

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, 2014 to December 31, 2014



FILED
04/11/2017

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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 12-31-19
Mayor	Barbara L. Ewing James K. Adams	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Barbara L. Ewing James K. Adams	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Gerald W. Yackle Chris Cail	01-01-14 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Water Utility	R. Dale Poole	01-01-14 to 12-31-17
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-14 to 12-31-17
Water/Wastewater Utility Office Manager	Janet K. Damin	01-01-14 to 12-31-17
Superintendent of Electric Utility	Marlow J. Smethurst Dennis Dixon	01-01-14 to 12-31-14 01-01-15 to 12-31-17
Electric Utility Office Manager	Lynne E. Rice	01-01-14 to 12-31-17



STATE OF INDIANA
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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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2017, 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.


Paul D. Joyce, CPA
State Examiner

February 6, 2017



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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, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 6, 2017, 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 the internal control was for the limited purpose described in the preceding paragraph 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 Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 2014-001 to be a material weakness.

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 from 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 2014-001.

City of Tell City's Response to Findings

The City's response to the findings 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

February 6, 2017

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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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 284,884	\$ 3,274,459	\$ 3,316,947	\$ 242,396
Motor Vehicle Highway	25,178	293,221	312,084	6,315
Local Road And Street	-	28,071	25,464	2,607
Economic Dev Operating	18,499	35,501	48,344	5,656
Community Development	122,678	52,040	-	174,718
Law Enforcement Continuing Ed	11,058	12,150	16,367	6,841
Riverboat	66,259	43,079	42,725	66,613
Dog Park	-	610	-	610
Rainy Day	260,602	-	-	260,602
Cum Capl Imprv - Cigarette Tax	17,930	19,235	17,103	20,062
Cum Capital Development	76,362	80,832	57,136	100,058
Downtown Signage	3,660	-	-	3,660
Cedit Capital Projects	569,733	551,242	729,709	391,266
Employee Benefit Trust	6,314	1,890,382	1,860,290	36,406
Police Pension	74,492	106,085	105,574	75,003
Payroll - Police '77 Fund	-	28,866	28,866	-
IMPA - Street Light Grant	11,146	4,568	-	15,714
Floodwall Certification Grant	-	90,753	90,753	-
Donation Tell City Depot	-	91,902	-	91,902
FEMA	-	38,695	38,695	-
Donations	20,590	26,442	28,640	18,392
Schergens Center	6,332	11,980	12,196	6,116
TC Port Fund	248,047	19,606	8,000	259,653
Brownfield Loan	167,813	-	-	167,813
TC Electric Promotion	1,748	3,500	5,223	25
Seat Belt Grant/Operation Pullover	1,987	10,972	12,672	287
TC Revolving Loan-EDC	75,772	188,577	217,969	46,380
IRP Revolving Loan	116,617	24,146	6,104	134,659
Columbarium Fund	3,060	810	1,785	2,085
Community Masoleums	20,328	-	2,600	17,728
Schergens Center Concessions	3,400	3,100	2,620	3,880
Pool Concession Fund	7,627	12,548	7,744	12,431
EDC - Donation	3,637	-	-	3,637
Rev Loan Fund - Investment	225,543	67,036	150,047	142,532
Trash Collection	4,066	429,657	426,587	7,136
HUD Housing - RLF	136,417	393,698	424,459	105,656

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

CITY OF TELL CITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Wellness	4,174	7,778	7,385	4,567
River Road Improvement Fund	69	144,933	145,002	-
Police Lease/Rental	25,347	130,539	113,000	42,886
Edit Reserve	507,092	157,432	51,410	613,114
Tell City Chair Property	70,666	-	-	70,666
Neighborhood Stabilization Prog NSP	104,037	-	104,037	-
Transportation Enhancement	20,667	-	-	20,667
Cemetery Perpetuity	10,687	98	-	10,785
Payroll	-	516,092	516,092	-
PERF - INPRS	-	65,800	65,800	-
Payroll Taxes	-	700,278	700,278	-
Payroll Withholdings	-	182,239	182,239	-
Payroll DD	-	1,369,983	1,369,983	-
Electric - IMPA St. Light Grant Reserve	12,244	4,453	-	16,697
Electric - EFT Tax Account	-	1,326,416	1,326,416	-
Electric Operating	968,185	20,168,838	20,261,929	875,094
Electric Customer Deposit	209,272	154,814	118,269	245,817
Electric Operating Reserve	1,520,000	135,000	-	1,655,000
Electric Expansion Reserve	1,805,564	666,000	835,000	1,636,564
Electric Waupaca Depreciation Reser	112,200	20,400	-	132,600
Wastewater Stormwater Fund	382,004	88,669	70,973	399,700
Wastewater Operating	1,302,635	2,759,444	2,649,172	1,412,907
Wastewater Bond And Interest	126,913	192,655	184,037	135,531
Wastewater Construction	31,581	3	-	31,584
Wastewater CSO/SRF Sinking	307,677	359,749	438,688	228,738
Wastewater - Debit Serv Resv	576,313	56,172	9,485	623,000
Water Operating	286,378	1,491,792	1,583,402	194,768
Water Bond And Interest	29,998	522,182	523,618	28,562
Water Works Construction	3,259	-	-	3,259
Water - Waupaca D & I	337,844	325,200	301,178	361,866
Water Debt Service Res Fund	526,608	-	-	526,608
SRFWW Tell City 13 Ban	-	1,814	-	1,814
SRFWW Tell City 14 Ban	-	177,804	177,804	-
Totals	<u>\$ 11,873,193</u>	<u>\$ 39,560,340</u>	<u>\$ 39,731,900</u>	<u>\$ 11,701,633</u>

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, gas, 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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, the following: 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 a cost-sharing 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
One North Capitol, 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Restatements

For the year ended December 31, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2013	Prior Period Adjustment	Balance as of January 1, 2014
Wastewater Stormwater Fund	\$ 382,540	\$ (536)	\$ 382,004
Wastewater Operating	1,302,099	536	1,302,635

Note 8. 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 2014 totaled \$113,000.

Note 9. 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, 2014, was \$40,805. 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, 2014, was \$74,942. The City has pledged a share of its annual EDIT and COIT revenues annually through 2017, which is to be used for the annual lease payments.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Loans Receivable City's Revolving Loan Funds

The 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:

<u>Borrower</u>	<u>Source of Loan</u>	<u>Date of Loan</u>	<u>Amount Loaned</u>	<u>Interest Rate</u>	<u>Required Annual Payment (Prin. & Int.)</u>	<u>Principal Balance 12-31-14</u>
River Hills Management Corporation	RLF 75%, CDBG 25%	05-01-91	\$160,000	2.75%	\$ 9,840	\$ 13,636
SIRS, Inc.	RLF 30%, CDBG 70%	02-24-95	280,000	1.50%	9,347	9,347
Marksmen, Inc.	IRP 100%	08-16-05	70,000	3.25%	5,745	5,745
Lincoln Hills Development Corporation	CDBG 80%, IRP 20%	10-15-10	250,000	3.25%	22,632	166,460
Glenn's Cleaning	CDBG 100%	09-11-13	50,000	5.00%	17,982	28,676
Power Plant	RLF 100%	09-25-12	50,000	5.00%	13,318	35,116
Minto Restaurant	RLF 100%	01-10-13	15,000	5.00%	5,395	9,840
Tell City Cinema	RLF 100%	01-16-14	150,000	5.00%	11,879	145,901

Note 11. Subsequent Events

Water Utility - Rate Increase

The Water Utility had a financial study ("Rate Study") done during 2016. On December 5, 2016, the City approved Ordinance No. 1117 increasing the water rates based on the Rate Study, and determined that the existing rates and charges for the use of water supplied by the waterworks of the City to properly operate its waterworks plant, provide depreciation, maintenance, bond and interest charges, provide for payment in lieu of taxes, provide a return on utility plant, and to finance needed extensions and additions of the waterworks system are inadequate and that the existing rates and charges should be increased.

Wastewater Utility - Rate Increase

The Wastewater Utility had a financial study ("Rate Study") done during 2016. On December 5, 2016, the City approved Ordinance No. 1116 increasing the wastewater rates based on the Rate Study that found the rates and charges established by Ordinance No. 1078 is insufficient to enable the City to properly operate its sewage work plant, service its bonds and finance additions and improvements to its sewage works system and should be modified.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Sewage Works Revenue Bonds

On November 7, 2016, the Common Council approved the issuance of sewage works revenue bonds, in one or more series, and, if necessary, bond anticipation notes, in one or more series in an aggregate principal amount not to exceed \$1,460,000 for certain additions, improvements and extensions to the sewage works plant.

German American Bank Loan (Advanced Metering Infrastructure (AMI) Project)

On September 6, 2016, the Common Council approved a loan for the Electric Utility from the German American Bank for \$1,000,000 for the purchase of replacement meters with the AMI meters/metering system throughout its service area.

Note 12. Other Postemployment Benefits

The City provides to eligible retirees and their spouses 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.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 City's Annual Financial Report 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 other 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, 2014

	General	Motor Vehicle Highway	Local Road And Street	Economic Dev Operating	Community Development	Law Enforcement Continuing Ed
Cash and investments - beginning	\$ 284,884	\$ 25,178	\$ -	\$ 18,499	\$ 122,678	\$ 11,058
Receipts:						
Taxes	1,587,684	-	-	-	-	-
Licenses and permits	72,165	-	-	-	-	3,000
Intergovernmental receipts	1,138,996	293,221	28,071	-	-	-
Charges for services	345,676	-	-	27,501	-	9,150
Fines and forfeits	1,470	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	128,468	-	-	8,000	52,040	-
Total receipts	3,274,459	293,221	28,071	35,501	52,040	12,150
Disbursements:						
Personal services	2,288,484	143,322	-	44,785	-	-
Supplies	190,991	-	-	46	-	-
Other services and charges	743,719	168,762	25,464	3,513	-	-
Debt service - principal and interest	37,471	-	-	-	-	-
Capital outlay	34,576	-	-	-	-	16,367
Utility operating expenses	-	-	-	-	-	-
Other disbursements	21,706	-	-	-	-	-
Total disbursements	3,316,947	312,084	25,464	48,344	-	16,367
Excess (deficiency) of receipts over disbursements	(42,488)	(18,863)	2,607	(12,843)	52,040	(4,217)
Cash and investments - ending	\$ 242,396	\$ 6,315	\$ 2,607	\$ 5,656	\$ 174,718	\$ 6,841

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Riverboat	Dog Park	Rainy Day	Cum Capl Imprv - Cigarette Tax	Cum Capital Development	Downtown Signage
Cash and investments - beginning	\$ 66,259	\$ -	\$ 260,602	\$ 17,930	\$ 76,362	\$ 3,660
Receipts:						
Taxes	-	-	-	-	80,832	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	43,079	-	-	19,235	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	610	-	-	-	-
Total receipts	43,079	610	-	19,235	80,832	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	8,685	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	10,746	-	-	8,418	57,136	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	31,979	-	-	-	-	-
Total disbursements	42,725	-	-	17,103	57,136	-
Excess (deficiency) of receipts over disbursements	354	610	-	2,132	23,696	-
Cash and investments - ending	\$ 66,613	\$ 610	\$ 260,602	\$ 20,062	\$ 100,058	\$ 3,660

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Cedit Capital Projects	Employee Benefit Trust	Police Pension	Payroll - Police '77 Fund	IMPA - Street Light Grant	Floodwall Certification Grant
Cash and investments - beginning	\$ 569,733	\$ 6,314	\$ 74,492	\$ -	\$ 11,146	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	524,771	-	106,085	-	-	90,753
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	26,471	1,890,382	-	28,866	4,568	-
Total receipts	551,242	1,890,382	106,085	28,866	4,568	90,753
Disbursements:						
Personal services	-	1,860,290	105,474	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	310,093	-	100	-	-	-
Debt service - principal and interest	46,145	-	-	-	-	-
Capital outlay	213,729	-	-	-	-	90,753
Utility operating expenses	-	-	-	-	-	-
Other disbursements	159,742	-	-	28,866	-	-
Total disbursements	729,709	1,860,290	105,574	28,866	-	90,753
Excess (deficiency) of receipts over disbursements	(178,467)	30,092	511	-	4,568	-
Cash and investments - ending	\$ 391,266	\$ 36,406	\$ 75,003	\$ -	\$ 15,714	\$ -

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Donation Tell City Depot	FEMA	Donations	Schergens Center	TC Port Fund	Brownfield Loan
Cash and investments - beginning	\$ -	\$ -	\$ 20,590	\$ 6,332	\$ 248,047	\$ 167,813
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	38,695	-	-	-	-
Charges for services	-	-	-	11,980	19,606	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	91,902	-	26,442	-	-	-
Total receipts	91,902	38,695	26,442	11,980	19,606	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	5,548	-	-	-
Other services and charges	-	-	3,793	3,392	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	19,299	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	38,695	-	8,804	8,000	-
Total disbursements	-	38,695	28,640	12,196	8,000	-
Excess (deficiency) of receipts over disbursements	91,902	-	(2,198)	(216)	11,606	-
Cash and investments - ending	<u>\$ 91,902</u>	<u>\$ -</u>	<u>\$ 18,392</u>	<u>\$ 6,116</u>	<u>\$ 259,653</u>	<u>\$ 167,813</u>

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	TC Electric Promotion	Seat Belt Grant/Operation Pullover	TC Revolving Loan-EDC	IRP Revolving Loan	Columbarium Fund	Community Masoleums
Cash and investments - beginning	\$ 1,748	\$ 1,987	\$ 75,772	\$ 116,617	\$ 3,060	\$ 20,328
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	10,972	-	-	-	-
Charges for services	-	-	-	-	810	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	3,500	-	188,577	24,146	-	-
Total receipts	3,500	10,972	188,577	24,146	810	-
Disbursements:						
Personal services	-	8,688	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	848	-	-	132	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,984	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,375	-	217,969	5,972	1,785	2,600
Total disbursements	5,223	12,672	217,969	6,104	1,785	2,600
Excess (deficiency) of receipts over disbursements	(1,723)	(1,700)	(29,392)	18,042	(975)	(2,600)
Cash and investments - ending	\$ 25	\$ 287	\$ 46,380	\$ 134,659	\$ 2,085	\$ 17,728

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Schergens Center Concessions	Pool Concession Fund	EDC - Donation	Rev Loan Fund - Investment	Trash Collection	HUD Housing - RLF
Cash and investments - beginning	\$ 3,400	\$ 7,627	\$ 3,637	\$ 225,543	\$ 4,066	\$ 136,417
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	3,967	-	-	429,640	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	3,100	8,581	-	67,036	17	393,698
Total receipts	3,100	12,548	-	67,036	429,657	393,698
Disbursements:						
Personal services	-	-	-	-	307,594	-
Supplies	2,620	7,744	-	-	29,795	-
Other services and charges	-	-	-	-	89,030	1,145
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	150,047	168	423,314
Total disbursements	2,620	7,744	-	150,047	426,587	424,459
Excess (deficiency) of receipts over disbursements	480	4,804	-	(83,011)	3,070	(30,761)
Cash and investments - ending	\$ 3,880	\$ 12,431	\$ 3,637	\$ 142,532	\$ 7,136	\$ 105,656

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Wellness	River Road Improvement Fund	Police Lease/Rental	Edit Reserve	Tell City Chair Property	Neighborhood Stabilization Prog NSP
Cash and investments - beginning	\$ 4,174	\$ 69	\$ 25,347	\$ 507,092	\$ 70,666	\$ 104,037
Receipts:						
Taxes	-	-	117,527	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	103,073	13,012	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	7,778	41,860	-	157,432	-	-
Total receipts	7,778	144,933	130,539	157,432	-	-
Disbursements:						
Personal services	299	-	-	-	-	-
Supplies	7,086	-	-	-	-	-
Other services and charges	-	145,002	-	-	-	-
Debt service - principal and interest	-	-	113,000	51,410	-	-
Capital outlay	-	-	-	-	-	12,135
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	91,902
Total disbursements	7,385	145,002	113,000	51,410	-	104,037
Excess (deficiency) of receipts over disbursements	393	(69)	17,539	106,022	-	(104,037)
Cash and investments - ending	\$ 4,567	\$ -	\$ 42,886	\$ 613,114	\$ 70,666	\$ -

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Transportation Enhancement	Cemetery Perpetuity	Payroll	PERF - INPRS	Payroll Taxes	Payroll Withholdings
Cash and investments - beginning	\$ 20,667	\$ 10,687	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	98	516,092	65,800	700,278	182,239
Total receipts	-	98	516,092	65,800	700,278	182,239
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	516,092	65,800	700,278	182,239
Total disbursements	-	-	516,092	65,800	700,278	182,239
Excess (deficiency) of receipts over disbursements	-	98	-	-	-	-
Cash and investments - ending	\$ 20,667	\$ 10,785	\$ -	\$ -	\$ -	\$ -

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Payroll DD	Electric - IMPA St. Light Grant Reserve	Electric - EFT Tax Account	Electric Operating	Electric Customer Deposit	Electric Operating Reserve
Cash and investments - beginning	\$ -	\$ 12,244	\$ -	\$ 968,185	\$ 209,272	\$ 1,520,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	19,274,936	154,814	-
Penalties	-	-	-	-	-	-
Other receipts	1,369,983	4,453	1,326,416	893,902	-	135,000
Total receipts	1,369,983	4,453	1,326,416	20,168,838	154,814	135,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	763,035	-	-
Utility operating expenses	-	-	-	15,824,918	67,269	-
Other disbursements	1,369,983	-	1,326,416	3,673,976	51,000	-
Total disbursements	1,369,983	-	1,326,416	20,261,929	118,269	-
Excess (deficiency) of receipts over disbursements	-	4,453	-	(93,091)	36,545	135,000
Cash and investments - ending	\$ -	\$ 16,697	\$ -	\$ 875,094	\$ 245,817	\$ 1,655,000

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Electric Expansion Reserve	Electric Waupaca Depreciation Reser	Wastewater Stormwater Fund	Wastewater Operating	Wastewater Bond And Interest	Wastewater Construction
Cash and investments - beginning	\$ 1,805,564	\$ 112,200	\$ 382,004	\$ 1,302,635	\$ 126,913	\$ 31,581
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	87,465	2,724,109	-	-
Penalties	-	-	1,204	18,645	-	-
Other receipts	666,000	20,400	-	16,690	192,655	3
Total receipts	666,000	20,400	88,669	2,759,444	192,655	3
Disbursements:						
Personal services	-	-	11,211	315,362	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	91,297	-	-
Debt service - principal and interest	-	-	-	-	184,037	-
Capital outlay	-	-	-	250,996	-	-
Utility operating expenses	-	-	59,762	1,189,205	-	-
Other disbursements	835,000	-	-	802,312	-	-
Total disbursements	835,000	-	70,973	2,649,172	184,037	-
Excess (deficiency) of receipts over disbursements	(169,000)	20,400	17,696	110,272	8,618	3
Cash and investments - ending	\$ 1,636,564	\$ 132,600	\$ 399,700	\$ 1,412,907	\$ 135,531	\$ 31,584

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Wastewater CSO/SRF Sinking	Wastewater - Debit Serv Resv	Water Operating	Water Bond And Interest	Water Works Construction
Cash and investments - beginning	\$ 307,677	\$ 576,313	\$ 286,378	\$ 29,998	\$ 3,259
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	1,482,478	-	-
Penalties	-	-	-	-	-
Other receipts	359,749	56,172	9,314	522,182	-
Total receipts	359,749	56,172	1,491,792	522,182	-
Disbursements:					
Personal services	-	-	441,082	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	38,192	-	-
Debt service - principal and interest	438,688	-	-	521,777	-
Capital outlay	-	-	85,027	-	-
Utility operating expenses	-	-	613,339	-	-
Other disbursements	-	9,485	405,762	1,841	-
Total disbursements	438,688	9,485	1,583,402	523,618	-
Excess (deficiency) of receipts over disbursements	(78,939)	46,687	(91,610)	(1,436)	-
Cash and investments - ending	\$ 228,738	\$ 623,000	\$ 194,768	\$ 28,562	\$ 3,259

CITY OF TELL CITY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Water - Waupaca D & I	Water Debt Service Res Fund	SRFWW Tell City 13 Ban	SRFWW Tell City 14 Ban	Totals
Cash and investments - beginning	\$ 337,844	\$ 526,608	\$ -	\$ -	\$ 11,873,193
Receipts:					
Taxes	-	-	-	-	1,786,043
Licenses and permits	-	-	-	-	75,165
Intergovernmental receipts	-	-	-	-	2,409,963
Charges for services	-	-	-	-	848,330
Fines and forfeits	-	-	-	-	1,470
Utility fees	325,200	-	-	-	24,049,002
Penalties	-	-	-	-	19,849
Other receipts	-	-	1,814	177,804	10,370,518
Total receipts	325,200	-	1,814	177,804	39,560,340
Disbursements:					
Personal services	-	-	-	-	5,526,591
Supplies	-	-	-	-	243,830
Other services and charges	7,895	-	-	-	1,641,062
Debt service - principal and interest	-	-	-	-	1,392,528
Capital outlay	-	-	-	-	1,566,201
Utility operating expenses	32,163	-	-	-	17,786,656
Other disbursements	261,120	-	-	177,804	11,575,032
Total disbursements	301,178	-	-	177,804	39,731,900
Excess (deficiency) of receipts over disbursements	24,022	-	1,814	-	(171,560)
Cash and investments - ending	\$ 361,866	\$ 526,608	\$ 1,814	\$ -	\$ 11,701,633

CITY OF TELL CITY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric Utility	\$ 1,184,994	\$ 609,027
Wastewater	46,950	7,957
Water Utility	73,996	2,908
Governmental activities	<u>27,698</u>	<u>419,471</u>
Totals	<u>\$ 1,333,638</u>	<u>\$ 1,039,363</u>

CITY OF TELL CITY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Tell City Building Corporation	Lease Rental Bonds 2002	\$ 115,000	12/17/2002	1/15/2023
Total of annual lease payments		<u>\$ 115,000</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		\$ 318,038	\$ 46,145
Notes and loans payable	IRP Loan		<u>77,326</u>	<u>5,972</u>
Total governmental activities			<u>395,364</u>	<u>52,117</u>
Wastewater:				
Revenue bonds	Sewage Works Refunding Revenue Bonds of 1999		340,000	181,408
Revenue bonds	Jr. Sewage Works Refunding Rev Bonds of 2014 Series A		1,052,000	1,000
Revenue bonds	Jr. Sewage Works Refunding Rev Bonds of 2014 Series B		<u>7,395,000</u>	<u>186,999</u>
Total Wastewater			<u>8,787,000</u>	<u>369,407</u>
Water Utility:				
Revenue bonds	Waterworks Revenue Bonds of 1999 Series A		960,000	206,400
Revenue bonds	Taxable Waterworks Refunding Revenue Bonds of 2005 Series A		490,000	268,800
Revenue bonds	Waterworks SRF Revenue Bonds 2000 Series B		<u>725,000</u>	<u>51,025</u>
Total Water Utility			<u>2,175,000</u>	<u>526,225</u>
Totals			<u>\$ 11,357,364</u>	<u>\$ 947,749</u>

CITY OF TELL CITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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	\$ 587,423
Infrastructure	5,359,193
Buildings	6,088,081
Improvements other than buildings	2,263,144
Machinery, equipment, and vehicles	<u>3,653,198</u>
Total governmental activities	<u>17,951,039</u>
Electric Utility:	
Land	376,324
Buildings	2,491,560
Improvements other than buildings	22,004,887
Machinery, equipment, and vehicles	2,909,530
Construction in progress	<u>1,073,483</u>
Total Electric Utility	<u>28,855,784</u>
Wastewater:	
Land	10,936
Buildings	342,670
Improvements other than buildings	24,659,985
Machinery, equipment, and vehicles	<u>796,901</u>
Total Wastewater	<u>25,810,492</u>
Water Utility:	
Land	11,724
Buildings	43,814
Improvements other than buildings	8,752,640
Machinery, equipment, and vehicles	<u>727,960</u>
Total Water Utility	<u>9,536,138</u>
Total capital assets	<u><u>\$ 82,153,453</u></u>

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 FOR EACH 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 Each 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 each of its major federal programs for the year ended December 31, 2014. 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.

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 each of the City's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2014.

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

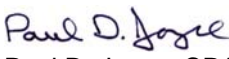
Report on Internal Control over Compliance

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 a 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 a 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

February 6, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF TELL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant	11.307	#06-39-02122 and #06-19-01396	\$ -	\$ 255,549 (A)
Revolving Loan Fund Program					
Total - Economic Development Cluster				-	255,549
Total - Department of Commerce				-	255,549
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program	Indiana Housing and Community Development Authority	14.228	DR20R-012-009	393,314	393,314
and Non-Entitlement Grants in Hawaii					
HUD Owner Occupied Rehabilitation Grant					
Total - CDBG - State-Administered CDBG Cluster				393,314	393,314
Total - Department of Housing and Urban Development				393,314	393,314
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	EDS#A249-13-320002	-	122,850
River Road Construction					
Total - Highway Planning and Construction Cluster				-	122,850
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	EDS #D3-14-8724	-	3,984
Equipment			EDS #D3-14-8172	-	6,988
Operation Pullover					
Total - Highway Safety Cluster				-	10,972
Total - Department of Transportation				-	133,822
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Capitalization Grants For Clean Water State Revolving Fun	Indiana Finance Authority	66.458	WW14306203	-	179,618
Total - Clean Water State Revolving Fund Cluster				-	179,618
Total - Environmental Protection Agency				-	179,618
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance					
(Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	2011DR	-	38,695
Total - Department of Homeland Security				-	-
Total federal awards expended				\$ 393,314	\$ 1,000,998

The accompanying notes are 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 12/31/14
Revolving Loan Fund (RLF) Cash and Investment Balance at 12/31/14
Administrative Expenses Paid During 2014

\$ 204,241
188,912
-

Total Calculation Basis
Multiplied by Original Federal Share of Revolving Loan Funds (RLF)

393,153
65%

Amount Reported in Schedule of Expenditures of Federal Awards

\$ 255,549

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	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 Programs:

_____	Name of Federal Program or Cluster
CDBG - State-Administered CDBG Cluster	
Clean Water State Revolving Fund 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 2014-001 - INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND BILLINGS

Condition

There were deficiencies in the internal control system of the Wastewater Utility (Utility) related to financial transactions and billing. The Utility did not have a proper system of internal control in place to prevent, or detect and correct, errors in billings. The Utility Office Manager performed all billing and receipting procedures with no oversight or review to verify that billings were completed accurately and completely.

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

Context

The September 2014 Wastewater billing included a contractual rate change for Branchville Correctional Facility. This rate reduction was also incorrectly applied to three additional institutional customers' accounts. The incorrect lower billing rate remained on the accounts for 26 months until detected during the completion of a rate study that was being conducted by an outside firm. The resulting loss of income to the Utility as a result of the incorrect billing totaled \$128,193.

The incorrect billing rates were applied to the three identified accounts, no other customers were affected. The rates were corrected for the three customers as of the November 2016 billing period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. This includes control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Cause

Management of the Utility had not established a proper system of internal control that would have ensured accuracy of the application of billing rates.

Effect

Without a proper system of internal control in place that operated effectively, billing errors went undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

TELL CITY WATER, SEWER & TRASH DEPARTMENT

City Hall • P.O. Box 217
Tell City, IN 47586

CORRECTIVE ACTION PLAN

Tel. (812) 547-3266
Fax (812) 548-4046

FINDING 2014-001

Contact Person Responsible for Corrective Action: Janet Damin

Contact Phone Number: 812-547-3266

Views of Responsible Action Official: We concur with the finding.

Description of Corrective Action Plan:

CASH:

Posting receipts are done by one or two workers, Janet, Joane Bonnie or Shelly, depending on the elevation of the stubs needed to be posted. A tally is done on all checks by any worker available. They will have a grand total of both drawers' cash sheets. Janet verifies the posted totals with the two drawers' totals. Either Joane or Janet make up the individual deposits. The deposits are doubled checked by any worker with the printed computer totals. Any other worker in this office may do these jobs.

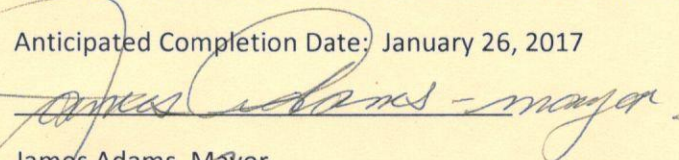
BILLING:

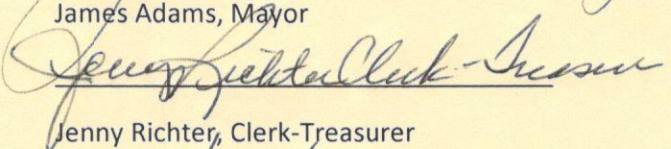
The various steps of billing customers are known to the office staff, from the step of entering the meter readings, to checking the consumptions and dollar amounts on the billing edit and finding any errors or additions needed. This process is done equally by Janet, Bonnie, Joane, and Shelly. Corrections are made by Janet, Bonnie, Joane and Shelly.

The country route (Routes 30 & 31) readings are received usually during the last week of the month from And-Tro Water Corporation. The readings are copied to the meter book because And-Tro has a different number system and our office needs to add a "0" to their individual readings. This helps in putting consumptions into the computer. The process also gives another knowledge of the level of usage that the customer uses each month. Readings are then entered into the system, calculated and a printed billing edit is made to check consumptions and dollar amounts.

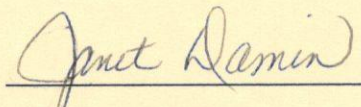
The policy of entering the consumptions of this route into the computer is done by Janet. Calculations will be checked by Joane or any other office worker available. There will be a more open policy to have other available personnel in the office to enter the readings, process and check the consumptions and dollar amounts on the edit. The few larger users' consumptions and dollar amounts will be checked with their individual customer histories on the computer.

Anticipated Completion Date: January 26, 2017


James Adams, Mayor


Jenny Richter, Clerk-Treasurer

Date: 1/26/2017


Janet Damin, Office Mgr.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.