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

EXAMINATION REPORT
OF
CITY OF TELL CITY
PERRY COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
08/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jenny S. Richter	01-01-08 to 12-31-11
Mayor	Barbara L. Ewing	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Barbara L. Ewing	01-01-08 to 12-31-11
President of the Common Council	Gerald W. Yackle	01-01-09 to 12-31-10
Superintendent of Water Utility	R. Dale Poole	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-09 to 12-31-10
Superintendent of Electric Utility	Marlow J. Smethurst	01-01-09 to 12-31-10
Electric Utility Office Manager	Marcia F. Parker	01-01-09 to 12-31-10
Water Utility Bookkeeper	Bonnie S. Stiff	01-01-09 to 12-31-10
Wastewater Utility Bookkeeper	Shelly R. Linne	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Tell City (City), for the period of January 1, 2009 to December 31, 2009. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 7, 2010

CITY OF TELL CITY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 554,467	\$ 3,440,039	\$ 3,425,019	\$ 569,487
Motor Vehicle Highway	53,341	249,190	260,648	41,883
Local Road and Street	44,514	28,830	44,861	28,483
Columbarium	2,795	2,430	1,785	3,440
Pool Concessions	9,021	7,676	14,318	2,379
Community Mausoleum	18,328	-	-	18,328
City Auction	7,103	-	7,103	-
Alcohol Enforcement	1,560	5,705	5,752	1,513
TC Port	195,057	11,432	2,253	204,236
Economic Development Commission	19,229	62,784	57,113	24,900
Schergens Communication	67	-	-	67
DARE Grant	30	-	-	30
Schergens Center Concessions	3,546	3,853	3,149	4,250
Schergens Escrow	7,245	12,076	17,925	1,396
Seat Belt Safety Grant	277	4,260	4,250	287
Community Development Block Grant	189,782	27,207	6,500	210,489
Law Enforcement Continuing Education	10,815	7,975	2,010	16,780
Riverboat	18,439	49,094	35,942	31,591
Rainy Day Fund	32,005	96,346	-	128,351
Clemens Lights Lease	16,086	25,000	30,015	11,071
Waste Tire Grant	25,000	24,192	39,084	10,108
Wellness	-	9,389	9,389	-
HUD Housing - Revolving Loan	178,503	190,939	215,333	154,109
EDC Donation	3,687	-	50	3,637
Revolving Loan	231,902	38,282	5,981	264,203
IRP Revolving Loan	113,240	16,130	22,094	107,276
Disaster Relief (FEMA)	-	241,567	241,567	-
Riverwalk/Community Foundation	14,016	-	-	14,016
Donations	30,727	24,703	24,947	30,483
TC Electric Promotional Account	-	1,250	550	700
Fenn	4,855	-	-	4,855
Brownfield Grant	1	-	-	1
Brownfield Loan	168,286	-	473	167,813
Trash Collection	52,365	425,910	420,654	57,621
Police Lease - Rental	48,953	127,532	117,000	59,485
Cumulative Capital Improvement	33,225	24,055	541	56,739
Cumulative Capital Development	35,340	67,738	76,446	26,632
EDIT	338,825	733,995	848,239	224,581
EDIT - Reserve	210,701	145,198	107,169	248,730
Neighborhood Stabilization Program	-	36,275	36,275	-
Tell City Chair Property	55,016	15,650	-	70,666
Proprietary Funds:				
Water Utility - Operating	770,286	1,458,243	2,009,565	218,964
Water Utility - Bond and Interest	20,715	534,588	524,082	31,221
Water Utility - Waupaca Depreciation	310,963	331,530	350,514	291,979
Water Utility - Debt Service Reserve	526,608	-	-	526,608
Water Utility - Construction	3,257	-	-	3,257
Wastewater Utility - Operating	312,115	1,993,771	2,148,083	157,803
Wastewater Utility - Storm Water	69,898	88,764	39,338	119,324
Wastewater Utility - Bond and Interest	142,253	290,619	275,800	157,072
Wastewater Utility - Depreciation	75,743	55,800	45,295	86,248
Wastewater Utility - Debt Service Reserve	276,225	11,913	-	288,138
Wastewater Utility - Construction	31,565	2	-	31,567
Electric Utility - Operating	956,786	15,434,377	15,148,487	1,242,676
Electric Utility - Operating Reserve	1,045,000	135,000	-	1,180,000
Electric Utility - Expansion Reserve	1,375,564	426,000	-	1,801,564
Electric Utility - Cash Reserve	475	-	475	-
Electric Utility - Waupaca Depreciation Reserve	10,200	20,400	-	30,600
Electric Utility - Customer Deposit	226,464	47,599	44,493	229,570
Employee Benefit Self-Insurance	(68)	802,268	802,179	21
Fiduciary Funds:				
Police Officers' Pension	46,687	137,402	110,501	73,588
Cemetery Endowment	11,785	108	-	11,893
Payroll	-	3,784,857	3,766,567	18,290
Gross Tax - EFT	550	-	-	550
Payroll Tax - EFT	-	-	-	-
Electric Payroll Tax - EFT	-	1,255,309	1,255,309	-
Barrett Law Surplus	15,259	-	-	15,259
Totals	\$ 8,956,679	\$ 32,965,252	\$ 32,605,123	\$ 9,316,808

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

CITY OF TELL CITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF TELL CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Holding Corporation

The City has entered into a capital lease with Tell City Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. Lease payments during the year totaled \$116,000.

Note 8. Loans Receivable City's Revolving Loan Funds

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

CITY OF TELL CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

Borrower	Date of Loan	Amount	Rate	Required Annual Payment	Balance December 31, 2009
Tell City Cinema	04-05-02	\$ 70,000	9.25%	\$ 5,865	\$ 5,865
E. Joseph Daum	03-18-04	75,000	5.00%	12,720	27,017
Marksmen, Inc.	08-16-05	70,000	8.25%	12,265	51,949
River Hills Management	05-01-91	160,000	3.75%	10,086	65,212
SIRS, Inc.	02-24-95	280,000	3.50%	17,908	113,428
Perry Marine	09-30-05	45,000	6.50%	9,285	32,396
Winzerwald Winery	02-19-01	50,000	5.00%	6,706	16,319
Winzerwald Winery	06-04-01	50,000	5.00%	6,706	16,319
Winzerwald Winery	08-31-00	25,000	5.00%	3,353	8,159
Winzerwald Winery	11-30-00	25,000	5.00%	3,353	8,159

CITY OF TELL CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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	\$ 447,676
Infrastructure	4,839,062
Buildings	4,727,566
Improvements other than buildings	1,143,753
Machinery and equipment	<u>3,352,434</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 14,510,491</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	<u>\$ 11,724</u>
Capital assets, being depreciated:	
Buildings	43,814
Improvements other than buildings	8,953,331
Machinery and equipment	578,137
Transportation equipment	<u>93,875</u>
Total Water Utility capital assets, being depreciated	<u>9,669,157</u>
Total Water Utility capital assets	<u>9,680,881</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	10,936
Construction in progress	<u>506,280</u>
Total Wastewater Utility capital assets, not being depreciated	<u>517,216</u>
Capital assets, being depreciated:	
Buildings	342,670
Improvements other than buildings	13,408,733
Machinery and equipment	476,011
Transportation equipment	<u>180,149</u>
Total Wastewater Utility capital assets, being depreciated	<u>14,407,563</u>
Total Wastewater Utility capital assets	<u>14,924,779</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	232,226
Construction in progress	<u>588,904</u>
Total Electric Utility capital assets, not being depreciated	<u>821,130</u>
Capital assets, being depreciated:	
Buildings	1,932,051
Improvements other than buildings	12,671,784
Machinery and equipment	5,177,067
Transportation equipment	139,806
Fully depreciated assets	<u>727,066</u>
Total Electric Utility capital assets, being depreciated	<u>20,647,774</u>
Total Electric Utility capital assets	<u>21,468,904</u>
Total business-type activities capital assets	<u>\$ 46,074,564</u>

CITY OF TELL CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 1,050,000	\$ 57,500
Telephone system	34,365	35,002
Trash compactor	57,228	17,617
Clemens field lights	55,660	30,014
Loans payable:		
USDA revolving loan	<u>97,884</u>	<u>5,972</u>
Total governmental activities debt	<u>\$ 1,295,137</u>	<u>\$ 146,105</u>
Business-type activities:		
Water Utility:		
Loans:		
2000 state revolving loan	\$ 890,000	\$ 12,905
Revenue bonds:		
1999 Series A Revenue Bonds	1,640,000	38,926
2005 Series A Revenue Bonds	<u>1,500,000</u>	<u>42,160</u>
Total Water Utility	<u>4,030,000</u>	<u>93,991</u>
Wastewater Utility:		
Loans:		
2006 state revolving loan	1,278,433	45,106
Revenue bonds:		
1996 Revenue Bonds	80,000	46,680
1999 Revenue Bonds	<u>1,070,000</u>	<u>185,175</u>
Total Wastewater Utility	<u>2,428,433</u>	<u>276,961</u>
Total business-type activities debt	<u>\$ 6,458,433</u>	<u>\$ 370,952</u>

CITY OF TELL CITY
OTHER REPORT

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

Tell City Water, Wastewater, and Electric Utilities

CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on July 7, 2010, with Barbara L. Ewing, Mayor; Jenny S. Richter, Clerk-Treasurer; Bruce W. Badger, Superintendent of Wastewater Utility; Marlow J. Smethurst, Superintendent of Electric Utility; Marcia F. Parker, Electric Utility Office Manager; Bonnie S. Stiff, Water Utility Bookkeeper; and Shelly R. Linne, Wastewater Utility Bookkeeper. Our examination disclosed no material items that warrant comment at this time.