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

ANNUAL FINANCIAL REPORT

2006

CITY OF TELL CITY

PERRY COUNTY, INDIANA



**FILED**  
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### SCHEDULE OF 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	01-01-06 to 12-31-07
Superintendent of Water Utility	Terry L. Rogers	01-30-06 to 12-31-07
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-06 to 12-31-07
Superintendent of Electric Utility	Marlow J. Smethurst	01-01-06 to 12-31-07
Electric Utility Office Manager	Marcia F. Parker	01-01-06 to 12-31-07



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tell City (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 30, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 30, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the City of Tell City (City), as of and for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities 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

May 30, 2007

CITY OF TELL CITY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,741,858	\$ 751,110	\$ 34,368	\$ -	\$ (956,380)	\$ -	\$ (956,380)
Public safety	1,329,119	4,487	24,946	-	(1,299,686)	-	(1,299,686)
Highways and streets	759,739	-	285,576	32,114	(442,049)	-	(442,049)
Sanitation	423,727	371,818	-	-	(51,909)	-	(51,909)
Health and welfare	93,443	25,550	92	-	(67,801)	-	(67,801)
Economic development	213,483	-	88,254	-	(125,229)	-	(125,229)
Culture and recreation	303,816	43,484	-	-	(260,332)	-	(260,332)
Urban redevelopment	471,652	-	355,288	-	(116,364)	-	(116,364)
Interest on long-term debt	126,452	-	-	-	(126,452)	-	(126,452)
Total governmental activities	<u>5,463,289</u>	<u>1,196,449</u>	<u>788,524</u>	<u>32,114</u>	<u>(3,446,202)</u>	<u>-</u>	<u>(3,446,202)</u>
Business-type activities:							
Water	1,611,808	1,415,685	-	325,200	-	129,077	129,077
Wastewater	1,631,264	1,295,428	-	711,998	-	376,162	376,162
Electric	12,542,108	11,524,844	-	-	-	(1,017,264)	(1,017,264)
Total business-type activities	<u>15,785,180</u>	<u>14,235,957</u>	<u>-</u>	<u>1,037,198</u>	<u>-</u>	<u>(512,025)</u>	<u>(512,025)</u>
Total primary government	<u>\$ 21,248,469</u>	<u>\$ 15,432,406</u>	<u>\$ 788,524</u>	<u>\$ 1,069,312</u>	<u>(3,446,202)</u>	<u>(512,025)</u>	<u>(3,958,227)</u>
General receipts:							
Property taxes					1,658,759	-	1,658,759
Other local taxes					1,085,083	-	1,085,083
Other local sources					582,906	45,756	628,662
Principal received on revolving loans					130,886	-	130,886
Interest received on revolving loans					36,454	-	36,454
Unrestricted investment earnings					62,271	206,244	268,515
Special items:							
Early extinguishment of debt					-	(1,152,138)	(1,152,138)
Transfers					269,000	(269,000)	-
Total general receipts, special items, and transfers					<u>3,825,359</u>	<u>(1,169,138)</u>	<u>2,656,221</u>
Change in net assets					379,157	(1,681,163)	(1,302,006)
Net assets - beginning					<u>2,182,036</u>	<u>6,144,030</u>	<u>8,326,066</u>
Net assets - ending					<u>\$ 2,561,193</u>	<u>\$ 4,462,867</u>	<u>\$ 7,024,060</u>
<b>Assets</b>							
Cash and investments					\$ 862,709	\$ 2,946,550	\$ 3,809,259
Restricted assets:							
Cash and investments					1,698,614	1,513,593	3,212,207
Cash with fiscal agent					(130)	2,724	2,594
Total assets					<u>\$ 2,561,193</u>	<u>\$ 4,462,867</u>	<u>\$ 7,024,060</u>
<b>Net Assets</b>							
Restricted for:							
Highways and streets					\$ 26,050	\$ -	\$ 26,050
Culture and recreation					34,872	-	34,872
Debt service					37,014	898,887	935,901
Other purposes					1,600,548	617,430	2,217,978
Unrestricted					862,709	2,946,550	3,809,259
Total net assets					<u>\$ 2,561,193</u>	<u>\$ 4,462,867</u>	<u>\$ 7,024,060</u>

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

CITY OF TELL CITY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 1,495,877	\$ 162,882	\$ 1,658,759
Licenses and permits	18,770	1,760	20,530
Intergovernmental	563,051	1,249,899	1,812,950
Charges for services	410,874	445,339	856,213
Fines and forfeits	62,420	1,190	63,610
Other	174,066	192,252	366,318
	<u>2,725,058</u>	<u>2,053,322</u>	<u>4,778,380</u>
Total receipts			
Disbursements:			
General government	897,413	15,926	913,339
Public safety	1,075,468	15,782	1,091,250
Highways and streets	397,488	362,251	759,739
Sanitation	42,342	370,218	412,560
Health and welfare	67,304	18,400	85,704
Culture and recreation	233,831	37,783	271,614
Economic development	-	111,241	111,241
Urban redevelopment and housing	-	447,249	447,249
Debt service:			
Principal	57,841	78,365	136,206
Interest	6,602	64,850	71,452
Capital outlay:			
General government	-	191,405	191,405
Public safety	-	201,521	201,521
Health and welfare	5,871	-	5,871
Culture and recreation	-	20,004	20,004
	<u>2,784,160</u>	<u>1,934,995</u>	<u>4,719,155</u>
Total disbursements			
Excess (deficiency) of receipts over disbursements	<u>(59,102)</u>	<u>118,327</u>	<u>59,225</u>
Other financing sources (uses)			
Interfund loans	119,000	150,000	269,000
Transfers in	23,301	142,385	165,686
Transfers out	-	(165,686)	(165,686)
Other receipts	-	167,340	167,340
Other disbursements	-	(102,242)	(102,242)
	<u>142,301</u>	<u>191,797</u>	<u>334,098</u>
Total other financing sources			

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

CITY OF TELL CITY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006  
(Continued)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Excess of receipts and other financing sources over disbursements and other financing uses	83,199	310,124	393,323
Cash and investment fund balance - beginning	<u>680,534</u>	<u>1,487,466</u>	<u>2,168,000</u>
Cash and investment fund balance - ending	<u>\$ 763,733</u>	<u>\$ 1,797,590</u>	<u>\$ 2,561,323</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:			
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			
			<u>(130)</u>
Net assets of governmental activities			<u>\$ 2,561,193</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 763,733	\$ 98,976	\$ 862,709
Restricted assets:			
Cash and investments	<u>-</u>	<u>1,698,614</u>	<u>1,698,614</u>
Total cash and investment assets - December 31	<u>\$ 763,733</u>	<u>\$ 1,797,590</u>	<u>\$ 2,561,323</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Highways and streets	\$ -	\$ 26,050	\$ 26,050
Culture and recreation	-	34,872	34,872
Debt service	-	37,014	37,014
Other purposes	-	1,600,678	1,600,678
Unrestricted	<u>763,733</u>	<u>98,976</u>	<u>862,709</u>
Total cash and investment fund balance - December 31	<u>\$ 763,733</u>	<u>\$ 1,797,590</u>	<u>\$ 2,561,323</u>

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

CITY OF TELL CITY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating receipts:					
Metered water receipts:					
Residential and commercial	\$ 1,222,098	\$ -	\$ -	\$ 1,222,098	\$ -
Industrial and municipal	128,782	-	-	128,782	-
Residential sales	-	-	2,339,242	2,339,242	-
Commercial and industrial sales	-	-	7,678,278	7,678,278	-
Fuel cost adjustment receipts	-	-	1,288,596	1,288,596	-
Public street and highway lighting	-	-	65,387	65,387	-
Penalties	5,065	8,923	13,432	27,420	-
Other water receipts	63,974	-	-	63,974	-
Measured revenue:					
Residential and commercial	-	1,251,954	-	1,251,954	-
Insurance proceeds	-	-	-	-	627,679
Other	-	43,051	139,909	182,960	-
	<u>1,419,919</u>	<u>1,303,928</u>	<u>11,524,844</u>	<u>14,248,691</u>	<u>627,679</u>
Total operating receipts					
Operating disbursements:					
Equipment and capital improvements	50,308	440,292	1,589,792	2,080,392	-
Transmission and distribution	-	-	116,944	116,944	-
Customer accounts	-	-	25,356	25,356	-
Administration and general	-	-	361,592	361,592	-
Salaries and wages	405,356	248,590	911,833	1,565,779	-
Employee pensions and benefits	52,096	31,996	379,795	463,887	-
Purchased power	96,784	93,379	8,861,979	9,052,142	-
Sludge removal	-	19,285	-	19,285	-
Chemicals	10,786	46,206	-	56,992	-
Insurance claims and premiums	-	-	-	-	237,837
Material and supplies	100,122	15,759	-	115,881	-
Contractual services	70,745	39,670	-	110,415	-
Telecommunications disbursements	-	-	82,532	82,532	-
Repairs	-	120,762	-	120,762	-
Transportation disbursements	13,972	14,322	-	28,294	-
Insurance disbursements	114,789	128,700	98,929	342,418	404,055
Payments in lieu of taxes	44,577	52,104	68,541	165,222	-
Miscellaneous disbursements	123,433	139,133	45,190	307,756	-
	<u>1,082,968</u>	<u>1,390,198</u>	<u>12,542,483</u>	<u>15,015,649</u>	<u>641,892</u>
Total operating disbursements					
Excess (deficiency) of operating receipts over operating disbursements	<u>336,951</u>	<u>(86,270)</u>	<u>(1,017,639)</u>	<u>(766,958)</u>	<u>(14,213)</u>

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

CITY OF TELL CITY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006  
(Continued)

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>	<u>Total</u>	<u>Internal Service Fund</u>
Nonoperating receipts (disbursements):					
State revolving loan proceeds	-	291,505	-	291,505	-
Interest and investment receipts	53,888	21,706	130,650	206,244	47
Interest subsidy from Waupaca	114,651	16,700	-	131,351	-
Miscellaneous receipts	-	-	30,113	30,113	-
Debt service of principal	(287,005)	(414,000)	(1,085,000)	(1,786,005)	-
Interest disbursements	<u>(238,926)</u>	<u>(96,066)</u>	<u>(45,063)</u>	<u>(380,055)</u>	<u>-</u>
 Total nonoperating receipts (disbursements)	 <u>(357,392)</u>	 <u>(180,155)</u>	 <u>(969,300)</u>	 <u>(1,506,847)</u>	 <u>47</u>
 Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	 (20,441)	 (266,425)	 (1,986,939)	 (2,273,805)	 (14,166)
Capital contributions	210,549	403,793	-	614,342	-
Early extinguishment of debt - Premium on principal	<u>-</u>	<u>-</u>	<u>(21,700)</u>	<u>(21,700)</u>	<u>-</u>
 Excess (deficiency) of receipts and contributions over disbursements and early extinguishment of debt	 190,108	 137,368	 (2,008,639)	 (1,681,163)	 (14,166)
Cash and investment fund balance - beginning	<u>1,037,520</u>	<u>560,033</u>	<u>4,546,477</u>	<u>6,144,030</u>	<u>14,036</u>
Cash and investment fund balance - ending	<u>\$ 1,227,628</u>	<u>\$ 697,401</u>	<u>\$ 2,537,838</u>	<u>\$ 4,462,867</u>	<u>\$ (130)</u>
 <u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 475,210	\$ 254,668	\$ 2,216,672	\$ 2,946,550	\$ -
Cash with fiscal agent	444	2,280	-	2,724	-
Restricted assets:					
Cash and investments	<u>751,974</u>	<u>440,453</u>	<u>321,166</u>	<u>1,513,593</u>	<u>(130)</u>
Total cash and investment assets - December 31	<u>\$ 1,227,628</u>	<u>\$ 697,401</u>	<u>\$ 2,537,838</u>	<u>\$ 4,462,867</u>	<u>\$ (130)</u>
 <u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 555,314	\$ 341,293	\$ -	\$ 896,607	\$ -
Other purposes	197,104	101,440	321,166	619,710	(130)
Unrestricted	<u>475,210</u>	<u>254,668</u>	<u>2,216,672</u>	<u>2,946,550</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 1,227,628</u>	<u>\$ 697,401</u>	<u>\$ 2,537,838</u>	<u>\$ 4,462,867</u>	<u>\$ (130)</u>

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

CITY OF TELL CITY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 46,284	\$ -
Plan members	2,192	-
State	<u>40,846</u>	<u>-</u>
Total contributions	89,322	-
Agency fund additions	<u>-</u>	<u>4,379,218</u>
Total additions	<u>89,322</u>	<u>4,379,218</u>
Deductions:		
Benefits	76,529	-
Administrative and general	250	-
Agency fund deductions	<u>-</u>	<u>4,457,232</u>
Total deductions	<u>76,779</u>	<u>4,457,232</u>
Excess (deficiency) of total additions over total deductions	12,543	(78,014)
Cash and investment fund balance - beginning	<u>90,494</u>	<u>136,606</u>
Cash and investment fund balance - ending	<u>\$ 103,037</u>	<u>\$ 58,592</u>

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

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Tell City

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The Electric Utility is a participant with Perry-Spencer Communications, Inc., in a joint venture to operate Riverside Communications which was created to provide certain information and telecommunications services. On September 8, 2005, the Tell City Electric Utility advanced funds in the amount of \$125,000 to Riverside Communications. No repayments of the advanced funds have been made to the Electric Utility as of December 31, 2006. All proceeds or losses realized shall be borne equally by the two parties in the joint venture. Tell City Electric Utility and Perry-Spencer Communications will share equally in any debts Riverside Communications may incur. Complete financial statements for Riverside Communications can be obtained from Perry-Spencer Communications, Inc., at 11877 E. State Road 62, St. Meinrad, IN 47577.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The mayor appoints the board members of the Tell City Housing Authority. The Housing Authority makes annual payments-in-lieu of taxes to the City.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

Additionally, the City reports the following fund types:

The internal service fund accounts for medical, dental, and life insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts for the activities of the 1925 police officers' pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for other parties and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, wastewater, and electric functions and various other functions of the government. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, all bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. Savings Bonds	\$ 2,500

CITY OF TELL CITY  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2006, the City held investments in U.S. Treasury Bonds in the amount of \$2,500. These investments were held by the City.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Savings Bonds	\$ 2,500	\$ -	\$ -

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
Other governmental	General Fund	\$ 23,301
Other governmental	Other governmental	<u>142,385</u>
Total		<u>\$ 165,686</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions. The City makes annual transfers from its Economic Development Income Tax Fund (EDIT) to its EDIT Reserve Fund in order to meet requirements of an irrevocable pledge made by the common council. This pledge requires the City to commit a percentage of its annual economic development income tax revenues to the Perry County Redevelopment Commission pursuant to Indiana Code 5-1-14 until certain outstanding obligations have been retired. Additionally the City makes annual transfers from its Revolving Loan Fund, HUD Housing Revolving Loan Fund, and Community Development Block Grant Fund to its Economic Development Commission Fund to help defray certain administrative costs.

IV. Other Information

A. Risk Management

The City is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical, dental and life insurance claims. The risk financing fund is accounted for in the Employee Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$20,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon each fund's number of employees and are reported as quasi-external interfund transactions.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. 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 a police department building for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$118,000.

C. Special Item - Early Extinguishment of Debt – 1997 Electric Utility Revenue Bonds

The Tell City Electric Utility issued revenue bonds in 1997 to construct improvements to the Utility. On December 31, 2005, the amount of principal outstanding on the 1997 revenue bonds was \$1,085,000.

On June 19, 2006, the Electric Utility paid off the remaining debt on the 1997 bond issue. The final payment of \$1,152,138 included the following: (1) \$1,085,000 in principal, (2) \$45,063 in interest, (3) \$21,700 as a 2% premium on principal, and (4) \$375 as a final trust fee.

D. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 55 with at least 20 years of creditable service with a public employer, with the immediately preceding 10 years of service having been with the City. Dependents of an eligible retiree may also receive these benefits until two years after the date of death of the retiree. In order to receive these benefits, the retiree or dependent must not be eligible for Medicare. Currently, no retirees meet these eligibility requirements. The City and retirees provide 20% and 80%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2006, disbursements of \$0 were recognized for postemployment benefits.

E. Loans Receivable – Indiana Department of Commerce

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 these programs are as follows:

Borrower	Date of Loan	Amount	Rate	Required Annual Payment	Balance December 31, 2006
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
Marksman, 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  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Rate Structure – Enterprise Funds

Water Utility

On May 20, 1996, the Common Council adopted Ordinance No. 780 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 28, 2004.

Wastewater Utility

The current rate structure was approved by the Common Council on June 28, 2004. A separate rate structure exists for the Branchville wastewater line and the Waupaca Foundry. The current rate structures for both the Branchville wastewater line and the Waupaca Foundry were approved by the Common Council on June 28, 2004.

Electric Utility

On February 2, 1998, the Common Council adopted Ordinance No. 801 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on February 3, 2003.

G. 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 the 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 member's 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. The 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 FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City 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. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

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

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

Plan members contributions are required by the written plan agreement. Employer's contributions are \$0.94 per hour of annual covered payroll.

Information about the Electric Utility Pension Plan is not available to provide additional disclosures required by GASB Statement No. 27.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 87,685	\$ 189,600
Interest on net pension obligation	(6,698)	44,000
Adjustment to annual required contribution	7,633	(76,900)
Annual pension cost	88,620	156,700
Contributions made	86,975	207,067
Increase (decrease) in net pension obligation	1,645	(50,367)
Net pension obligation, beginning of year	(92,393)	652,140
Net pension obligation, end of year	\$ (90,748)	\$ 601,773
Contribution rates:		
City	5.75%	533%
Plan members	3%	6%
Actuarial valuation date	07-01-06	01-01-05
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected Payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

\* 2.75% converted members; 4% nonconverted members

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 70,292	128%	\$ (62,042)
	06-30-05	60,159	150%	(92,393)
	06-30-06	88,620	145%	(90,748)
1925 Police Officers' Pension Plan	12-31-02	146,800	59%	568,941
	12-31-03	153,000	46%	652,140
	12-31-04	156,700	132%	601,773

Membership in the 1925 Police Officers' Pension Plan at January 1, 2006, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	5
Current active employees	1

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

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:

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 FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' 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' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$79,436, \$79,463, and \$79,494, respectively, equal to the required contributions for each year.

H. Pledge of Economic Development Income Tax (EDIT)  
and County Option Income Tax (COIT) Revenues

The City has entered into the following irrevocable pledges for EDIT and COIT Revenues:

1995 Lease Pledge

The City, along with Perry County and the Town of Troy, has a lease rental agreement with the Perry County Redevelopment Authority for Perry County Economic Development Area No. 2 (ATTC Manufacturing, Inc). Under the agreement, each entity pledged a percentage of its EDIT and COIT revenues in proportion to the total of all participating units towards the payment of the Economic Development Income Tax Lease Rental Bonds of 1995. The City's share for the year ended December 31, 2006, was \$59,910. The City has pledged a share of its annual EDIT and COIT revenues annually through 2014, which is to be used for the annual lease payments.

1996 Lease Pledge

The City, along with Perry County and the Town of Troy, has a lease rental agreement with the Perry County Redevelopment Authority for Perry County Economic Development Area No. 3 (Waupaca Foundry). Under the agreement, each entity pledged a percentage of its EDIT and COIT revenues towards the payment of the Economic Development Lease Rental Bonds of 1996. The City has pledged a share of its annual EDIT and COIT revenues annually through 2017, which is to be used for the annual lease payments.

CITY OF TELL CITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,406,063	\$ 1,472,486	\$ (66,423)	95%	\$ 1,195,591	(6%)
07-01-05	1,477,609	1,703,463	(225,854)	87%	1,438,773	(16%)
07-01-06	1,571,917	1,773,575	(201,658)	89%	1,416,232	(14%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 14,151	\$ 1,500,000	\$ (1,485,849)	1%	\$ 30,300	(4,904%)
01-01-01	(250)	1,546,100	(1,546,350)	(0%)	31,500	(4,909%)
01-01-02	43,377	1,532,200	(1,488,823)	3%	32,800	(4,539%)
01-01-03	62,570	1,410,700	(1,348,130)	4%	33,600	(4,012%)
01-01-04	63,763	1,587,100	(1,523,337)	4%	34,600	(4,403%)
01-01-05	200,207	1,579,700	(1,379,493)	13%	35,600	(3,875%)

1925 Police Officers'  
Pension Plan

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-99	\$ 173,800	27%
12-31-00	152,900	36%
12-31-01	162,900	70%
12-31-02	167,500	52%
12-31-03	178,700	39%
12-31-04	189,600	109%

CITY OF TELL CITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
1925 Police Officers' Pension Plan	12-31-99	\$ 173,800	10%	17%
	12-31-00	152,900	15%	21%
	12-31-01	162,900	20%	50%
	12-31-02	167,500	20%	32%
	12-31-03	178,700	14%	25%
	12-31-04	189,600	85%	24%

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Pool Concessions	Community Mausoleum	City Auction	Alcohol Enforcement
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	330,917	32,114	-	-	-	7,500
Charges for services	-	-	9,149	25,550	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	7,149	-
<b>Total receipts</b>	<b>330,917</b>	<b>32,114</b>	<b>9,149</b>	<b>25,550</b>	<b>7,149</b>	<b>7,500</b>
<b>Disbursements:</b>						
General government	-	-	-	-	46	-
Public safety	-	-	-	-	-	2,351
Highways and streets	315,742	36,309	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	18,400	-	-
Culture and recreation	-	-	7,874	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>315,742</b>	<b>36,309</b>	<b>7,874</b>	<b>18,400</b>	<b>46</b>	<b>2,351</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>15,175</b>	<b>(4,195)</b>	<b>1,275</b>	<b>7,150</b>	<b>7,103</b>	<b>5,149</b>
<b>Other financing sources (uses)</b>						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>15,175</b>	<b>(4,195)</b>	<b>1,275</b>	<b>7,150</b>	<b>7,103</b>	<b>5,149</b>
Cash and investment fund balance - beginning	799	9,416	5,275	9,645	-	350
Cash and investment fund balance - ending	<u>\$ 15,974</u>	<u>\$ 5,221</u>	<u>\$ 6,550</u>	<u>\$ 16,795</u>	<u>\$ 7,103</u>	<u>\$ 5,499</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	15,974	5,221	6,550	16,795	7,103	5,499
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 15,974</u></b>	<b><u>\$ 5,221</u></b>	<b><u>\$ 6,550</u></b>	<b><u>\$ 16,795</u></b>	<b><u>\$ 7,103</u></b>	<b><u>\$ 5,499</u></b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ 15,974	\$ 5,221	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	6,550	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	16,795	7,103	5,499
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 15,974</u></b>	<b><u>\$ 5,221</u></b>	<b><u>\$ 6,550</u></b>	<b><u>\$ 16,795</u></b>	<b><u>\$ 7,103</u></b>	<b><u>\$ 5,499</u></b>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	TC Port	Economic Development Commission	Schergens Communications	DARE Grant	Schergens Center Concessions	Schergens Escrow
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	3,485	9,850
Fines and forfeits	-	-	-	-	-	-
Other	59,004	29,250	-	-	-	-
<b>Total receipts</b>	<b>59,004</b>	<b>29,250</b>	<b>-</b>	<b>-</b>	<b>3,485</b>	<b>9,850</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,332	8,375
Economic development	35,174	45,471	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>35,174</b>	<b>45,471</b>	<b>-</b>	<b>-</b>	<b>2,332</b>	<b>8,375</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>23,830</b>	<b>(16,221)</b>	<b>-</b>	<b>-</b>	<b>1,153</b>	<b>1,475</b>
<b>Other financing sources (uses)</b>						
Interfund loans	-	-	-	-	-	-
Transfers in	-	16,500	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>16,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>23,830</b>	<b>279</b>	<b>-</b>	<b>-</b>	<b>1,153</b>	<b>1,475</b>
<b>Cash and investment fund balance - beginning</b>	<b>21,395</b>	<b>11,847</b>	<b>67</b>	<b>30</b>	<b>1,038</b>	<b>3,589</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 45,225</b>	<b>\$ 12,126</b>	<b>\$ 67</b>	<b>\$ 30</b>	<b>\$ 2,191</b>	<b>\$ 5,064</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	45,225	12,126	67	30	2,191	5,064
<b>Total cash and investment assets - December 31</b>	<b>\$ 45,225</b>	<b>\$ 12,126</b>	<b>\$ 67</b>	<b>\$ 30</b>	<b>\$ 2,191</b>	<b>\$ 5,064</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	67	-	2,191	5,064
Debt service	-	-	-	-	-	-
Other purposes	45,225	12,126	-	30	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 45,225</b>	<b>\$ 12,126</b>	<b>\$ 67</b>	<b>\$ 30</b>	<b>\$ 2,191</b>	<b>\$ 5,064</b>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Seat Belt Safety Grant	Community Development Block Grant	Law Enforcement Continuing Education	Riverboat	Clemens Lights Lease	HUD Housing RLF
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,760	-	-	-
Intergovernmental	5,036	-	-	49,367	-	355,288
Charges for services	-	-	4,487	-	21,000	-
Fines and forfeits	-	-	1,190	-	-	-
Other	-	-	-	-	-	8,030
<b>Total receipts</b>	<b>5,036</b>	<b>-</b>	<b>7,437</b>	<b>49,367</b>	<b>21,000</b>	<b>363,318</b>
<b>Disbursements:</b>						
General government	-	-	-	131	-	-
Public safety	3,266	-	7,336	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	19,202	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	414,593
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,266</b>	<b>-</b>	<b>7,336</b>	<b>19,333</b>	<b>-</b>	<b>414,593</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,770</b>	<b>-</b>	<b>101</b>	<b>30,034</b>	<b>21,000</b>	<b>(51,275)</b>
<b>Other financing sources (uses)</b>						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(5,000)	-	-	-	(6,500)
Other receipts	-	38,079	-	-	-	30,449
Other disbursements	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>33,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,949</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,770</b>	<b>33,079</b>	<b>101</b>	<b>30,034</b>	<b>21,000</b>	<b>(27,326)</b>
Cash and investment fund balance - beginning	280	73,813	4,646	68,942	-	232,950
Cash and investment fund balance - ending	<u>\$ 2,050</u>	<u>\$ 106,892</u>	<u>\$ 4,747</u>	<u>\$ 98,976</u>	<u>\$ 21,000</u>	<u>\$ 205,624</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 98,976	\$ -	\$ -
Restricted assets:						
Cash and investments	2,050	106,892	4,747	-	21,000	205,624
<b>Total cash and investment assets - December 31</b>	<b>\$ 2,050</b>	<b>\$ 106,892</b>	<b>\$ 4,747</b>	<b>\$ 98,976</b>	<b>\$ 21,000</b>	<b>\$ 205,624</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	21,000	-
Debt service	-	-	-	-	-	-
Other purposes	2,050	106,892	4,747	-	-	205,624
Unrestricted	-	-	-	98,976	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 2,050</b>	<b>\$ 106,892</b>	<b>\$ 4,747</b>	<b>\$ 98,976</b>	<b>\$ 21,000</b>	<b>\$ 205,624</b>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	EDC Donation	Revolving Loan	IRP Revolving Loan	Disaster Relief FEMA	Community Foundation Grants	Donations
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	3,710	2,303	1,646	-	9,422	24,946
<b>Total receipts</b>	<b>3,710</b>	<b>2,303</b>	<b>1,646</b>	<b>-</b>	<b>9,422</b>	<b>24,946</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	15,749
Public safety	-	-	-	-	-	2,829
Highways and streets	-	-	-	-	-	10,200
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	12,352	127	18,117	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>12,352</b>	<b>127</b>	<b>18,117</b>	<b>-</b>	<b>-</b>	<b>28,778</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(8,642)</b>	<b>2,176</b>	<b>(16,471)</b>	<b>-</b>	<b>9,422</b>	<b>(3,832)</b>
<b>Other financing sources (uses)</b>						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(5,000)	-	(23,301)	-	-
Other receipts	-	54,409	44,403	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>49,409</b>	<b>44,403</b>	<b>(23,301)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(8,642)</b>	<b>51,585</b>	<b>27,932</b>	<b>(23,301)</b>	<b>9,422</b>	<b>(3,832)</b>
<b>Cash and investment fund balance - beginning</b>	<b>12,404</b>	<b>90,436</b>	<b>38,817</b>	<b>23,301</b>	<b>-</b>	<b>42,928</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 3,762</b>	<b>\$ 142,021</b>	<b>\$ 66,749</b>	<b>\$ -</b>	<b>\$ 9,422</b>	<b>\$ 39,096</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	3,762	142,021	66,749	-	9,422	39,096
<b>Total cash and investment assets - December 31</b>	<b>\$ 3,762</b>	<b>\$ 142,021</b>	<b>\$ 66,749</b>	<b>\$ -</b>	<b>\$ 9,422</b>	<b>\$ 39,096</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
<b>Restricted for:</b>						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	3,762	142,021	66,749	-	9,422	39,096
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 3,762</b>	<b>\$ 142,021</b>	<b>\$ 66,749</b>	<b>\$ -</b>	<b>\$ 9,422</b>	<b>\$ 39,096</b>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Fenn	Brownfield Grant	Brownfield Loan	Trash Collection	Police Lease Rental	Cumulative Capital Improvement
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 100,394	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	12,280	28,026
Charges for services	-	-	-	371,818	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>371,818</b>	<b>112,674</b>	<b>28,026</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	370,218	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	32,656	-	-	-
Debt service:						
Principal	-	-	-	11,167	55,000	12,198
Interest	-	-	-	842	63,000	1,008
Capital outlay:						
General government	-	-	-	-	-	8,537
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>32,656</b>	<b>382,227</b>	<b>118,000</b>	<b>21,743</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>-</b>	<b>(32,656)</b>	<b>(10,409)</b>	<b>(5,326)</b>	<b>6,283</b>
<b>Other financing sources (uses)</b>						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>-</b>	<b>(32,656)</b>	<b>(10,409)</b>	<b>(5,326)</b>	<b>6,283</b>
Cash and investment fund balance - beginning	4,855	1	231,302	15,758	42,340	5,248
Cash and investment fund balance - ending	<u>4,855</u>	<u>1</u>	<u>198,646</u>	<u>5,349</u>	<u>37,014</u>	<u>11,531</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	4,855	1	198,646	5,349	37,014	11,531
<b>Total cash and investment assets - December 31</b>	<u>4,855</u>	<u>1</u>	<u>198,646</u>	<u>5,349</u>	<u>37,014</u>	<u>11,531</u>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ 4,855	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	37,014	-
Other purposes	-	1	198,646	5,349	-	11,531
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>4,855</u>	<u>1</u>	<u>198,646</u>	<u>5,349</u>	<u>37,014</u>	<u>11,531</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Cumulative Capital Development	EDIT	EDIT Reserve	Tell City Chair Property	Cemetery Endowment	Totals
<b>Receipts:</b>						
Taxes	\$ 62,488	\$ -	\$ -	\$ -	\$ -	\$ 162,882
Licenses and permits	-	-	-	-	-	1,760
Intergovernmental	9,753	419,618	-	-	-	1,249,899
Charges for services	-	-	-	-	-	445,339
Fines and forfeits	-	-	-	-	-	1,190
Other	-	-	-	46,700	92	192,252
<b>Total receipts</b>	<b>72,241</b>	<b>419,618</b>	<b>-</b>	<b>46,700</b>	<b>92</b>	<b>2,053,322</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	15,926
Public safety	-	-	-	-	-	15,782
Highways and streets	-	-	-	-	-	362,251
Sanitation	-	-	-	-	-	370,218
Health and welfare	-	-	-	-	-	18,400
Culture and recreation	-	-	-	-	-	37,783
Economic development	-	-	-	-	-	111,241
Urban redevelopment and housing	-	-	-	-	-	447,249
Debt service:						
Principal	-	-	-	-	-	78,365
Interest	-	-	-	-	-	64,850
Capital outlay:						
General government	20,778	137,687	-	24,403	-	191,405
Public safety	43,060	158,461	-	-	-	201,521
Culture and recreation	20,004	-	-	-	-	20,004
<b>Total disbursements</b>	<b>83,842</b>	<b>296,148</b>	<b>-</b>	<b>24,403</b>	<b>-</b>	<b>1,934,995</b>
Excess (deficiency) of receipts over disbursements	(11,601)	123,470	-	22,297	92	118,327
<b>Other financing sources (uses)</b>						
Interfund loans	-	150,000	-	-	-	150,000
Transfers in	-	-	125,885	-	-	142,385
Transfers out	-	(125,885)	-	-	-	(165,686)
Other receipts	-	-	-	-	-	167,340
Other disbursements	-	-	(102,242)	-	-	(102,242)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>24,115</b>	<b>23,643</b>	<b>-</b>	<b>-</b>	<b>191,797</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,601)	147,585	23,643	22,297	92	310,124
Cash and investment fund balance - beginning	88,086	274,880	134,137	26,946	11,945	1,487,466
Cash and investment fund balance - ending	\$ 76,485	\$ 422,465	\$ 157,780	\$ 49,243	\$ 12,037	\$ 1,797,590
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,976
Restricted assets:						
Cash and investments	76,485	422,465	157,780	49,243	12,037	1,698,614
<b>Total cash and investment assets - December 31</b>	<b>\$ 76,485</b>	<b>\$ 422,465</b>	<b>\$ 157,780</b>	<b>\$ 49,243</b>	<b>\$ 12,037</b>	<b>\$ 1,797,590</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,050
Culture and recreation	-	-	-	-	-	34,872
Debt service	-	-	-	-	-	37,014
Other purposes	76,485	422,465	157,780	49,243	12,037	1,600,678
Unrestricted	-	-	-	-	-	98,976
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 76,485</b>	<b>\$ 422,465</b>	<b>\$ 157,780</b>	<b>\$ 49,243</b>	<b>\$ 12,037</b>	<b>\$ 1,797,590</b>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006

	<u>Payroll Withholdings</u>	<u>Direct Deposit</u>	<u>Gross Tax EFT</u>	<u>Payroll Tax EFT</u>	<u>Electric Payroll Tax EFT</u>	<u>Barrett Law Surplus</u>	<u>Levy Excess</u>	<u>Total</u>
Additions:								
Agency fund additions	\$ 2,169,547	\$ 722,572	\$ -	\$ 505,296	\$ 956,606	\$ -	\$ 25,197	\$ 4,379,218
Deductions:								
Agency fund deductions	<u>2,160,996</u>	<u>722,572</u>	<u>-</u>	<u>505,296</u>	<u>955,594</u>	<u>100</u>	<u>112,674</u>	<u>4,457,232</u>
Excess (deficiency) of total additions over total deductions	8,551	-	-	-	1,012	(100)	(87,477)	(78,014)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>550</u>	<u>-</u>	<u>7,923</u>	<u>15,459</u>	<u>112,674</u>	<u>136,606</u>
Cash and investment fund balance - ending	<u>\$ 8,551</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ 8,935</u>	<u>\$ 15,359</u>	<u>\$ 25,197</u>	<u>\$ 58,592</u>

CITY OF TELL 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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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>City of Tell City</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 459,906
Infrastructure	3,925,689
Buildings	4,766,320
Improvements other than buildings	607,961
Machinery and equipment	<u>3,215,142</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 12,975,018</u>

<u>Tell City Water, Wastewater and Electric Utilities</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,724
Buildings	43,814
Improvements other than buildings	8,928,151
Machinery and equipment	545,474
Transportation equipment	<u>45,700</u>
 Total Water Utility capital assets	 <u>9,574,863</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	10,936
Construction in progress	785,993
Buildings	342,670
Improvements other than buildings	11,614,846
Machinery and equipment	483,400
Transportation equipment	<u>157,149</u>
 Total Wastewater Utility capital assets	 <u>13,394,994</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	232,226
Construction in progress	465,052
Buildings	350,665
Improvements other than buildings	13,116,433
Machinery and equipment	4,688,380
Transportation equipment	<u>688,042</u>
 Total Electric Utility capital assets	 <u>19,540,798</u>
 Total business-type activities capital assets	 <u>\$ 42,510,655</u>

CITY OF TELL CITY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Police department building	\$ 1,220,000	\$ 27,500
City telephone system	162,712	41,217
Police radio equipment	76,081	37,465
Pool filtration system	19,124	12,637
Trash compactor	17,442	11,534
Loans payable:		
USDA revolving loan	<u>117,377</u>	<u>4,796</u>
Total governmental activities long-term debt	<u>\$ 1,612,736</u>	<u>\$ 135,149</u>
Business-type Activities:		
Water Utility		
State revolving loans:		
2000 Water Utility	\$ 940,000	\$ -
Revenue bonds:		
2005 Water Utility	2,345,000	-
1999 Water Utility	<u>1,670,000</u>	<u>-</u>
Total Water Utility	<u>4,955,000</u>	<u>-</u>
Wastewater Utility		
State revolving loans:		
2006 Wastewater Utility	545,634	-
Revenue bonds:		
1999 Wastewater Utility	1,435,000	115,000
1996 Wastewater Utility	<u>180,000</u>	<u>30,000</u>
Total Wastewater Utility	<u>2,160,634</u>	<u>145,000</u>
Total business-type activities long-term debt	<u>\$ 7,115,634</u>	<u>\$ 145,000</u>

CITY OF TELL CITY  
OTHER REPORT

The annual audit report presented herein was prepared in addition to another official report prepared for the Utility offices listed below:

Water, Wastewater, and Electric Utilities

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Tell City (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2006. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities 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

May 30, 2007

CITY OF TELL CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance Volunteer Fire Assistance	10.664	300FR106VFA6	\$ <u>3,789</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Community Focus Fund Eastside Sewer Extension Project	14.228	CF-05-230	<u>481,406</u>
Pass Through Indiana Housing and Community Development Authority Community Development Block Grants/State's Program Housing from Shelters to Home Ownership Housing Rehab Grant "4" Housing Rehab Grant "5"	14.228	HD-004-014 HD-005-011	131,490 <u>150,000</u>
Total for federal grantor agency			<u>762,896</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants Equipment Grant Equipment Grant Operation Pullover Operation Pullover	20.601	J8-06-04-04-01 PT 06-04-09-01 OP-06-02-05-04 OP-07-01-02-01	7,271 1,350 1,375 <u>1,773</u>
Total for program			<u>11,769</u>
Safety Incentive Grants for Use of Seatbelts Seat Belt Safety Indiana Rural Demonstration Project	20.604	PT-10-10-07	<u>1,200</u>
Total for federal grantor agency and cluster			<u>12,969</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for State Revolving Funds Eastside Sewer Extension Project WW 05 67 62 01	66.458	CS-182104-01	<u>246,228</u>
Total federal awards expended			<u>\$ 1,025,882</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TELL CITY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tell City (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF TELL CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TELL CITY  
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2007, with Gayle A. Strassell, Mayor; and Barbara L. Ewing, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.