>12,423</u>
Cash and investments - ending	<u>\$ 908,814</u>	<u>\$ 143,418</u>	<u>\$ 17,600</u>	<u>\$ 60,908</u>	<u>\$ 1,415</u>	<u>\$ 6,948</u>	<u>\$ 21,703</u>

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

	Rainy Day	Levy Excess	TIF	Cumulative Capital Development	CEDIT	Cumulative Capital Improvement	Police Pension
Cash and investments - beginning	\$ 303,597	\$ 11,694	\$ 854,315	\$ 152,184	\$ 315,443	\$ 17,569	\$ 285,421
Receipts:							
Taxes	-	-	342,730	44,551	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	4,593	255,654	17,216	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	101,109	17	357	170	377	13	176,882
Total receipts	101,109	17	343,087	49,314	256,031	17,229	176,882
Disbursements:							
Personal services	-	-	-	-	-	-	203,510
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	93,103	23,861	17,969	-	-
Debt service - principal and interest	-	-	880,785	-	288,940	-	-
Capital outlay	14,850	-	-	30,000	3,500	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	100,000	11,711	-	-	66,251	25,875	10,000
Total disbursements	114,850	11,711	973,888	53,861	376,660	25,875	213,510
Excess (deficiency) of receipts over disbursements	(13,741)	(11,694)	(630,801)	(4,547)	(120,629)	(8,646)	(36,628)
Cash and investments - ending	\$ 289,856	\$ -	\$ 223,514	\$ 147,637	\$ 194,814	\$ 8,923	\$ 248,793

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

	Fire Pension	Assistance to Firefighters Grant	16th Street Grant	Child Restraint Grant	Levee Guage Grant	GO Bonds	RFD NR
Cash and investments - beginning	\$ 268,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	44,070
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	100,751	16,605	107,355	2,083	6,502	762,300	34
Total receipts	100,751	16,605	107,355	2,083	6,502	762,300	44,104
Disbursements:							
Personal services	91,854	-	-	-	-	-	-
Supplies	-	16,605	-	1,516	-	-	15,392
Other services and charges	-	-	107,355	-	-	58,250	-
Debt service - principal and interest	-	-	-	-	-	702,336	22,035
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,000	-	-	-	-	-	5,220
Total disbursements	101,854	16,605	107,355	1,516	-	760,586	42,647
Excess (deficiency) of receipts over disbursements	(1,103)	-	-	567	6,502	1,714	1,457
Cash and investments - ending	\$ 267,295	\$ -	\$ -	\$ 567	\$ 6,502	\$ 1,714	\$ 1,457

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

	DARE Nonreverting	Asset Forfeiture	Cash Change	Donations	RCVA Shelter Project	Build Indiana Community Center	OJP Vest Grant
Cash and investments - beginning	\$ -	\$ -	\$ 75	\$ 20,042	\$ 2,161	\$ 208,031	\$ 221
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	92,534	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	618	37	-	63,528	-	162	675
Total receipts	618	92,571	-	63,528	-	162	675
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	31,438	-	-	896
Other services and charges	-	-	-	28,076	-	15,965	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,526	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	1,526	-	59,514	-	15,965	896
Excess (deficiency) of receipts over disbursements	618	91,045	-	4,014	-	(15,803)	(221)
Cash and investments - ending	\$ 618	\$ 91,045	\$ 75	\$ 24,056	\$ 2,161	\$ 192,228	\$ -

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

	CDBG/OCRA Grant Emerson	Operation Pullover Grant	Tobacco Enforcement Grant	Electric Liquidation	Community Improvement Redevelopment	21St Century	Intat Storm Sewer
Cash and investments - beginning	\$ 30	\$ 178	\$ 1,566	\$ 2,046,647	\$ 33,462	\$ 50,586	\$ 317
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,538	-	5,415	8,849	1,875	-
Total receipts	-	2,538	-	5,415	8,849	1,875	-
Disbursements:							
Personal services	-	2,716	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,066	-	75	1,873	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	30	-	-	6,000	-	-	-
Total disbursements	30	2,716	1,066	6,000	75	1,873	-
Excess (deficiency) of receipts over disbursements	(30)	(178)	(1,066)	(585)	8,774	2	-
Cash and investments - ending	\$ -	\$ -	\$ 500	\$ 2,046,062	\$ 42,236	\$ 50,588	\$ 317

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

	Flatrock Apartment Escrow	IDFA Ametiech	Brownfield Petro Grant Ss	Sanitation Nonreverting	Booker T Washington Nonreverting	Forfeiture	Flexible Spending Account
Cash and investments - beginning	\$ 507	\$ 21,596	\$ 19,669	\$ 26,682	\$ 12,656	\$ 2,751	\$ 17,470
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	13,338	13,450	-	-
Fines and forfeits	-	-	-	-	-	9	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	123	5,292	-	9
Total receipts	-	-	-	13,461	18,742	9	9
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	31,452	2,656	-	-
Other services and charges	-	-	-	-	7,689	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	507	-	-	-	-	-	17,479
Total disbursements	507	-	-	31,452	10,345	-	17,479
Excess (deficiency) of receipts over disbursements	(507)	-	-	(17,991)	8,397	9	(17,470)
Cash and investments - ending	\$ -	\$ 21,596	\$ 19,669	\$ 8,691	\$ 21,053	\$ 2,760	\$ -

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

	Federal Deposit	Commerce Park Development	Fiber Optic	Criminal Investigation Nonreverting	Fire & Police Pension Trust	Payroll	Utility Payroll
Cash and investments - beginning	\$ 34	\$ 325,318	\$ 9,810	\$ 60	\$ 214,793	\$ 83,599	\$ 4,611
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	24,014	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	57	359	72	8,439	20,192	2,463,353	435,727
Total receipts	57	359	24,086	8,439	20,192	2,463,353	435,727
Disbursements:							
Personal services	-	-	-	-	-	2,464,506	438,657
Supplies	73	-	-	-	-	-	-
Other services and charges	-	25,354	1,141	4,000	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	73	25,354	1,141	4,000	-	2,464,506	438,657
Excess (deficiency) of receipts over disbursements	(16)	(24,995)	22,945	4,439	20,192	(1,153)	(2,930)
Cash and investments - ending	\$ 18	\$ 300,323	\$ 32,755	\$ 4,499	\$ 234,985	\$ 82,446	\$ 1,681

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

	Wastewater Utility Cash Drawer	Wastewater Utility Petty Cash	Wastewater Revenue	Wastewater Debt Service Reserve	Wastewater Depreciation	Wastewater Construction	Wastewater Sinking
Cash and investments - beginning	\$ 63	\$ 625	\$ 236,671	\$ 221,868	\$ 256,321	\$ 13,912	\$ 31,460
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	1,182,747	-	-	-	-
Other receipts	-	-	1,169	3,701	150,000	16	239,762
Total receipts	-	-	1,183,916	3,701	150,000	16	239,762
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	20,289	-	-	-	241,718
Capital outlay	-	-	-	-	28,576	-	-
Utility operating expenses	-	-	703,240	-	-	-	-
Other disbursements	-	-	373,852	-	-	-	-
Total disbursements	-	-	1,097,381	-	28,576	-	241,718
Excess (deficiency) of receipts over disbursements	-	-	86,535	3,701	121,424	16	(1,956)
Cash and investments - ending	\$ 63	\$ 625	\$ 323,206	\$ 225,569	\$ 377,745	\$ 13,928	\$ 29,504

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

	Water Operating	Water Debt Service Reserve	Water Depreciation	Water Meter Deposit	Water Construction	Water Sinking	Totals
Cash and investments - beginning	\$ 109,018	\$ 158,711	\$ 128,047	\$ 138,247	\$ 877,195	\$ 23,186	\$ 8,574,532
Receipts:							
Taxes	-	-	-	-	-	-	3,276,009
Licenses and permits	-	-	-	-	-	-	2,462
Intergovernmental	-	-	-	-	-	-	1,622,452
Charges for services	-	-	-	-	-	-	172,868
Fines and forfeits	-	-	-	-	-	-	129,183
Utility fees	989,030	-	-	30,214	-	-	2,201,991
Other receipts	14,426	25,329	100,000	-	-	227,765	5,323,807
Total receipts	<u>1,003,456</u>	<u>25,329</u>	<u>100,000</u>	<u>30,214</u>	<u>-</u>	<u>227,765</u>	<u>12,728,772</u>
Disbursements:							
Personal services	-	-	-	-	-	-	6,235,010
Supplies	-	-	-	-	-	-	366,583
Other services and charges	-	-	-	-	-	-	1,082,032
Debt service - principal and interest	-	-	-	-	-	226,589	2,472,362
Capital outlay	-	-	2,671	-	723,362	-	1,050,449
Utility operating expenses	564,068	-	-	15,368	-	-	1,282,676
Other disbursements	353,094	-	12,724	3,827	-	-	1,191,847
Total disbursements	<u>917,162</u>	<u>-</u>	<u>15,395</u>	<u>19,195</u>	<u>723,362</u>	<u>226,589</u>	<u>13,680,959</u>
Excess (deficiency) of receipts over disbursements	<u>86,294</u>	<u>25,329</u>	<u>84,605</u>	<u>11,019</u>	<u>(723,362)</u>	<u>1,176</u>	<u>(952,187)</u>
Cash and investments - ending	<u>\$ 195,312</u>	<u>\$ 184,040</u>	<u>\$ 212,652</u>	<u>\$ 149,266</u>	<u>\$ 153,833</u>	<u>\$ 24,362</u>	<u>\$ 7,622,345</u>

CITY OF RUSHVILLE
SCHEDULE OF RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Wastewater	\$ 33,118
Water	<u>22,776</u>
Totals	<u>\$ 55,894</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Banc of America Leasing Capital LLC	Purchase refuse packer	\$ 23,441	10-20-11	10-20-15
Public Finance.com Inc	purchase refuse packer	<u>21,500</u>	04-15-08	04-15-12
Total governmental activities		<u>44,941</u>		
Total of annual lease payments		<u>\$ 44,941</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Economic Development	\$ 625,000	\$ 234,500
General obligation bonds	Construction of new pool	260,000	60,925
General obligation bonds	Purchase Equipment	<u>770,000</u>	<u>44,751</u>
Total governmental activities		<u>1,655,000</u>	<u>340,176</u>
Wastewater:			
Revenue bonds	Repairs & Construction	911,700	48,087
Revenue bonds	Repairs & Construction	<u>670,000</u>	<u>193,190</u>
Total Wastewater		<u>1,581,700</u>	<u>241,277</u>
Water:			
Revenue bonds	Construction of Water Tower	1,115,000	188,514
Revenue bonds	Construction/Annexation	<u>743,000</u>	<u>42,525</u>
Total Water		<u>1,858,000</u>	<u>231,039</u>
Totals		<u>\$ 5,094,700</u>	<u>\$ 812,492</u>

CITY OF RUSHVILLE
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	\$ 4,298,700
Infrastructure	11,818,068
Buildings	2,643,021
Improvements other than buildings	1,680,866
Machinery, equipment and vehicles	2,254,720
Total governmental activities	22,695,375
Wastewater:	
Buildings	3,271,376
Improvements other than buildings	27,163
Machinery, equipment and vehicles	4,574,520
Construction in progress	28,912
Total Wastewater	7,901,971
Water:	
Land	1,886,500
Infrastructure	2,141,292
Buildings	1,437,500
Improvements other than buildings	3,750
Machinery, equipment and vehicles	1,441,648
Construction in progress	242,375
Total Water	7,153,065
Total capital assets	\$ 37,750,411

CITY OF RUSHVILLE
EXAMINATION RESULTS AND COMMENTS

AMPHITHEATRE TRANSACTIONS

During the prior audit, we received evidence indicating the Mayor's secretary was performing tasks for the Riverside Park Organizing Committee while being paid by the City of Rushville. The Committee seems to be a quasi-governmental entity appointed by the prior Mayor. The Committee is also referred to as the Amphitheatre Committee. The Committee's sole purpose is to promote a summer concert series to be held within the City owned Riverside Park. The Committee determined that in order to sell specific concessions, notably alcoholic beverages, that they should be a separate, not-for-profit entity. We were unable to determine a proper legal relationship between the Committee and the City. We were also unable to determine whether the Committee had established itself as a not-for-profit entity.

At the time of the prior audit, we advised officials that such activity as providing services to a not-for profit is prohibited by state statute. There was no contract for services, and the additional services provided by the City and its various departments, specifically street and park, indicated no separation between the two entities. The Committee was appointed by a former Mayor, and all positions were voluntary. The appointed chairman was elected Mayor of the City, and took office January 1, 2012.

The Riverside Park Organizing Committee maintains a bank account for specific expenses of the concert series, and until 2012, the City Clerk-Treasurer maintained a fund within the city's funds ledger for the cost of talent for the concerts. The City receipts were mostly donations and a small amount of certain concession sales. The other expenses of the concerts were paid by the Committee from receipts earned through concession sales. Any short-fall in donations for talent was reimbursed to the City by the Committee from their funds.

During the current audit, we observed the same activity. Additionally, City equipment was being utilized for this activity. The Mayor has not issued a written policy or regulation in accordance with Indiana Code 35-44.1-1-3(f).

Indiana Code 35-44.1-1-3 states:

- (a) A public servant who knowingly or intentionally:
 - (1) hires an employee for the governmental entity that the public servant serves; and
 - (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the government entity; commits ghost employment, a Class D felony
- (b) A public servant who knowingly or intentionally assigns to an employee under the public servant's supervision any duties not related to the operation of the governmental entity that the public servant serves commits ghost employment, a Class D felony.
- (c) A person employed by a governmental entity who, knowing that the person has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.
- (d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

CITY OF RUSHVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.
- (f) For the purposes of this section, an employee of a governmental entity who voluntarily performs services:
 - (1) that do not:
 - (A) promote religion;
 - (B) attempt to influence legislation or governmental policy; or
 - (C) attempt to influence elections to public office;
 - (2) for the benefit of:
 - (A) another governmental entity; or
 - (B) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code;
 - (3) with the approval of the employee's supervisor: and
 - (4) in compliance with a policy or regulation that:
 - (A) is in writing;
 - (B) is issued by the executive officer of the governmental entity; and
 - (C) contains a limitation on the total time during any calendar year that the employee may spend performing the services during normal hours of employment; is considered to be performing duties related to the operation of the governmental entity.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended to the City officials that they determine whether the Committee is indeed part of the City of Rushville or if it is a separate entity. Once a determination is made appropriate steps need to be taken to make sure that the City is in compliance with applicable statutes.

CITY OF RUSHVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The following conditions were noted during the examination of the Wastewater Utility and the Water Utility:

1. Financial records presented by the Utilities for examination were incomplete and not reflective of the activity of various funds. Financial activity for some accounts was not posted to the General Ledgers after March 2011. Certain fund activity and balances were maintained on Excel spreadsheets and not posted to the General Ledgers at all.
2. Cash balances of all funds were presented correctly on the Monthly Reports prepared for the Utilities Service Board, and agreed with the Clerk-Treasurer Records. The depository reconciliements prepared by the Clerk-Treasurer supported the cash balances in the Monthly Reports and the CTAR prepared by the Clerk-Treasurer.
3. The accounts receivable details for both utilities do not agree with the amounts recorded in the general ledger or presented in the December 31, 2011 Monthly Report by significant amounts.
4. The detailed customer deposit register per the computerized accounting system does not agree with the customer deposit amount recorded in the Water General Ledger or presented in the December 31, 2011 Monthly Report.

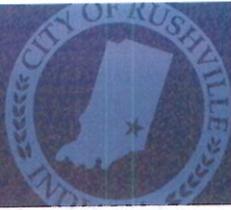
At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF RUSHVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2012, with Michael P. Pavey, Mayor, and Robert Bridges, President of the Common Council. The Official Response has been made a part of this report and may be found on pages 30 through 33.

The contents of this report were discussed on September 17, 2012, with Ann L. Copley, Clerk-Treasurer.



State Board of Accounts

As the City of Rushville prepared for its response to the Indiana State Board of Accounts Exit Conference for the audit year 2011, many resources were examined. Even though this audit period is of the prior administration, it is this administration's duty to address concerns and findings brought forth by the Indiana State Board of Accounts (ISBA). In preparing a proper response, the City examined past ISBA audit findings, reviewed notes from past exit conferences, and preliminary examination results and comments provided by the ISBA for the audit period. It is the goal of this administration to seriously address any finding reported by the ISBA.

The City finds from our examination that an insufficient paper trail exists that reflects the urgency found in this year's report. On some points, we respectfully disagree with some of the assertions made by the ISBA, however the City will continue to change our policies and practices to meet the concerns of the ISBA. The City has genuine concerns regarding some matters addressed by the ISBA that warrant an audit finding this year, yet have gone undocumented during prior year's audits. In the City's review of the last seven years of audit findings, there is no evidence that these topics were ever addressed.

Riverside Park Amphitheater

In 2005-2007, the City of Rushville developed and built a park and amphitheater on the south side of the City. It was determined at that time that the goal was to provide musical opportunities for the citizens of Rushville and their guests. In 2007, the City appointed members to a committee for the oversight of the new Amphitheater, the Riverside Park Organizational Committee (RPOC). The RPOC has continued "to stimulate, promote, preserve and expand the social, historic, cultural and economic well-being through music and the arts" for the Rushville Community.

This year the ISBA exit audit conference will focus on the concert series (Riverside Park Organizing Committee-RPOC) and its level of inclusion, and/or separation from the City.

It is the assertion of the ISBA that the RPOC is a “quasi-governmental” organization with no definitive lines of separation. The ISBA has asserted that the RPOC “Determined that in order to sell specific concessions, notably alcoholic beverages, that they should be a separate, not-for-profit entity”. The ISBA has further asserted that the City and the RPOC have inappropriately applied for and been granted “Temporary Beer/Wine Permits” from the Indiana Alcohol and Tobacco Commission (IATC). Much of the ISBA concern deals with the issue of whether the mayor’s secretary can devote part of her duties to facilitate the needs of the Riverside Park.

The City respectfully disagrees with the ISBA on these assertions. It is the City’s contention that at no time did the RPOC ever become a “quasi-governmental entity”, but did in fact function as a committee of the City. This practice has spanned three administrations (each having three oversight boards). The RPOC has performed it’s duties without issue. They are as follows:

Mayor Bob Bridges: (Attorney-Newhouse and Newhouse)
Clerk Ann Copley

Parks Board

Denny Corn
Jack Harmon
Wilma Jo Kile
Tim Shuppert
Davis Hasecuster
Jan Voiles

Board of Works

Mike Pavey
Chris Fields

City Council

Mike Pavey-Pres.
Darrin McGowan
Chris Fields
Brian Sheehan
John Byrne

Mayor Merv Bostic: (Attorney-Ron Wilson)
Clerk Ann Copley

Parks Board

Denny Corn
Dave Malson
Paul Barada Sr.
Liz Crane
Anna Karen Pennington
Sue Otte

Board of Works

John Mull
Merlin Herbert

City Council

Bill Goins-Pres.
Darrin McGowan/Bob Bridges
Mike Buckley
Allen Shelton

Mayor Mike Pavey: (Attorney-Newhouse and Newhouse)
Clerk Ann Copley

Parks Board

Jim Zachery
Dave Malson
Paul Barada Sr.

Board of Works

Gary Cameron
Darrin McGowan
Angie Barton

City Council

Bob Bridges-Pres.
Craig Smith
Brad Berkemeier

Will St. John
Aaron Gurley
Sue Otte

Marvin Hedrick

Brian Conner
Brian Sheehan

Every year, the RPOC seeks approval from these three boards regarding the Summer Concert Series. The RPOC cannot function without the approval of these three boards. The City believes that the RPOC has always functioned as a committee of the City, and is not a “quasi-governmental entity”. If RPOC is not an official committee of the City, one would surmise that this would have been an issue with the ISBA for the past several years.

The City recognizes that the ISBA gave a verb warning regarding this issue at the exit conference in 2011. According to the notes of the Clerk Treasurer from that exit conference, the ISBA suggested that the City:

1. enter into a contract with the RPOC for one dollar because RPOC is not for profit.
2. put into place this contract before next year (2012)
3. specify in the contract how money is to be handled by the RPOC
4. clarify the relationship between the City and the RPOC
5. disallow the mayor’s secretary from performing any duties relating to the RPOC unless specified in the contract.

The City further recognizes that the prior administration did not address these issues before leaving office.

According to the research of the City, there is no evidence that the RPOC “Determined that in order to sell specific concessions, notably alcoholic beverages, that they should be a separate, not-for profit entity”. According to members of the RPOC, there were discussions regarding the issue of becoming a stand-alone not-for profit in order to depoliticize the Summer Concert Series. However, there is no recollection that those efforts were engaged for the purpose of selling concessions. The City again, respectfully disagrees with the ISBA’s assertion. The City further contends that because no effort was made to become a stand-alone not-for profit, it is further evidence that the RPOC was and still is a committee within the City government.

In regards to the ISBA’s belief that the City and the RPOC have inappropriately applied for and been granted “Temporary Beer/Wine Permits” from the Indiana Alcohol and Tobacco Commission (IATC), we differ in opinion. The City and the RPOC applied for and were granted temporary permits in good faith and according to law. Since this issue has been brought up by the ISBA, the City has spoken directly with excise agents of the IATC. The City has been assured that they had the right to obtain the permits. Therefore, if this is an issue for the ISBA, we

respectfully ask that they bring those concerns to the IATC to seek remedy. The mere inference that the City has violated a rule of law in this instance is unfair and unfortunate.

It is important to note that although the City disagrees with the opinions of the ISBA, the current administration has begun work to meet the recommendations from the last exit conference that the prior administration failed to meet. Under the encouragement of the ISBA and with the guidance of the City Clerk Treasurer, all funds for the Summer Concert Series have been deposited into a separate account, and not within the City. In three separate actions in August 2012, the Rushville City Council, the Rushville Board of Public Works and Safety, and the Rushville Board of Parks and Recreation unanimously agreed to a contract with the Heart of Rushville, a not-for profit, to move the operations of the RPOC away from the City and provide the lines of separation suggested by the ISBA. The City believes the Contract with the Heart of Rushville meets all of the suggestions made by the ISBA during last year's exit conference.

Rushville City Utilities

The City recognizes that the concerns of the ISBA in regards to the Rushville City Utility were taken too lightly by the prior administration and has been found to be an issue that in fact needed to be addressed. We will address the situation as described below.

The city will contract for an individual/firm to come into the utility to bring the books to current status. While the outside person/firm is working on the books they will train Gina Jenkins on the proper way to maintain the accrual records. This will include training on the Keystone accounting system.

