

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

EXAMINATION REPORT
OF
TOWN OF ROME CITY
NOBLE COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
04/03/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda K. Conley	01-01-04 to 12-31-07
President of the Town Council	David H. Abbott	01-01-05 to 12-31-07
Town Manager	Leigh A. Pranger	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROME CITY, NOBLE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Rome City (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 15, 2007

TOWN OF ROME CITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 110,583	\$ 334,671	\$ 303,146	\$ 142,108
Motor Vehicle Highway	46,388	166,722	126,748	86,362
Local Road and Street	14,820	9,819	5,307	19,332
Law Enforcement Continuing Education	3,352	865	1,208	3,009
Riverboat	19,127	10,184	26,259	3,052
Watershed	3,107	13,987	14,789	2,305
Park Donation	16,698	2,800	8,298	11,200
Police Donation	402	200	270	332
Conservancy District Rent	1,850	900	-	2,750
Cumulative Capital Improvement	6,329	4,993	7,473	3,849
Cumulative Capital Development	11,296	21,440	21,257	11,479
County Economic Development Income Tax	16,985	53,426	30,417	39,994
Proprietary Funds:				
Wastewater Utility - Operating	276,009	423,458	450,833	248,634
Wastewater Utility - Bond and Interest	37,361	20,988	30,080	28,269
Wastewater Utility - Debt Service Reserve	37,191	3,112	-	40,303
Wastewater Utility - Improvement	8,788	26,000	12,768	22,020
Health Insurance	1,421	58,925	55,177	5,169
Fiduciary Fund:				
Payroll	1,016	277,845	277,494	1,367
Totals	<u>\$ 612,723</u>	<u>\$ 1,430,335</u>	<u>\$ 1,371,524</u>	<u>\$ 671,534</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 142,108	\$ 296,751	\$ 314,283	\$ 124,576
Motor Vehicle Highway	86,362	121,224	128,494	79,092
Local Road and Street	19,332	9,525	14,976	13,881
Law Enforcement Continuing Education	3,009	460	1,755	1,714
Riverboat	3,052	10,163	5,613	7,602
Watershed	2,305	3,808	5,169	944
Park Donation	11,200	903	3,960	8,143
Police Donation	332	289	105	516
Conservancy District Rent	2,750	900	-	3,650
Cumulative Capital Improvement	3,849	7,269	-	11,118
Cumulative Capital Development	11,479	14,738	6,074	20,143
County Economic Development Income Tax	39,994	61,576	58,040	43,530
Proprietary Funds:				
Wastewater Utility - Operating	248,634	430,387	404,494	274,527
Wastewater Utility - Bond and Interest	28,269	36,000	28,649	35,620
Wastewater Utility - Debt Service Reserve	40,303	612	-	40,915
Wastewater Utility - Improvement	22,020	13,488	-	35,508
Health Insurance	5,169	68,461	53,921	19,709
Fiduciary Fund:				
Payroll	1,367	296,283	296,926	724
Totals	<u>\$ 671,534</u>	<u>\$ 1,372,837</u>	<u>\$ 1,322,459</u>	<u>\$ 721,912</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ROME CITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ROME CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF ROME CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 252,665	\$ 211,281	\$ 41,384	120%	\$ 223,769	18%
07-01-04	258,605	203,424	55,181	127%	211,076	26%
07-01-05	267,579	271,677	(4,098)	98%	261,048	(2%)

TOWN OF ROME CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 21,255
Buildings	964,975
Improvements other than buildings	59,948
Machinery and equipment	<u>339,531</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,385,709</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 25,286
Buildings	26,080
Improvements other than buildings	3,836,550
Machinery and equipment	<u>47,985</u>
 Total Wastewater Utility capital assets	 <u>\$ 3,935,901</u>

TOWN OF ROME CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

CAPITAL LEASES

The Town has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Town hall	\$ 665,000	\$ 30,000
Police car	11,840	5,731
Note payable:		
Sylvan Lake Improvement Association	51,402	17,134
Total governmental activities long-term debt	<u>\$ 728,242</u>	<u>\$ 52,865</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1997 Wastewater Utility refunding revenue bonds	\$ 60,000	\$ 30,000
Total Wastewater Utility long-term debt	<u>\$ 60,000</u>	<u>\$ 30,000</u>

TOWN OF ROME CITY
EXAMINATION RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

The Town has an ordinance (Number 04-13) establishing rates for the Wastewater Utility. A customer with a car wash was charged less than the rate established by the ordinance.

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)

TOWN OF ROME CITY
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2007, with Brenda K. Conley, Clerk-Treasurer; and David H. Abbott, President of the Town Council. The officials concurred with our findings, and wished to add the following: "We concur with the examination findings and will amend Ordinance 04-13."