

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

EXAMINATION REPORT
OF
CITY OF RISING SUN
OHIO COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
10/05/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rae Baker Gipson	01-01-08 to 12-31-11
Mayor	William A. Marksberry	01-01-08 to 12-31-11
President of the Board of Public Works	William A. Marksberry	01-01-08 to 12-31-11
President of Common Council	William A. Marksberry	01-01-08 to 12-31-11
President of the Utility Service Board	Sue Hart	01-01-08 to 12-31-09
Superintendent of Utilities	William H. Clifton III (Vacant) James O. Thies (Vacant) JoAnne Hamilton Myron Dennis	01-01-06 to 04-14-08 04-15-08 to 04-27-08 04-28-08 to 07-03-08 07-04-08 to 07-08-08 07-09-08 to 09-16-08 09-17-08 to 12-31-09
Utility Office Manager	Evon Sue Bovard	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF RISING SUN, OHIO COUNTY, INDIANA

We have examined the financial information presented herein of the City of Rising Sun (City), for the period of January 1, 2008 to December 31, 2008. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 required parts 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

August 24, 2009

CITY OF RISING SUN
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 79,577	\$ 1,625,634	\$ 1,698,297	\$ 6,914
Motor Vehicle Highway	(56,807)	606,568	426,266	123,495
Local Road and Street	24,113	10,964	-	35,077
Park and Recreation	111,955	186,423	213,989	84,389
Park and Recreation #3 New Fairgrounds	-	606,983	309,201	297,782
Donations	-	907	907	-
Economic Development	33,339	337,324	232,331	138,332
Criminal Investigation	3,113	4,023	3,792	3,344
Law Enforcement Continuing Education	5,828	3,286	3,205	5,909
Rainy Day	61,740	16,026	-	77,766
Riverboat	9,546,565	17,261,363	17,314,892	9,493,036
Revenue Sharing	862,482	1,302,840	2,165,172	150
Cumulative Capital Improvement	9,056	8,032	-	17,088
Cumulative Capital Development	50,783	95,873	46,823	99,833
Veterans Bell Tower	(25,000)	237,587	212,587	-
Veterans Traveling Wall	-	36,623	36,623	-
TF Facades Grant	-	100,000	-	100,000
Website Grant	-	16,500	3,550	12,950
Shroeder Park Arena Grant	-	50,000	-	50,000
OCCF Bldg. Inventory Grant	-	2,130	-	2,130
RSRF News Park Exhbt. Hall	-	50,000	-	50,000
911 Computer Grant	-	20,000	20,000	-
Signage Grant	12,837	-	4,606	8,231
Business Park Grant	594	-	594	-
Park Feasibility Grant	1,000	-	1,000	-
Spring Leadership Grant	(2,283)	2,283	-	-
Park Grant	-	1,349	1,249	100
Leadership/Conference Grant	-	15,000	15,000	-
EDC Rev Loan Grant	-	100,000	100,000	-
Honor Flight Grant	-	12,500	12,500	-
Police Incar Camera Grant	-	13,586	13,586	-
Trash and Garbage Pickup	26,735	90,295	101,768	15,262
Proprietary Funds:				
Electric Operating	1,446,433	5,082,806	4,864,961	1,664,278
Electric Depreciation	22,801	-	22,801	-
Electric Working	575	625	-	1,200
Electric Customer Deposit	122,082	23,250	14,486	130,846
Electric Bond and Interest	1,666	-	1,666	-
Water Operating	573,878	795,848	651,756	717,970
Water Capacity	67,112	2,822	-	69,934
Water Depreciation	4,939	-	4,939	-
Water Customer Deposit	23,417	4,350	3,915	23,852
Water Bond and Interest	161	-	161	-
Wastewater Operating	263,075	949,404	1,059,859	152,620
Wastewater Retainage - Reynold's	2,500	-	-	2,500
Wastewater Capacity	78,691	2,940	20,000	61,631
Payroll - Utility	1,483	703,266	704,359	390
Broadband	41,658	227,219	220,041	48,836
Fiduciary Funds:				
Payroll - City	22,231	1,270,122	1,275,934	16,419
Heritage Hall Security Deposit	-	140	140	-
Park Security Deposit	601	5,690	5,690	601
Totals	<u>\$ 13,418,930</u>	<u>\$ 31,882,581</u>	<u>\$ 31,788,646</u>	<u>\$ 13,512,865</u>

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

CITY OF RISING SUN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, sanitation, broadband, urban redevelopment, and economic development.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

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.

CITY OF RISING SUN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the 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.

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

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

CITY OF RISING SUN
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

CITY OF RISING SUN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,481,701
Infrastructure	4,139,385
Buildings	3,643,488
Improvements other than buildings	6,669,800
Machinery and equipment	1,496,229
Construction in progress	<u>310,559</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 18,741,162</u>

Primary Government

Business-type activities:

Information was not available to report the capital assets for the City's Electric, Water, Wastewater, and Broadband Utilities.

CITY OF RISING SUN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Notes and loans	\$ 8,450,000	\$ 388,700

CITY OF RISING SUN
EXAMINATION RESULTS AND COMMENTS

FEES (Applies to Water Utility and Broadband Utility)

The City created a Broadband Utility in November of 2005. They passed an ordinance with a rate schedule, but did not include provisions for various other fees being charged, including penalties, disconnection fees, reconnection fees, and/or fees for not returning broadband equipment when service is canceled.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was reported in prior Reports B31391 and B33139.

CAPITAL ASSET RECORDS (Applies to Utilities)

The detailed records of capital assets for the Water, Wastewater, Electric, and Broadband Utilities' Utility Plant in Service account were not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was reported in the prior Report B33139.

CITY OF RISING SUN
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2009, with Rae Baker Gibson, Clerk-Treasurer; Myron Dennis, Superintendent of Utilities; Shiela Reddell, Mayor's Executive Secretary; and Evon Sue Bovard, Utility Office Manager. The officials concurred with our findings.