

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF TELL CITY  
PERRY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
11/26/2014



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jenny S. Richter	01-01-12 to 12-31-15
Mayor	Barbara L. Ewing	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Barbara L. Ewing	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Gerald W. Yackle	01-01-13 to 12-31-14
Superintendent of Water Utility	R. Dale Poole	01-01-13 to 12-31-14
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-13 to 12-31-14
Water/Wastewater Utility Office Manager	Janet K. Damin	01-01-13 to 12-31-14
Superintendent of Electric Utility	Marlow J. Smethurst	01-01-13 to 12-31-14
Electric Utility Office Manager	Lynne E. Rice	01-01-13 to 12-31-14



## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Tell City (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2014, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

September 29, 2014



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

We have audited, 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, the financial statement of the City of Tell City (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 29, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Cost, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

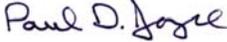
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***City of Tell City's Response to Finding***

The City's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

September 29, 2014

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF TELL CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 327,919	\$ 3,206,782	\$ 3,249,817	\$ 284,884
Motor Vehicle Highway	9,056	249,303	233,181	25,178
Local Road And Street	3,504	27,680	31,184	-
Economic Dev Operating	28,216	38,000	47,717	18,499
Community Development	131,199	41,478	49,999	122,678
Law Enforcement Continuing Ed	24,570	8,489	22,001	11,058
Riverboat	63,124	43,079	39,944	66,259
Rainy Day	260,602	-	-	260,602
Cum Capl Imprv-Cigarette Tax	36,043	19,522	37,635	17,930
Cum Capital Development	66,248	47,624	37,510	76,362
Downtown Signage	3,660	-	-	3,660
Cedit Capital Projects	511,665	499,918	441,850	569,733
Employee Benefit Trust	8,307	1,418,656	1,420,649	6,314
Police Pension	82,824	95,850	104,182	74,492
Payroll-Police '77 Fund	-	29,999	29,999	-
IMPA - Street Light Grant	7,240	3,906	-	11,146
Floodwall Certification Grant	-	250,000	250,000	-
Donations	17,063	11,054	7,527	20,590
Schergens Center	6,614	9,775	10,057	6,332
TC Port Fund	240,920	16,855	9,728	248,047
Brownfield Loan	167,813	-	-	167,813
TCElectric Promotion	1,545	5,000	4,797	1,748
Seat Belt Grant/Operation Pullover	287	12,502	10,802	1,987
TC Revolving Loan-EDC	154,906	47,260	126,394	75,772
IRP Revolving Loan	92,956	29,754	6,093	116,617
Columbarium Fund	2,845	810	595	3,060
Community Masoleums	20,328	-	-	20,328
Schergens Center Concessions	3,164	3,102	2,866	3,400
Pool Concession Fund	3,647	10,693	6,713	7,627
EDC-Donation	3,637	-	-	3,637
Rev Loan Fund - Investment	114,250	111,375	82	225,543
Trash Collection	7,479	426,405	429,818	4,066
Hud Housing - RLF	136,785	6,889	7,257	136,417
Wellness	770	7,732	4,328	4,174
River Road Improvement Fund	-	224,508	224,439	69
Police Lease/Rental	34,532	107,815	117,000	25,347
Edit Reserve	422,076	149,974	64,958	507,092
Tell City Chair Property	70,666	-	-	70,666
Neighborhood Stabilization Prog NSP	105,234	1,097,063	1,098,260	104,037
Transportation Enhancement	20,667	-	-	20,667
Cemetery Perpetuity	10,687	-	-	10,687
Payroll	-	510,860	510,860	-
PERF-INPRS	-	65,370	65,370	-
Payroll Taxes	-	679,210	679,210	-
Payroll Withholdings	-	376,771	376,771	-
Payroll DD	-	1,241,394	1,241,394	-
Electric - IMPA St. Light Grant Reserve	4,452	7,792	-	12,244
Electric - EFT Tax Account	-	1,291,571	1,291,571	-
Electric Operating	681,166	20,362,770	20,075,751	968,185
Electric Customer Deposit	238,087	67,907	96,722	209,272
Electric Operating Reserve	1,585,000	135,000	200,000	1,520,000
Electric Expansion Reserve	1,139,564	1,066,000	400,000	1,805,564
Electric Waupaca Depreciation Reser	91,800	20,400	-	112,200
Wastewater Stormwater Fund	315,817	88,256	21,533	382,540
Wastewater Operating	1,130,010	3,055,677	2,883,588	1,302,099
Wastewater Bond And Interest	125,929	182,070	181,086	126,913
Wastewater Construction	17,607	13,974	-	31,581
Wastewater Tc/Btc Construction	13,970	1	13,971	-
Wastewater CSO/SRF Sinking	308,665	481,615	482,603	307,677
Wastewater - Debit Serv Resv	501,417	74,896	-	576,313
Water Operating	364,710	1,448,798	1,527,130	286,378
Water Bond And Interest	30,071	526,532	526,605	29,998
Water Works Construction	3,258	5	4	3,259
Water - Waupaca D & I	339,089	325,200	326,445	337,844
Water Debt Service Res Fund	526,608	-	-	526,608
<b>Totals</b>	<b>\$ 10,620,268</b>	<b>\$ 40,280,921</b>	<b>\$ 39,027,996</b>	<b>\$ 11,873,193</b>

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

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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*

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

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System  
1 North Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**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 City. The lessor has been determined to be a related party of the City. Lease payments during the year 2013 totaled \$113,000.

**Note 8. 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, 2013, was \$26,828. 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, 2013, was \$76,260. 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.

**Note 9. Other Postemployment Benefits**

The City provides to eligible retirees the following benefits: health insurance and life insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

CITY OF TELL CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 10. 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:

Borrower	Source of Loan	Date of Loan	Amount Loaned	Interest Rate	Required Annual Payment (Prin. & Int)	Principal Balance December 31, 2013
River Hills Management Corporation	RLF 75% CDBG 25%	05-01-91	\$ 160,000	2.75%	\$ 9,840	\$ 22,960
SIRS, Inc.	RLF 30% CDBG 70%	02-24-95	280,000	1.50%	18,862	26,380
Marksmen, Inc.	IRP 100%	08-16-05	70,000	3.25%	8,724	14,134
Perry Marine	IRP 100%	09-30-05	45,000	3.25%	5,650	10,855
Lincoln Hills Development Corporation	DCBG 80% IRP 20%	10-15-10	250,000	3.25%	22,632	183,383
Glenn's Cleaning	CDBG 100%	09-11-13	50,000	5.00%	17,982	46,109
Power Plant	RLF 100%	09-25-12	50,000	5.00%	13,318	45,455
Minto Restaurant	RLF 100%	01-10-13	15,000	5.00%	5,395	11,458

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Economic Dev Operating	Community Development	Law Enforcement Continuing Ed	Riverboat
Cash and investments - beginning	\$ 327,919	\$ 9,056	\$ 3,504	\$ 28,216	\$ 131,199	\$ 24,570	\$ 63,124
Receipts:							
Taxes	1,579,560	-	-	-	-	-	-
Licenses and permits	74,611	-	-	-	-	4,460	-
Intergovernmental	1,082,782	249,303	27,680	-	-	-	43,079
Charges for services	344,280	-	-	38,000	-	4,029	-
Fines and forfeits	3,122	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	122,427	-	-	-	41,478	-	-
Total receipts	<u>3,206,782</u>	<u>249,303</u>	<u>27,680</u>	<u>38,000</u>	<u>41,478</u>	<u>8,489</u>	<u>43,079</u>
Disbursements:							
Personal services	2,106,785	119,550	-	44,221	-	-	-
Supplies	202,269	-	-	648	-	-	-
Other services and charges	844,823	113,631	31,184	1,648	-	-	24,944
Debt service - principal and interest	38,130	-	-	-	-	-	-
Capital outlay	42,829	-	-	1,200	-	22,000	15,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,981	-	-	-	49,999	1	-
Total disbursements	<u>3,249,817</u>	<u>233,181</u>	<u>31,184</u>	<u>47,717</u>	<u>49,999</u>	<u>22,001</u>	<u>39,944</u>
Excess (deficiency) of receipts over disbursements	<u>(43,035)</u>	<u>16,122</u>	<u>(3,504)</u>	<u>(9,717)</u>	<u>(8,521)</u>	<u>(13,512)</u>	<u>3,135</u>
Cash and investments - ending	<u>\$ 284,884</u>	<u>\$ 25,178</u>	<u>\$ -</u>	<u>\$ 18,499</u>	<u>\$ 122,678</u>	<u>\$ 11,058</u>	<u>\$ 66,259</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Rainy Day	Cum Capl Imprv-Cigarette Tax	Cum Capital Development	Downtown Signage	Cedit Capital Projects	Employee Benefit Trust	Police Pension
Cash and investments - beginning	\$ 260,602	\$ 36,043	\$ 66,248	\$ 3,660	\$ 511,665	\$ 8,307	\$ 82,824
Receipts:							
Taxes	-	-	41,749	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	19,522	5,875	-	499,918	-	95,850
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,418,656	-
Total receipts	-	19,522	47,624	-	499,918	1,418,656	95,850
Disbursements:							
Personal services	-	-	-	-	-	1,420,649	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	37,635	-	-	137,006	-	251
Debt service - principal and interest	-	-	-	-	46,145	-	-
Capital outlay	-	-	37,510	-	108,725	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	149,974	-	103,931
Total disbursements	-	37,635	37,510	-	441,850	1,420,649	104,182
Excess (deficiency) of receipts over disbursements	-	(18,113)	10,114	-	58,068	(1,993)	(8,332)
Cash and investments - ending	<u>\$ 260,602</u>	<u>\$ 17,930</u>	<u>\$ 76,362</u>	<u>\$ 3,660</u>	<u>\$ 569,733</u>	<u>\$ 6,314</u>	<u>\$ 74,492</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Payroll-Police '77 Fund	IMPA - Street Light Grant	Floodwall Certification Grant	Donations	Schergens Center	TC Port Fund	Brownfield Loan
Cash and investments - beginning	\$ -	\$ 7,240	\$ -	\$ 17,063	\$ 6,614	\$ 240,920	\$ 167,813
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	250,000	-	-	-	-
Charges for services	-	-	-	-	9,775	16,855	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	29,999	3,906	-	11,054	-	-	-
Total receipts	29,999	3,906	250,000	11,054	9,775	16,855	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	250,000	-	10,057	9,728	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,999	-	-	7,527	-	-	-
Total disbursements	29,999	-	250,000	7,527	10,057	9,728	-
Excess (deficiency) of receipts over disbursements	-	3,906	-	3,527	(282)	7,127	-
Cash and investments - ending	\$ -	\$ 11,146	\$ -	\$ 20,590	\$ 6,332	\$ 248,047	\$ 167,813

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	TCElectric Promotion	Seat Belt Grant/Operation Pullover	TC Revolving Loan-EDC	IRP Revolving Loan	Columbarium Fund	Community Masoleums	Schergens Center Concessions
Cash and investments - beginning	\$ 1,545	\$ 287	\$ 154,906	\$ 92,956	\$ 2,845	\$ 20,328	\$ 3,164
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	12,502	-	-	-	-	-
Charges for services	-	-	-	-	810	-	3,102
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,000	-	47,260	29,754	-	-	-
Total receipts	5,000	12,502	47,260	29,754	810	-	3,102
Disbursements:							
Personal services	-	10,802	-	-	-	-	-
Supplies	-	-	84	-	-	-	2,866
Other services and charges	3,697	-	40	121	595	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,100	-	126,270	5,972	-	-	-
Total disbursements	4,797	10,802	126,394	6,093	595	-	2,866
Excess (deficiency) of receipts over disbursements	203	1,700	(79,134)	23,661	215	-	236
Cash and investments - ending	\$ 1,748	\$ 1,987	\$ 75,772	\$ 116,617	\$ 3,060	\$ 20,328	\$ 3,400

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Pool Concession Fund	EDC-Donation	Rev Loan Fund - Investment	Trash Collection	Hud Housing - RLF	Wellness	River Road Improvement Fund
Cash and investments - beginning	\$ 3,647	\$ 3,637	\$ 114,250	\$ 7,479	\$ 136,785	\$ 770	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	224,508
Charges for services	10,693	-	-	426,392	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	111,375	13	6,889	7,732	-
<b>Total receipts</b>	<b>10,693</b>	<b>-</b>	<b>111,375</b>	<b>426,405</b>	<b>6,889</b>	<b>7,732</b>	<b>224,508</b>
Disbursements:							
Personal services	-	-	-	286,505	-	-	-
Supplies	6,713	-	-	42,281	-	-	-
Other services and charges	-	-	-	101,032	7,257	4,328	224,439
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	82	-	-	-	-
<b>Total disbursements</b>	<b>6,713</b>	<b>-</b>	<b>82</b>	<b>429,818</b>	<b>7,257</b>	<b>4,328</b>	<b>224,439</b>
Excess (deficiency) of receipts over disbursements	3,980	-	111,293	(3,413)	(368)	3,404	69
Cash and investments - ending	<u>\$ 7,627</u>	<u>\$ 3,637</u>	<u>\$ 225,543</u>	<u>\$ 4,066</u>	<u>\$ 136,417</u>	<u>\$ 4,174</u>	<u>\$ 69</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Police Lease/Rental	Edit Reserve	Tell City Chair Property	Neighborhood Stablization Prog NSP	Transportation Enhancement	Cemetery Perpetuity	Payroll
Cash and investments - beginning	\$ 34,532	\$ 422,076	\$ 70,666	\$ 105,234	\$ 20,667	\$ 10,687	\$ -
Receipts:							
Taxes	94,516	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,299	-	-	1,013,222	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	149,974	-	83,841	-	-	510,860
Total receipts	<u>107,815</u>	<u>149,974</u>	<u>-</u>	<u>1,097,063</u>	<u>-</u>	<u>-</u>	<u>510,860</u>
Disbursements:							
Personal services	-	-	-	-	-	-	510,860
Supplies	-	-	-	27,092	-	-	-
Other services and charges	-	-	-	63,981	-	-	-
Debt service - principal and interest	117,000	64,958	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,007,187	-	-	-
Total disbursements	<u>117,000</u>	<u>64,958</u>	<u>-</u>	<u>1,098,260</u>	<u>-</u>	<u>-</u>	<u>510,860</u>
Excess (deficiency) of receipts over disbursements	<u>(9,185)</u>	<u>85,016</u>	<u>-</u>	<u>(1,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 25,347</u>	<u>\$ 507,092</u>	<u>\$ 70,666</u>	<u>\$ 104,037</u>	<u>\$ 20,667</u>	<u>\$ 10,687</u>	<u>\$ -</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	PERF-INPRS	Payroll Taxes	Payroll Withholdings	Payroll DD	Electric - IMPA St. Light Grant Reserve	Electric - EFT Tax Account
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 4,452	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	65,370	679,210	376,771	1,241,394	7,792	1,291,571
Total receipts	<u>65,370</u>	<u>679,210</u>	<u>376,771</u>	<u>1,241,394</u>	<u>7,792</u>	<u>1,291,571</u>
Disbursements:						
Personal services	-	-	-	1,241,394	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	1,291,571
Other disbursements	65,370	679,210	376,771	-	-	-
Total disbursements	<u>65,370</u>	<u>679,210</u>	<u>376,771</u>	<u>1,241,394</u>	<u>-</u>	<u>1,291,571</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,792</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,244</u>	<u>\$ -</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Electric Operating	Electric Customer Deposit	Electric Operating Reserve	Electric Expansion Reserve	Electric Waupaca Depreciation Reser	Wastewater Stormwater Fund
Cash and investments - beginning	\$ 681,166	\$ 238,087	\$ 1,585,000	\$ 1,139,564	\$ 91,800	\$ 315,817
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	19,714,049	67,907	-	-	-	88,256
Other receipts	648,721	-	135,000	1,066,000	20,400	-
Total receipts	<u>20,362,770</u>	<u>67,907</u>	<u>135,000</u>	<u>1,066,000</u>	<u>20,400</u>	<u>88,256</u>
Disbursements:						
Personal services	-	-	-	-	-	1,141
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	681,995	-	-	-	-	-
Utility operating expenses	16,772,942	96,722	-	-	-	20,392
Other disbursements	2,620,814	-	200,000	400,000	-	-
Total disbursements	<u>20,075,751</u>	<u>96,722</u>	<u>200,000</u>	<u>400,000</u>	<u>-</u>	<u>21,533</u>
Excess (deficiency) of receipts over disbursements	<u>287,019</u>	<u>(28,815)</u>	<u>(65,000)</u>	<u>666,000</u>	<u>20,400</u>	<u>66,723</u>
Cash and investments - ending	<u>\$ 968,185</u>	<u>\$ 209,272</u>	<u>\$ 1,520,000</u>	<u>\$ 1,805,564</u>	<u>\$ 112,200</u>	<u>\$ 382,540</u>

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Wastewater Operating	Wastewater Bond And Interest	Wastewater Construction	Wastewater Tc/Btc Construction	Wastewater CSO/SRF Sinking	Wastewater - Debit Serv Resv
Cash and investments - beginning	\$ 1,130,010	\$ 125,929	\$ 17,607	\$ 13,970	\$ 308,665	\$ 501,417
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	2,792,318	-	-	-	-	-
Other receipts	263,359	182,070	13,974	1	481,615	74,896
Total receipts	3,055,677	182,070	13,974	1	481,615	74,896
Disbursements:						
Personal services	316,139	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	91,322	-	-	-	-	-
Debt service - principal and interest	-	181,058	-	-	482,603	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	1,288,087	-	-	-	-	-
Other disbursements	1,188,040	28	-	13,971	-	-
Total disbursements	2,883,588	181,086	-	13,971	482,603	-
Excess (deficiency) of receipts over disbursements	172,089	984	13,974	(13,970)	(988)	74,896
Cash and investments - ending	\$ 1,302,099	\$ 126,913	\$ 31,581	\$ -	\$ 307,677	\$ 576,313

CITY OF TELL CITY  
 COMBINING SCHEDULE OF RECEIPTS,  
 DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Operating	Water Bond And Interest	Water Works Construction	Water - Waupaca D & I	Water Debt Service Res Fund	Totals
Cash and investments - beginning	\$ 364,710	\$ 30,071	\$ 3,258	\$ 339,089	\$ 526,608	\$ 10,620,268
Receipts:						
Taxes	-	-	-	-	-	1,715,825
Licenses and permits	-	-	-	-	-	79,071
Intergovernmental	-	-	-	-	-	3,537,540
Charges for services	-	-	-	-	-	853,936
Fines and forfeits	-	-	-	-	-	3,122
Utility fees	1,440,365	-	-	325,200	-	24,428,095
Other receipts	8,433	526,532	5	-	-	9,663,332
Total receipts	<u>1,448,798</u>	<u>526,532</u>	<u>5</u>	<u>325,200</u>	<u>-</u>	<u>40,280,921</u>
Disbursements:						
Personal services	441,107	-	-	-	-	6,499,153
Supplies	-	-	-	-	-	281,953
Other services and charges	71,454	-	-	-	-	2,029,173
Debt service - principal and interest	-	526,058	-	-	-	1,455,952
Capital outlay	77,540	-	-	45,657	-	1,032,456
Utility operating expenses	678,913	74	-	12,844	-	20,161,545
Other disbursements	258,116	473	4	267,944	-	7,567,764
Total disbursements	<u>1,527,130</u>	<u>526,605</u>	<u>4</u>	<u>326,445</u>	<u>-</u>	<u>39,027,996</u>
Excess (deficiency) of receipts over disbursements	<u>(78,332)</u>	<u>(73)</u>	<u>1</u>	<u>(1,245)</u>	<u>-</u>	<u>1,252,925</u>
Cash and investments - ending	<u>\$ 286,378</u>	<u>\$ 29,998</u>	<u>\$ 3,259</u>	<u>\$ 337,844</u>	<u>\$ 526,608</u>	<u>\$ 11,873,193</u>

CITY OF TELL CITY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric Utility	\$ 1,171,608	\$ 581,845
Wastewater	35,918	16,940
Water Utility	9,910	5,969
Governmental activities	<u>26,856</u>	<u>30,458</u>
Totals	<u>\$ 1,244,292</u>	<u>\$ 635,212</u>

CITY OF TELL CITY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: BANK OF NEW YORK	TELL CITY BUILDING CORP LEASE RENTAL BONDS 2002	\$ 113,000	12/17/2002	1/15/2023
Total of annual lease payments		<u>\$ 113,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	BROWNFIELD LOAN - TELL CITY CHAIR COMPANY PROPERTY	\$ 362,781	\$ 46,145
Notes and loans payable	IRP LOAN	<u>82,445</u>	<u>5,972</u>
Total governmental activities		<u>445,226</u>	<u>52,117</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2010	7,542,000	358,930
Revenue bonds	Sewage Works Revenue Bonds of 2006 Reamortized	1,056,000	40,432
Revenue bonds	Sewage Bonds Refunding Taxable 2010	80,000	80,000
Revenue bonds	Sewage Works Refunding Revenue Bonds of 1999	<u>500,000</u>	<u>184,008</u>
Total Wastewater		<u>9,178,000</u>	<u>663,370</u>
Water Utility:			
Revenue bonds	Waterworks Revenue Bonds of 1999 Series A	1,115,000	208,763
Revenue bonds	Taxable Waerworks Refunding Revenue Bonds of 2005 Series A	710,000	261,120
Revenue bonds	Waterworks SRF Revenue Bonds 2000 Series B	<u>755,000</u>	<u>51,895</u>
Total Water Utility		<u>2,580,000</u>	<u>521,778</u>
Totals		<u>\$ 12,203,226</u>	<u>\$ 1,237,265</u>

CITY OF TELL CITY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 609,477
Infrastructure	5,359,193
Buildings	6,088,081
Improvements other than buildings	2,263,144
Machinery, equipment, and vehicles	3,625,215
Total governmental activities	17,945,110
Electric Utility:	
Land	257,378
Buildings	2,376,764
Improvements other than buildings	21,195,279
Machinery, equipment, and vehicles	1,991,581
Construction in progress	1,887,755
Total Electric Utility	27,708,757
Wastewater:	
Land	10,936
Buildings	342,670
Improvements other than buildings	24,428,190
Machinery, equipment, and vehicles	789,601
Total Wastewater	25,571,397
Water Utility:	
Land	11,724
Buildings	43,814
Improvements other than buildings	8,590,073
Machinery, equipment, and vehicles	727,960
Total Water Utility	9,373,571
Total capital assets	\$ 80,598,835

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

***Report on Compliance for the Major Federal Program***

We have audited the City of Tell City's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance on the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

September 29, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF TELL CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Footnote
<b><u>Department of Housing and Urban Development</u></b>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's Program and Non-Entitlement Grants to Hawaii					
LEVEE SYSTEM ANALYSIS	Indiana Office of Community Rural Affairs	14.228	DR2-09-202	\$ 250,000	
NEIGHBORHOOD STABILIZATION PROGRAM	Indiana Housing and community Development Authority	14.228	NSP1-009-001	669,973	
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants to Hawaii				<u>919,973</u>	
Total - CDBG - State-Administered CDBG Cluster				<u>919,973</u>	
Total - Department of Housing and Urban Development				<u>919,973</u>	
<b><u>Department of Transportation</u></b>					
Highway Safety Cluster					
STATE AND COMMUNITY HIGHWAY SAFETY					
BIG CITY/BIG COUNTY ENFORCEMENT PROGRAM	Indiana Criminal Justice Institute	20.600	D3-13-7375	6,832	
BIG CITY/BIG COUNTY ENFORCEMENT PROGRAM		20.600	D3-14-8172	2,675	
OPERATION PULLOVER BANQUET AWARD		20.600	EDS#D3-12-6981	2,995	
Total - STATE AND COMMUNITY HIGHWAY SAFETY				<u>12,502</u>	
Total - Highway Safety Cluster				<u>12,502</u>	
Total - Department of Transportation				<u>12,502</u>	
<b><u>Department of Commerce</u></b>					
Economic Development Cluster					
Economic Adjustment Assistance Revolving Loan Fund Program	Direct Grant	11.307		249,241	(A)
Total - Economic Development Cluster				<u>249,241</u>	
Total - Department of Commerce				<u>249,241</u>	
Total federal awards expended				<u>\$ 1,181,716</u>	

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

(A) Calculation of Economic Adjustment Assistance Federal Expenditures:	
Balance of Outstanding Revolving Loan Funds (RLF) at 12/31/13	\$ 82,047
Revolving Loan Fund (RLF) Cash and Investment Balance at 12/31/13	301,315
Administrative Expenses Paid During 2013	<u>85</u>
Total Calculation Basis	383,447
Multiplied by Original Federal Share of Revolving Loan Funds (RLF)	<u>65%</u>
Amount Reported in Schedule of Expenditures of Federal Awards	<u>\$ 249,241</u>

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

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF TELL CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_  
CDBG - State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2013-001 - CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

CITY OF TELL CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted that the City had omitted \$249,241 in expenditures for the Economic Adjustment Assistance program from their SEFA. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operation, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

CITY OF TELL CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***Section III - Federal Award Findings and Questioned Costs***

No matters are reportable.

P.O. Box 515  
Tell City, Indiana 47586  
Telephone: 812-547-5511  
Fax: 812-547-5111

# City of Tell City

BARBARA EWING, MAYOR

Jenny Richter, Clerk-Treasurer

COUNCIL MEMBERS:

Tony Hollinden, At-Large  
Chris Cail, Ward 1  
Julie Kohnert, Ward 2  
Gerald Yackle, Ward 3  
Gary Morton, Ward 4

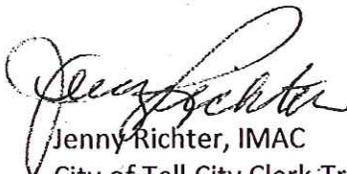
SEPTEMBER 29, 2014

CORRECTIVE ACTION PLAN FOR THE CITY OF TELL CITY  
FINDING 2013-001 – CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS

The Clerk-Treasurer will work closely with the Mayor's Office on the checks and balances of revenue and expense reporting for all federal and state awards and grants. A spreadsheet will be utilized to track all grant receipts and expenses. Upon year end, the spreadsheet will provide the information to be reconciled with the grant funds and reported on the Schedule of Expenditures of Federal Awards via the Gateway system and reported to State Board of Accounts.

The Clerk-Treasurer will attend all state called meetings to learn of any new reporting requirements and may impact the Schedule of Expenditures of Federal Awards.

This Corrective Action Plan will be implemented immediately and ongoing.



Jenny Richter, IMAC  
City of Tell City Clerk-Treasurer

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.