

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

CITY OF TELL CITY

PERRY COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
09/11/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara L. Ewing	01-01-04 to 12-31-07
Mayor	Gayle A. Strassell	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Gayle A. Strassell	01-01-04 to 12-31-07
President of the Common Council	Gerald Yackle	01-01-05 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF TELL CITY, PERRY COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Tell City (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 27, 2006

CITY OF TELL CITY
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, 2005

	Cash and Investments		Cash and Investments	
	01-01-05	Receipts	Disbursements	12-31-05
Governmental Funds:				
General	\$ 918,308	\$ 2,725,411	\$ 2,963,186	\$ 680,533
Motor Vehicle Highway	32,090	279,727	311,018	799
Local Road and Street	1,324	33,628	25,536	9,416
Pool Concession	4,055	8,551	7,331	5,275
Community Mausoleum	5,645	14,200	10,200	9,645
Alcohol Enforcement	4,995	-	4,645	350
TC Port	68,609	54,205	101,419	21,395
Economic Development Commission	9,466	44,650	42,269	11,847
Schergens - Communication	557	-	491	66
Dare Grant	30	-	-	30
Schergens Center - Concession	3,084	3,324	5,370	1,038
Schergens - Escrow	8,525	6,050	10,986	3,589
Seat Belt Safety Grant	112	4,313	4,144	281
Community Development Block Grant	148,904	32,109	107,200	73,813
Law Enforcement Continuing Education	4,203	3,922	3,479	4,646
Riverboat	99,075	49,469	79,602	68,942
HUD Housing - Revolving Loan	233,505	122,654	123,208	232,951
EDC Donation	14,847	11,860	14,303	12,404
Revolving Loan	104,670	52,992	67,226	90,436
IRP Revolving Loan	139,939	25,601	126,723	38,817
Disaster Relief (FEMA)	-	139,755	116,454	23,301
Petroleum Remediation Grant	-	94,248	94,248	-
Donations	30,880	84,680	72,632	42,928
Fenn	6,025	-	1,170	4,855
Brownfield Grant	1	-	-	1
Brownfield Loan	265,827	-	34,525	231,302
Trash Collection	7,340	339,758	331,340	15,758
Police Lease - Rental	12,476	201,864	172,000	42,340
Cumulative Capital Improvement	18,190	24,251	37,193	5,248
Cumulative Capital Development	120,305	69,624	101,843	88,086
City Hall Renovation	18,313	-	18,313	-
EDIT	239,335	403,097	367,552	274,880
EDIT - Reserve	87,925	105,644	59,432	134,137
Tell City Chair Property	145,233	40,513	158,800	26,946
Cemetery Endowment	11,873	72	-	11,945
Proprietary Funds:				
Water Utility - Operating	35,620	1,578,470	1,298,127	315,963
Water Utility - Cash with Fiscal Agent	444	-	-	444
Water Utility - Bond and Interest	37,419	464,333	474,318	27,434
Water Utility - Depreciation	110,526	325,200	271,895	163,831
Water Utility - Debt Service Reserve	673,786	3,261	150,440	526,607
Water Utility - Construction	3,230	11	-	3,241
Wastewater Utility - Operating	88,390	1,296,909	1,232,023	153,276
Wastewater Utility - Cash with Fiscal Agent	2,280	-	-	2,280
Wastewater Utility - Bond and Interest	101,354	232,247	230,999	102,602
Wastewater Utility - Depreciation	37,249	55,800	45,593	47,456
Wastewater Utility - Debt Service Reserve	234,415	-	-	234,415
Wastewater Utility - Construction	58,170	1,156	39,322	20,004
Electric Utility - Operating	2,993,943	12,615,965	12,633,433	2,976,475
Electric Utility - Bond and Interest	222,857	331,669	425,521	129,005
Electric Utility - Debt Service Reserve	1,076,956	24,477	-	1,101,433
Electric Utility - Customer Deposit	239,297	35,341	57,781	216,857
Electric Utility - Construction	168,429	2,920	48,642	122,707
Employee Benefit	20,886	654,495	661,345	14,036
Fiduciary Funds:				
Police Officers' Pension	200,207	79,537	189,250	90,494
Payroll	-	2,357,253	2,357,253	-
Direct Deposit Funds	-	416,264	416,264	-
Gross Tax - EFT	550	-	-	550
Payroll Tax - EFT	-	483,181	483,181	-
Electric Payroll Tax - EFT	7,174	864,635	863,886	7,923
Barrett Law Surplus	15,559	-	100	15,459
Levy Excess	-	112,674	-	112,674
Totals	\$ 9,094,407	\$ 26,911,970	\$ 27,453,211	\$ 8,553,166

The accompanying notes are an integral part of the schedules.

CITY OF TELL CITY
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning general administrative services, electric, water, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with 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 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.

CITY OF TELL CITY
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit 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. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

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

CITY OF TELL CITY
NOTES TO SCHEDULE
(Continued)

c. Electric Utility Pension

Plan Description

The Electric Utility contributes to the IUE-CWA Pension Fund, a defined benefit pension plan covering eligible employees. An employee becomes a participant upon employment. Benefits are based upon continuous credited service and the monthly benefit rate in effect on the date actual employment is terminated. Contributions are intended to provide not only for benefits attributed to service to date but also of those expected to be earned in the future.

The IUE-CWA Pension Fund does not issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and its participants. Additional information may be obtained by contacting:

IUE-CWA Pension Fund
1460 Broad Street
Bloomfield, New Jersey 07003-3073
Ph. (973)-893-0333

Funding Policy and Annual Pension Cost

Plan members contributions are required by the written plan agreement. Employer's contributions are \$1.71 per hour of annual covered payroll.

Information is not available to provide additional disclosures required by GASB Statement No. 27.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government 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:

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

CITY OF TELL CITY
NOTES TO SCHEDULE
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government 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 primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$79,463, \$79,494, and \$75,852, respectively, equal to the required contributions for each year.

Note 7. Long-Term Debt

The City has entered into various debts such as a revolving loan program with the USDA and capital leases for a police department building, a telephone system, police radio equipment, a filtration system for the swimming pool, a trash compactor and a riding mower. The outstanding principal at December 31, 2005, was \$121,881 and \$1,651,667 respectively.

Note 8. Holding Corporation

The City has entered into a capital lease with Tell City Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. Lease payments during the year totaled \$172,000.

Note 9. Loans Receivable, City's Revolving Loan Funds

The City of Tell City makes low interest loans to local businesses for economic development through Community Development Block Grant miscellaneous revenues, the Economic Development Administration revolving loan fund, and the United States Department of Agriculture's Intermediary Relending Program. Loans receivable under this program are as follows:

<u>Borrower</u>	<u>Date of Loan</u>	<u>Amount</u>	<u>Rate</u>	<u>Required Annual Payment</u>	<u>Balance December 31, 2005</u>
Bettinger Chips	09-30-05	\$ 120,000	6.50%	\$ 7,800	\$ 120,000
Donald Gibson Dentistry	12-11-98	40,000	5.00%	6,077	5,915
Tell City Cinema	04-05-02	70,000	7.00%	12,535	36,606
E. Joseph Daum	03-18-04	75,000	5.00%	12,720	58,630
Marksmen, Inc.	08-16-05	70,000	6.25%	9,432	68,301
River Hills Management	05-01-91	160,000	3.75%	9,941	86,913
SIRS, Inc.	02-24-95	280,000	2.50%	18,794	158,777
Magnolia Tree	09-30-05	40,000	6.50%	5,817	39,432
T's Car Care (DAT, Inc.)	12-01-00	140,000	5.00%	17,819	46,256
Perry Marine	09-30-05	45,000	6.50%	6,190	45,000
Winzerwald Winery	08-31-00	25,000	5.00%	3,182	15,673
Winzerwald Winery	11-30-00	25,000	5.00%	3,182	15,673
Winzerwald Winery	06-04-01	100,000	5.00%	12,728	62,694

CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2006, with Gayle A. Strassell, Mayor; and Barbara L. Ewing, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.