

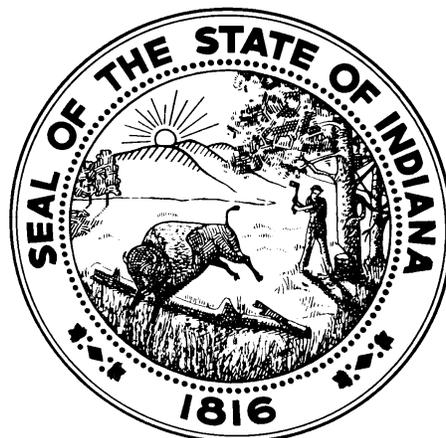
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF TELL CITY

PERRY COUNTY, INDIANA



FILED
08/25/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11
Notes to Financial Statements	12-24
Required Supplementary Information:	
Schedules of Funding Progress	25
Schedule of Contributions From the Employer and Other Contributing Entities	26
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	27-34
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	35
Schedule of Capital Assets.....	36
Schedule of Long-Term Debt	37
Audit Results and Comments:	
Death Benefit 1925 Police Pension	38
Executive Orders Issued in 2007.....	38
Supplemental Audit of Federal Awards:	
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.....	40-41
Schedule of Expenditures of Federal Awards	42
Note to Schedule of Expenditures of Federal Awards.....	43
Schedule of Findings and Questioned Costs	44
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	45
Exit Conference.....	46

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara L. Ewing Jenny S. Richter	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	Gayle A. Strassell Barbara L. Ewing	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Gayle A. Strassell Barbara L. Ewing	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Gerald Yackle	01-01-07 to 12-31-08
Superintendent of Water Utility	Terry L. Rogers (Vacant) Dale Poole	01-01-07 to 01-07-08 01-08-08 to 05-31-08 06-01-08 to 12-31-08
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-07 to 12-31-08
Superintendent of Electric Utility	Marlow J. Smethurst	01-01-07 to 12-31-08
Electric Utility Office Manager	Marcia F. Parker	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT 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, 2007, 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, 2007, 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 July 7, 2008, 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, 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 required parts 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

July 14, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS 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 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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 14, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

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

July 14, 2008

CITY OF TELL CITY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

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	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,491,451	\$ 884,324	\$ 178,149	\$ -	\$ (1,428,978)	\$ -	\$ (1,428,978)
Public safety	1,257,144	3,357	3,926	-	(1,249,861)	-	(1,249,861)
Highways and streets	243,767	-	279,775	29,604	65,612	-	65,612
Sanitation	381,453	399,874	-	-	18,421	-	18,421
Health and welfare	82,723	15,910	72	-	(66,741)	-	(66,741)
Culture and recreation	361,691	49,283	12,500	-	(299,908)	-	(299,908)
Economic development	201,862	-	51,040	-	(150,822)	-	(150,822)
Urban redevelopment	992,428	-	277,234	168,550	(546,644)	-	(546,644)
Interest on long-term debt	72,691	-	-	-	(72,691)	-	(72,691)
Total governmental activities	6,085,210	1,352,748	802,696	198,154	(3,731,612)	-	(3,731,612)
Business-type activities:							
Water	1,666,031	1,502,743	-	325,200	-	161,912	161,912
Wastewater	1,699,376	1,379,271	-	473,107	-	153,002	153,002
Electric	12,671,399	13,054,714	-	-	-	383,315	383,315
Total business-type activities	16,036,806	15,936,728	-	798,307	-	698,229	698,229
Total primary government	\$ 22,122,016	\$ 17,289,476	\$ 802,696	\$ 996,461	(3,731,612)	698,229	(3,033,383)
General receipts:							
Property taxes					1,728,220	-	1,728,220
Other local taxes					1,018,641	-	1,018,641
Other local sources					653,751	118,427	772,178
Principal received on revolving loans					148,928	-	148,928
Interest received on revolving loans					44,759	-	44,759
Unrestricted investment earnings					70,728	199,174	269,902
Total general receipts					3,665,027	317,601	3,982,628
Change in net assets					(66,585)	1,015,830	949,245
Net assets - beginning					2,561,193	4,462,868	7,024,061
Net assets - ending					\$ 2,494,608	\$ 5,478,698	\$ 7,973,306
Assets							
Cash and investments					\$ 639,036	\$ 3,873,972	\$ 4,513,008
Cash with fiscal agent					(11)	-	(11)
Restricted assets:							
Cash and investments					1,855,583	1,604,726	3,460,309
Total assets					\$ 2,494,608	\$ 5,478,698	\$ 7,973,306
Net Assets							
Restricted for:							
Highways and streets					\$ 150,495	\$ -	\$ 150,495
Culture and recreation					114,936	-	114,936
Debt service					26,595	961,231	987,826
Other purposes					1,563,546	643,495	2,207,041
Unrestricted					639,036	3,873,972	4,513,008
Total net assets					\$ 2,494,608	\$ 5,478,698	\$ 7,973,306

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, 2007

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 1,576,747	\$ 151,473	\$ 1,728,220
Licenses and permits	13,173	2,519	15,692
Intergovernmental	489,299	1,375,981	1,865,280
Charges for services	415,184	468,424	883,608
Fines and forfeits	52,819	351	53,170
Other	273,029	220,455	493,484
	<u>2,820,251</u>	<u>2,219,203</u>	<u>5,039,454</u>
Disbursements:			
General government	1,558,313	71,039	1,629,352
Public safety	1,116,257	32,494	1,148,751
Highways and streets	-	243,767	243,767
Sanitation	-	369,919	369,919
Health and welfare	70,641	12,082	82,723
Culture and recreation	236,591	24,450	261,041
Economic development	-	52,072	52,072
Urban redevelopment and housing	-	363,769	363,769
Debt service:			
Principal	12,874	147,381	160,255
Interest	877	71,814	72,691
Capital outlay:			
General government	-	52,331	52,331
Public safety	-	20,802	20,802
Culture and recreation	-	64,013	64,013
Urban redevelopment and housing	-	628,659	628,659
	<u>2,995,553</u>	<u>2,154,592</u>	<u>5,150,145</u>
Excess (deficiency) of revenue over disbursements	<u>(175,302)</u>	<u>64,611</u>	<u>(110,691)</u>
Other financing sources (uses):			
Transfers in	-	166,395	166,395
Transfers out	-	(166,395)	(166,395)
Other receipts	-	193,777	193,777
Other disbursements	-	(149,790)	(149,790)
	<u>-</u>	<u>43,987</u>	<u>43,987</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(175,302)</u>	<u>108,598</u>	<u>(66,704)</u>
Cash and investment fund balance - beginning	<u>763,733</u>	<u>1,797,590</u>	<u>2,561,323</u>
Cash and investment fund balance - ending	<u>\$ 588,431</u>	<u>\$ 1,906,188</u>	<u>2,494,619</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 fund are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			
			<u>(11)</u>
Net assets of governmental activities			<u>\$ 2,494,608</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 588,431	\$ 50,605	\$ 639,036
Restricted assets:			
Cash and investments	<u>-</u>	<u>1,855,583</u>	<u>1,855,583</u>
Total cash and investment assets - December 31	<u>\$ 588,431</u>	<u>\$ 1,906,188</u>	<u>\$ 2,494,619</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Highways and streets	\$ -	\$ 150,495	\$ 150,495
Culture and recreation	-	114,936	114,936
Debt service	-	26,595	26,595
Other purposes	-	1,563,557	1,563,557
Unrestricted	<u>588,431</u>	<u>50,605</u>	<u>639,036</u>
Total cash and investment fund balance - December 31	<u>\$ 588,431</u>	<u>\$ 1,906,188</u>	<u>\$ 2,494,619</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, 2007

	Water Utility	Wastewater Utility	Electric Utility	Total	Internal Service Fund
Operating receipts:					
Metered water receipts:					
Residential and commercial	\$ 1,288,559	\$ -	\$ -	\$ 1,288,559	\$ -
Industrial and municipal	145,097	-	-	145,097	-
Residential sales	-	-	2,630,476	2,630,476	-
Commercial and industrial sales	-	-	8,392,471	8,392,471	-
Fuel cost adjustment receipts	-	-	1,503,129	1,503,129	-
Public street and highway lighting	-	-	68,859	68,859	-
Penalties	5,451	9,846	14,954	30,251	-
Other water receipts	64,713	-	-	64,713	-
Telecommunication receipts	-	-	73,076	73,076	-
Measured revenue:					
Residential and commercial	-	709,604	-	709,604	-
Industrial and municipal	-	562,107	-	562,107	-
Storm water receipts	-	29,264	-	29,264	-
Self-insurance assessments	-	-	-	-	785,361
Rental receipts	-	-	43,271	43,271	-
Other	-	69,452	444,825	514,277	-
Total operating receipts	1,503,820	1,380,273	13,171,061	16,055,154	785,361
Operating disbursements:					
Equipment and capital improvements	47,843	440,438	695,115	1,183,396	-
Transmission and distribution	-	-	286,255	286,255	-
Customer accounts	-	-	26,681	26,681	-
Administration and general	-	-	327,573	327,573	-
Insurance claims and premiums	73,621	44,458	-	118,079	-
Salaries and wages	417,836	273,921	1,098,140	1,789,897	-
Employee pensions and benefits	55,880	35,669	147,551	239,100	-
Purchased power	104,871	89,173	9,439,260	9,633,304	-
Sludge removal	-	21,669	-	21,669	-
Chemicals	12,986	41,787	-	54,773	-
Material and supplies	100,153	18,863	-	119,016	-
Contractual services	86,475	109,443	-	195,918	-
Insurance claims	-	-	-	-	528,602
Telecommunications disbursements	-	-	30,418	30,418	-
Office suite disbursements	-	-	8,553	8,553	-
Repairs	-	98,949	-	98,949	-
Transportation disbursements	15,476	11,530	-	27,006	-
Insurance disbursements	62,502	82,211	118,968	263,681	256,673
Payments in lieu of taxes	45,996	53,959	67,139	167,094	-
Miscellaneous disbursements	118,979	128,130	425,746	672,855	-
Total operating disbursements	1,142,618	1,450,200	12,671,399	15,264,217	785,275
Excess (deficiency) of operating receipts over operating disbursements	361,202	(69,927)	499,662	790,937	86

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,
(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	-	1,000	-	1,000	-
Interest and investment receipts	61,510	25,443	112,221	199,174	33
Interest subsidy from Waupaca	108,470	14,195	-	122,665	-
Debt service of principal	(295,000)	(145,000)	-	(440,000)	-
Interest and investment disbursement	<u>(228,413)</u>	<u>(104,176)</u>	<u>-</u>	<u>(332,589)</u>	<u>-</u>
Total nonoperating receipts (disbursements)	<u>(353,433)</u>	<u>(208,538)</u>	<u>112,221</u>	<u>(449,750)</u>	<u>33</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	7,769	(278,465)	611,883	341,187	119
Capital contributions	<u>216,731</u>	<u>457,912</u>	<u>-</u>	<u>674,643</u>	<u>-</u>
Excess of receipts, and contributions over disbursements	224,500	179,447	611,883	1,015,830	119
Cash and investment fund balance - beginning	<u>1,227,629</u>	<u>697,401</u>	<u>2,537,838</u>	<u>4,462,868</u>	<u>(130)</u>
Cash and investment fund balance - ending	<u>\$ 1,452,129</u>	<u>\$ 876,848</u>	<u>\$ 3,149,721</u>	<u>\$ 5,478,698</u>	<u>\$ (11)</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 648,394	\$ 360,610	\$ 2,864,968	\$ 3,873,972	\$ -
Restricted assets:					
Cash and investments	<u>803,735</u>	<u>516,238</u>	<u>284,753</u>	<u>1,604,726</u>	<u>(11)</u>
Total cash and investment assets - December 31	<u>\$ 1,452,129</u>	<u>\$ 876,848</u>	<u>\$ 3,149,721</u>	<u>\$ 5,478,698</u>	<u>\$ (11)</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 554,677	\$ 406,554	\$ -	\$ 961,231	\$ -
Other purposes	249,058	109,684	284,753	643,495	(11)
Unrestricted	<u>648,394</u>	<u>360,610</u>	<u>2,864,968</u>	<u>3,873,972</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 1,452,129</u>	<u>\$ 876,848</u>	<u>\$ 3,149,721</u>	<u>\$ 5,478,698</u>	<u>\$ (11)</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, 2007

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 20,118	\$ -
Plan members	2,309	-
State	<u>44,060</u>	<u>-</u>
Total contributions	<u>66,487</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>4,578,135</u>
Total additions	<u>66,487</u>	<u>4,578,135</u>
Deductions:		
Benefits	80,166	-
Refunds of contributions	3,391	-
Administrative and general	250	-
Agency fund deductions	<u>-</u>	<u>4,601,225</u>
Total deductions	<u>83,807</u>	<u>4,601,225</u>
Deficiency of total additions over total deductions	(17,320)	(23,090)
Cash and investment fund balance - beginning	<u>103,037</u>	<u>58,592</u>
Cash and investment fund balance - ending	<u>\$ 85,717</u>	<u>\$ 35,502</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, 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 telecommunication and information service. 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 received by the Electric Utility as of December 31, 2007. 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., 11877 E. State Road 62, St. Meinrad, Indiana, 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 nonexchange 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 fund:

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 a 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 water, wastewater, and electric utilities and 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, 2007, 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, 2007, 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 City 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 City'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, 2007, 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.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To	2007
Other governmental funds	Other governmental funds	\$ 166,395

The City typically uses transfers for cash flow purposes as provided by various statutory provisions and as required by financing agreements.

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 health 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 self insurance fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon each affected fund's number of employees and are reported as quasi-external interfund transactions.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred. These losses include an estimate of claims that have been incurred but not reported (IBNRs).

However, claim liabilities cannot be reasonably estimated.

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 \$116,000.

C. 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, 2007, was \$58,180. 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's share for the year ended December 31, 2007, was \$83,220. 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.

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 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, 2007, 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:

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Borrower</u>	<u>Date of Loan</u>	<u>Amount</u>	<u>Rate</u>	<u>Required Annual Payment</u>	<u>Balance December 31, 2007</u>
Bettinger Chips	09-30-05	\$ 120,000	8.25%	\$ 7,800	\$ 118,046
Kleeman Family Medicine	07-13-07	50,000	8.25%	8,539	50,000
Tell City Cinema	04-05-02	70,000	9.25%	12,535	15,360
E. Joseph Daum	03-18-04	75,000	5.00%	12,720	38,085
Marksmen, Inc.	08-16-05	70,000	8.25%	9,432	59,278
River Hills Management	05-01-91	160,000	3.75%	9,941	72,699
SIRS, Inc.	02-24-95	280,000	3.50%	18,794	127,450
T's Car Care (DAT, Inc.)	12-01-00	140,000	5.00%	17,819	12,866
Perry Marine	09-30-05	45,000	6.50%	6,190	38,144
Winzerwald Winery	02-19-01	100,000	5.00%	12,728	21,280
Winzerwald Winery	06-04-01	100,000	5.00%	12,728	21,280
Winzerwald Winery	08-31-00	25,000	5.00%	3,182	10,640
Winzerwald Winery	11-30-00	25,000	5.00%	3,182	10,640

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 January 2, 2007. 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 on January 2, 2007. The current rate structure for storm water revenues was approved by the Common Council on July 2, 2007.

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 April 7, 2008.

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.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. Electric Utility Pension

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Information 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	\$ 94,628	\$ 123,300
Interest on net pension obligation	(6,579)	39,700
Adjustment to annual required contribution	7,498	(49,300)
Annual pension cost	95,547	113,700
Contributions made	94,697	43,693
Increase in net pension obligation	850	70,007
Net pension obligation, beginning of year	(90,748)	660,845
Net pension obligation, end of year	\$ (89,898)	\$ 730,852

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Contribution rates:		
City	6.25%	320%
Plan members	3%	6%
Actuarial valuation date	07-01-07	01-01-07
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

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 60,159	150%	\$ (92,393)
	06-30-06	88,620	98%	(90,748)
	06-30-07	95,547	99%	(89,898)
1925 Police Officers' Pension Plan	12-31-05	111,500	69%	635,875
	12-31-06	112,100	78%	660,845
	12-31-07	113,700	56%	710,367

Membership in the 1925 Police Officers' Pension Plan at January 1, 2007, was comprised of the following:

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

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$88,889, \$79,436, and \$79,463, respectively, equal to the required contributions for each year.

CITY OF TELL CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
07-01-05	\$ 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%)
07-01-07	1,764,510	2,014,573	(250,063)	88%	1,675,806	(15%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
01-01-02	\$ 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%)
01-01-06	90,494	1,578,600	(1,488,106)	6%	36,500	(4,077%)
01-01-07	103,037	1,587,200	(1,484,163)	6%	38,500	(3,855%)

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-02	\$ 167,500	20%	32%
	12-31-03	178,700	14%	25%
	12-31-04	189,600	85%	24%
	12-31-05	119,100	28%	37%
	12-31-06	120,700	31%	41%
	12-31-07	123,300	14%	38%

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, 2007

	Motor Vehicle Highway	Local Road and Street	Columbarium	Pool Concessions	Community Mausoleum	City Auction
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	326,021	29,604	-	-	-	-
Charges for services	-	-	8,910	9,309	7,000	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	326,021	29,604	8,910	9,309	7,000	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	231,180	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	6,545	-	5,467	-
Culture and recreation	-	-	-	8,369	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	231,180	-	6,545	8,369	5,467	-
Excess (deficiency) of receipts over disbursements	94,841	29,604	2,365	940	1,533	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	94,841	29,604	2,365	940	1,533	-
Cash and investment fund balance - beginning	15,974	5,221	-	6,550	16,795	7,103
Cash and investment fund balance - ending	110,815	34,825	2,365	7,490	18,328	7,103
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	110,815	34,825	2,365	7,490	18,328	7,103
Total cash and investment assets - December 31	110,815	34,825	2,365	7,490	18,328	7,103
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ 110,815	\$ 34,825	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	7,490	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	2,365	-	18,328	7,103
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	110,815	34,825	2,365	7,490	18,328	7,103

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, 2007
 (Continued)

	Alcohol Enforcement	TC Port	Economic Development Commission	Schergens Communication	DARE Grant	Schergens Center Concessions
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,359
Fines and forfeits	-	-	-	-	-	-
Other	6,198	24,038	27,002	-	-	-
Total receipts	6,198	24,038	27,002	-	-	2,359
Disbursements:						
General government	-	-	-	-	-	-
Public safety	10,137	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	2,207
Economic development	-	3,435	37,177	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	10,137	3,435	37,177	-	-	2,207
Excess (deficiency) of receipts over disbursements	(3,939)	20,603	(10,175)	-	-	152
Other financing sources (uses):						
Transfers in	-	-	28,000	-	-	-
Transfers out	-	(5,000)	-	-	-	-
Other receipts	-	-	90	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	-	(5,000)	28,090	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,939)	15,603	17,915	-	-	152
Cash and investment fund balance - beginning	5,499	45,225	12,126	67	30	2,191
Cash and investment fund balance - ending	<u>\$ 1,560</u>	<u>\$ 60,828</u>	<u>\$ 30,041</u>	<u>\$ 67</u>	<u>\$ 30</u>	<u>\$ 2,343</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,560	60,828	30,041	67	30	2,343
Total cash and investment assets - December 31	\$ 1,560	\$ 60,828	\$ 30,041	\$ 67	\$ 30	\$ 2,343
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	67	-	2,343
Debt service	-	-	-	-	-	-
Other purposes	1,560	60,828	30,041	-	30	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,560	\$ 60,828	\$ 30,041	\$ 67	\$ 30	\$ 2,343

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, 2007
 (Continued)

	Schergens Escrow	Seat Belt Safety Grant	Community Development Block Grant	Law Enforcement Continuing Education	Riverboat	Clemens Light Lease
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,519	-	-
Intergovernmental	-	3,926	-	-	49,468	-
Charges for services	12,515	-	-	3,357	-	25,100
Fines and forfeits	-	-	-	351	-	-
Other	-	-	-	3,307	-	-
Total receipts	12,515	3,926	-	9,534	49,468	25,100
Disbursements:						
General government	-	-	-	-	17,881	-
Public safety	-	4,711	-	8,883	5,400	-
Highways and streets	-	-	-	-	12,587	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	10,728	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	47,210	21,000
Interest	-	-	-	-	9,770	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	4,991	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	10,728	4,711	-	8,883	97,839	21,000
Excess (deficiency) of receipts over disbursements	1,787	(785)	-	651	(48,371)	4,100
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(4,500)	-	-	-
Other receipts	-	-	68,400	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	-	-	63,900	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,787	(785)	63,900	651	(48,371)	4,100
Cash and investment fund balance - beginning	5,064	2,050	106,892	4,747	98,976	21,000
Cash and investment fund balance - ending	<u>\$ 6,851</u>	<u>\$ 1,265</u>	<u>\$ 170,792</u>	<u>\$ 5,398</u>	<u>\$ 50,605</u>	<u>\$ 25,100</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 50,605	\$ -
Restricted assets:						
Cash and investments	6,851	1,265	170,792	5,398	-	25,100
Total cash and investment assets - December 31	<u>\$ 6,851</u>	<u>\$ 1,265</u>	<u>\$ 170,792</u>	<u>\$ 5,398</u>	<u>\$ 50,605</u>	<u>\$ 25,100</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	6,851	-	-	-	-	25,100
Debt service	-	-	-	-	-	-
Other purposes	-	1,265	170,792	5,398	-	-
Unrestricted	-	-	-	-	50,605	-
Total cash and investment fund balance - December 31	<u>\$ 6,851</u>	<u>\$ 1,265</u>	<u>\$ 170,792</u>	<u>\$ 5,398</u>	<u>\$ 50,605</u>	<u>\$ 25,100</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, 2007
 (Continued)

	Waste Tire Grant	Clemens Field Improvement	HUD Housing RLF	EDC Donation	Revolving Loan	IRP Revolving Loan
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	12,500	-	277,234	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	12,215	8,156	-	2,617	3,113
Total receipts	12,500	12,215	285,390	-	2,617	3,113
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	3,146	-	-	-	-
Economic development	-	-	-	50	5,032	6,378
Urban redevelopment and housing	-	-	333,155	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	3,146	333,155	50	5,032	6,378
Excess (deficiency) of receipts over disbursements	12,500	9,069	(47,765)	(50)	(2,415)	(3,265)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,500)	(9,000)
Other receipts	-	-	42,771	-	50,628	31,888
Other disbursements	-	-	-	-	(50,000)	-
Total other financing sources (uses)	-	-	42,771	-	(3,872)	22,888
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,500	9,069	(4,994)	(50)	(6,287)	19,623
Cash and investment fund balance - beginning	-	-	205,624	3,762	142,021	66,749
Cash and investment fund balance - ending	\$ 12,500	\$ 9,069	\$ 200,630	\$ 3,712	\$ 135,734	\$ 86,372
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	12,500	9,069	200,630	3,712	135,734	86,372
Total cash and investment assets - December 31	\$ 12,500	\$ 9,069	\$ 200,630	\$ 3,712	\$ 135,734	\$ 86,372
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	9,069	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	12,500	-	200,630	3,712	135,734	86,372
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 12,500	\$ 9,069	\$ 200,630	\$ 3,712	\$ 135,734	\$ 86,372

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, 2007
 (Continued)

	Downtown Streetscape	Disaster Relief FEMA	Community Foundation Grants	Riverwalk Community Foundation	Clemens Schergens Grant
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	168,550	45,490	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	14,016	50,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,016</u>	<u>50,000</u>
Total receipts	<u>168,550</u>	<u>45,490</u>	<u>-</u>	<u>14,016</u>	<u>50,000</u>
Disbursements:					
General government	-	-	9,422	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	153,695	-	-	-	-
	<u>153,695</u>	<u>-</u>	<u>9,422</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>153,695</u>	<u>-</u>	<u>9,422</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,855</u>	<u>45,490</u>	<u>(9,422)</u>	<u>14,016</u>	<u>50,000</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(14,855)	-	-	-	-
Other receipts	-	-	-	-	-
Other disbursements	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(14,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>45,490</u>	<u>(9,422)</u>	<u>14,016</u>	<u>50,000</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>9,422</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 45,490</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ 50,000</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	-	45,490	-	14,016	50,000
	<u>-</u>	<u>45,490</u>	<u>-</u>	<u>14,016</u>	<u>50,000</u>
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 45,490</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ 50,000</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	14,016	50,000
Debt service	-	-	-	-	-
Other purposes	-	45,490	-	-	-
Unrestricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 45,490</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ 50,000</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, 2007
 (Continued)

	Donations	TC Electric Promotional Account	Fenn	Brownfield Grant	Downtown Streetscape Retainage
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	68,643	275	-	-	3
Total receipts	68,643	275	-	-	3
Disbursements:					
General government	43,461	275	-	-	-
Public safety	3,363	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	6,175	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	10,000	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Total disbursements	62,999	275	-	-	-
Excess (deficiency) of receipts over disbursements	5,644	-	-	-	3
Other financing sources (uses):					
Transfers in	-	-	-	-	14,855
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	14,855
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,644	-	-	-	14,858
Cash and investment fund balance - beginning	39,096	-	4,855	1	-
Cash and investment fund balance - ending	<u>\$ 44,740</u>	<u>\$ -</u>	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ 14,858</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	44,740	-	4,855	1	14,858
Total cash and investment assets - December 31	<u>\$ 44,740</u>	<u>\$ -</u>	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ 14,858</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ 4,855	\$ -	\$ -
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	44,740	-	-	1	14,858
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 44,740</u>	<u>\$ -</u>	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ 14,858</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, 2007
 (Continued)

	Brownfield Loan	Trash Collection	Police Lease Rental	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:					
Taxes	\$ -	\$ -	\$ 90,038	\$ -	\$ 61,435
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	15,543	27,554	8,291
Charges for services	-	399,874	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	-	399,874	105,581	27,554	69,726
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	369,919	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Urban redevelopment and housing	24,439	-	-	-	-
Debt service:					
Principal	-	11,534	55,000	12,637	-
Interest	-	475	61,000	569	-
Capital outlay:					
General government	-	-	-	8,270	44,061
Public safety	-	-	-	-	20,802
Culture and recreation	-	-	-	-	49,022
Urban redevelopment and housing	-	-	-	-	-
Total disbursements	24,439	381,928	116,000	21,476	113,885
Excess (deficiency) of receipts over disbursements	(24,439)	17,946	(10,419)	6,078	(44,159)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,439)	17,946	(10,419)	6,078	(44,159)
Cash and investment fund balance - beginning	198,646	5,349	37,014	11,531	76,485
Cash and investment fund balance - ending	<u>\$ 174,207</u>	<u>\$ 23,295</u>	<u>\$ 26,595</u>	<u>\$ 17,609</u>	<u>\$ 32,326</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	174,207	23,295	26,595	17,609	32,326
Total cash and investment assets - December 31	<u>\$ 174,207</u>	<u>\$ 23,295</u>	<u>\$ 26,595</u>	<u>\$ 17,609</u>	<u>\$ 32,326</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-
Debt service	-	-	26,595	-	-
Other purposes	174,207	23,295	-	17,609	32,326
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 174,207</u>	<u>\$ 23,295</u>	<u>\$ 26,595</u>	<u>\$ 17,609</u>	<u>\$ 32,326</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, 2007
 (Continued)

	EDIT	EDIT Reserve	Tell City Chair Property	Cemetery Endowment	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 151,473
Licenses and permits	-	-	-	-	2,519
Intergovernmental	411,800	-	-	-	1,375,981
Charges for services	-	-	-	-	468,424
Fines and forfeits	-	-	-	-	351
Other	-	-	800	72	220,455
Total receipts	411,800	-	800	72	2,219,203
Disbursements:					
General government	-	-	-	-	71,039
Public safety	-	-	-	-	32,494
Highways and streets	-	-	-	-	243,767
Sanitation	-	-	-	-	369,919
Health and welfare	-	-	-	70	12,082
Culture and recreation	-	-	-	-	24,450
Economic development	-	-	-	-	52,072
Urban redevelopment and housing	-	-	-	-	363,769
Debt service:					
Principal	-	-	-	-	147,381
Interest	-	-	-	-	71,814
Capital outlay:					
General government	-	-	-	-	52,331
Public safety	-	-	-	-	20,802
Culture and recreation	-	-	-	-	64,013
Urban redevelopment and housing	474,964	-	-	-	628,659
Total disbursements	474,964	-	-	70	2,154,592
Excess (deficiency) of receipts over disbursements	(63,164)	-	800	2	64,611
Other financing sources (uses):					
Transfers in	-	123,540	-	-	166,395
Transfers out	(123,540)	-	(5,000)	-	(166,395)
Other receipts	-	-	-	-	193,777
Other disbursements	-	(99,790)	-	-	(149,790)
Total other financing sources (uses)	(123,540)	23,750	(5,000)	-	43,987
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(186,704)	23,750	(4,200)	2	108,598
Cash and investment fund balance - beginning	422,465	157,780	49,243	12,037	1,797,590
Cash and investment fund balance - ending	<u>\$ 235,761</u>	<u>\$ 181,530</u>	<u>\$ 45,043</u>	<u>\$ 12,039</u>	<u>\$ 1,906,188</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 50,605
Restricted assets:					
Cash and investments	235,761	181,530	45,043	12,039	1,855,583
Total cash and investment assets - December 31	<u>\$ 235,761</u>	<u>\$ 181,530</u>	<u>\$ 45,043</u>	<u>\$ 12,039</u>	<u>\$ 1,906,188</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 150,495
Culture and recreation	-	-	-	-	114,936
Debt service	-	-	-	-	26,595
Other purposes	235,761	181,530	45,043	12,039	1,563,557
Unrestricted	-	-	-	-	50,605
Total cash and investment fund balance - December 31	<u>\$ 235,761</u>	<u>\$ 181,530</u>	<u>\$ 45,043</u>	<u>\$ 12,039</u>	<u>\$ 1,906,188</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	Payroll	Gross Tax EFT	Electric Payroll Tax EFT	Barrett Law Surplus	Levy Excess	Totals
Additions:						
Agency fund additions	\$ 3,576,997	\$ -	\$ 1,001,137	\$ -	\$ 1	\$ 4,578,135
Deductions:						
Agency fund deductions	3,565,978	-	1,009,949	100	25,198	4,601,225
Excess (deficiency) of total additions over total deductions	11,019	-	(8,812)	(100)	(25,197)	(23,090)
Cash and investment fund balance - beginning	8,551	550	8,935	15,359	25,197	58,592
Cash and investment fund balance - ending	<u>\$ 19,570</u>	<u>\$ 550</u>	<u>\$ 123</u>	<u>\$ 15,259</u>	<u>\$ -</u>	<u>\$ 35,502</u>

CITY OF TELL CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

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	\$ 417,676
Infrastructure	3,925,689
Buildings	4,599,015
Improvements other than buildings	1,107,147
Machinery and equipment	<u>3,215,675</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 13,265,202</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	8,953,331
Machinery and equipment	568,137
Transportation equipment	<u>45,700</u>
Total Water Utility capital assets	<u>9,622,706</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	10,936
Construction in progress	1,777,391
Buildings	342,670
Improvements other than buildings	11,614,846
Machinery and equipment	483,400
Transportation equipment	<u>171,649</u>
Total Wastewater Utility capital assets	<u>14,400,892</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	232,226
Construction in progress	254,909
Buildings	350,665
Improvements other than buildings	13,757,716
Machinery and equipment	4,610,295
Transportation equipment	<u>727,066</u>
Total Electric Utility capital assets	<u>19,932,877</u>
Total business-type activities capital assets	<u>\$ 43,956,475</u>

CITY OF TELL CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Police department building	\$ 1,165,000	\$ 57,000
City telephone system	121,495	46,670
Clemens field lights	105,963	30,014
Police radio equipment	38,616	39,502
Pool filtration system	6,487	6,603
Trash compactor	5,908	6,004
Loans payable:		
USDA revolving loan	<u>112,563</u>	<u>5,972</u>
Total governmental activities long-term debt	<u>\$ 1,556,032</u>	<u>\$ 191,765</u>
Business-type Activities:		
Water Utility		
State revolving loans:		
2000 SRF loan	\$ 925,000	\$ 13,412
Revenue bonds:		
2005 refunding revenue bonds	2,075,000	55,044
1999 revenue bonds	<u>1,660,000</u>	<u>39,376</u>
Total Water Utility	<u>4,660,000</u>	<u>107,832</u>
Wastewater Utility		
State revolving loans:		
2006 SRF loan	1,265,437	-
Revenue bonds:		
1999 refunding revenue bonds	1,320,000	181,185
1996 revenue bonds	<u>150,000</u>	<u>47,525</u>
Total Wastewater Utility	<u>2,735,437</u>	<u>228,710</u>
Total business-type activities debt	<u>\$ 7,395,437</u>	<u>\$ 336,542</u>

CITY OF TELL CITY
AUDIT RESULTS AND COMMENTS

DEATH BENEFIT 1925 POLICE PENSION

The City paid a death benefit of \$1,000 to Rosanna Gengelbach on December 17, 2007. Rosanna Gengelbach is the widow of 1925 Police Pension Fund member Victor Gengelbach, who passed away on October 25, 2007. The benefit was paid from the 1925 Police Pension Fund. The amount of the benefit should have been \$9,000. We instructed the officials to pay an additional \$8,000 to Rosanna Gengelbach.

Indiana Code 36-8-6-9.8 states in part:

"(b) The 1925 fund shall be used to pay funeral benefits to the heirs or estate of an active or a retired member of the police department who has died from any cause, in an amount fixed by ordinance, but at least:

- (4) nine thousand dollars (\$9,000) for a member who dies after December 31, 1998 and before July 1, 2008."

EXECUTIVE ORDERS ISSUED IN 2007

The Mayor issued several executive orders in 2007. These executive orders included such directives as recognizing past service for determining vacation leave for a former employee who was rehired, and authorizing an extra paid day of leave for six employees. No Indiana Code statute was cited in these executive orders. The actions taken by virtue of the executive orders mentioned above were never submitted to the common council for their approval.

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

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

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 each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are 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 each of its major federal programs 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 of America; 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 each of its major federal programs for the year ended December 31, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the Common Council, 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

July 14, 2008

CITY OF TELL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

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	10.664		
Volunteer Fire Assistance		300FR107VFA7	\$ 3,850
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</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 "6"	14.228	HD-007-006	278,039
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Community Focus Fund Downtown Project	14.228	CF-06-245	168,550
Eastside Sewer Extension Project		CF-05-230	18,594
Total for federal grantor agency			465,183
<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	20.601		
Operation Pullover		OP-07-01-02-01	2,026
Operation Pullover		OP-08-01-02-03	1,900
Total for federal grantor agency and cluster			3,926
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant: Surveys, Studies, Investigations and Special Purpose Grants STAG Grant - Eastside Sewer Extension Project	66.606	XP-00E08501-0	281,000
Pass-Through Indiana Finance Authority Capitalization Grants for State Revolving Funds Eastside Sewer Extension Project WW 05 67 62 01	66.458	CS-182104-01	309,761
Total for federal grantor agency			590,761
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Assistance to Firefighters Grant	97.044	EMW-2006 FG 10416	55,998
Total federal awards expended			\$ 1,119,718

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

I. 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 Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
66.458	Capitalization Grants for State Revolving Funds

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2008, with Barbara L. Ewing, Mayor; and Jenny S. Richter, Clerk-Treasurer. A separate telephone exit conference was held on July 23, 2008, with Gayle A. Strassell, former Mayor.