

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

EXAMINATION REPORT

OF

CITY OF GAS CITY

GRANT COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**  
10/25/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie L. Flores	01-01-04 to 12-31-07
Mayor	H. Larry Leach	01-01-04 to 12-31-07
President of the Common Council	Michael Planck Larry Terwillegar	01-01-05 to 12-31-05 01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GAS CITY, GRANT COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Gas 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

October 4, 2006

CITY OF GAS 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 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ (282,249)	\$ 2,233,219	\$ 1,590,867	\$ 360,103
Motor Vehicle Highway	548	203,945	184,175	20,318
Local Road and Street	69,889	54,389	16,987	107,291
Park and Recreation	(28,892)	168,758	119,676	20,190
Park Nonreverting Operating	14,712	20,743	10,683	24,772
3 Way Recreation	(4,118)	63,518	46,797	12,603
3 Way Recreation Nonreverting Operating	21,012	13,858	15,239	19,631
Youth Activity	1,372	-	-	1,372
Clerk's Record Perpetuation	21,362	16,164	5,233	32,293
Law Enforcement Continuing Education	5,848	9,248	10,153	4,943
Law Enforcement Block Grant	(3,383)	-	-	(3,383)
Operation Pullover	15	750	750	15
Probation	5,341	29,308	22,949	11,700
Home Detention	410	6,349	5,474	1,285
Fire FEMA Grant	(1)	-	-	(1)
Riverboat	37,456	37,456	-	74,912
Allocation (TIF)	159,575	823,607	382,794	600,388
Storm Water Debt Service	32,329	166,815	121,014	78,130
Cumulative Capital Improvement	27,438	18,362	3,350	42,450
Cumulative Capital Development	46,991	80,176	2,021	125,146
Build Indiana Fund Grant	111,138	-	-	111,138
2003 Redevelopment District (Woodmark)	6,949	-	-	6,949
2005 Redevelopment District (Wal-Mart)	-	2,670,456	1,981,914	688,542
Planning Grant PL-02-019	2,000	-	-	2,000
<b>Proprietary Funds:</b>				
Electric Utility - Operating	304,941	4,116,263	4,126,003	295,201
Electric Utility - Bond and Interest	68,400	49,260	117,620	40
Electric Utility - Bond and Interest Reserve	167,760	-	-	167,760
Electric Utility - Depreciation	515,516	127,673	393,490	249,699
Electric Utility - Construction	1,685,504	58,136	1,738,038	5,602
Electric Utility - Customer Deposit	103,791	25,075	21,998	106,868
Electric Utility - Reserve	186,204	150,000	136,000	200,204
Electric Utility - Tree Fund	56,490	20,000	25,505	50,985
Electric Utility - Gas Pump	9,972	6,095	9,073	6,994
Water Utility - Operating	58,999	772,466	705,026	126,439
Water Utility - Bond and Interest	60,033	101,447	98,133	63,347
Water Utility - Bond and Interest Reserve	103,512	-	-	103,512
Water Utility - Depreciation	19,563	29,767	31,275	18,055
Water Utility - Customer Deposit	47,486	8,350	5,911	49,925
Wastewater Utility - Operating	313,081	1,108,041	1,148,361	272,761
Wastewater Utility - Depreciation	19,395	192,863	6,592	205,666
Wastewater Utility - Gas Pump	1,837	5,664	6,339	1,162
Wastewater Utility - Lease	35,965	30,827	28,258	38,534
<b>Fiduciary Funds:</b>				
Police Officers' Pension	53,578	68,442	112,574	9,446
Zoo Donation	98	1,023	-	1,121
Payroll	18,365	1,827,001	1,824,672	20,694
City Court	102,805	1,166,043	907,734	361,114
User Fee	37,803	24,002	23,514	38,291
Court Costs Due County	15,266	118,161	130,605	2,822
<b>Totals</b>	<u>\$ 4,232,106</u>	<u>\$ 16,623,720</u>	<u>\$ 16,116,797</u>	<u>\$ 4,739,029</u>

The accompanying notes are an integral part of the schedule.

CITY OF GAS CITY, GRANT COUNTY  
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, water, wastewater and electric.

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 GAS CITY, GRANT COUNTY  
NOTES TO SCHEDULE  
(Continued)

Note 6. Pension Plan

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 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% 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.

Note 7. Long-Term Debt

The City has entered into various debt. The form of each debt and the outstanding principal of each at December 31, 2005, was as follows: general obligation bonds for economic development (\$5,285,000) and storm water infrastructure (\$615,000), revenue bonds for the Electric Utility (\$2,100,000), a State Revolving Fund Loan for the Water Utility (\$1,284,940), and various capital leases for the utilities (\$91,694).

CITY OF GAS CITY, GRANT COUNTY  
OTHER REPORT

The examination presented herein was prepared in addition to the other official report prepared for the individual City office listed below:

City Court

CITY OF GAS CITY, GRANT COUNTY  
EXAMINATION RESULT AND COMMENT

BOARD MINUTES - PARK AND RECREATION AND THREE-WAY RECREATION

Park and Recreation Board minutes and Three-Way Recreation Board minutes were not presented for audit. A similar comment appeared in prior Audit Report B25433.

Indiana Code 5-14-1.5-4 states, in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

CITY OF GAS CITY, GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2006, with Julie L. Flores, Clerk-Treasurer; and H. Larry Leach, Mayor.