

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, 2012 to December 31, 2012



FILED
07/31/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10
Notes to Financial Statement	11-17
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-30
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	36-37
Schedule of Expenditures of Federal Awards	40
Note to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42
Exit Conference	43

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 of the Common Council	Gerald W. Yackle	01-01-12 to 12-31-13
Superintendent of Water Utility	R. Dale Poole	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-12 to 12-31-13
Superintendent of Electric Utility	Marlow J. Smethurst	01-01-12 to 12-31-13
Electric Utility Office Manager	Lynne E. Rice	01-01-12 to 12-31-13



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

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, 2012, 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, 2012.

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, 2012, 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 June 17, 2013, 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,

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

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.



Bruce Hartman
State Examiner

June 17, 2013



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, 2012, and the related notes to the financial statement, and have issued our report thereon dated June 17, 2013, 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.

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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Bruce Hartman
State Examiner

June 17, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 196,632	\$ 3,282,048	\$ 3,150,761	\$ 327,919
Motor Vehicle Highway	31,554	228,721	251,219	9,056
Local Road and Street	431	28,603	25,530	3,504
Alcohol and Drug Services	1,513	-	1,513	-
Economic Development Operating	43,860	32,500	48,144	28,216
Community Development	40,823	90,376	-	131,199
Law Enforcement Continuing Education	17,045	7,555	30	24,570
Riverboat	28,520	43,079	8,475	63,124
Rainy Day	260,602	-	-	260,602
Cumulative Capital Improvement Cigarette Tax	49,287	19,288	32,532	36,043
Cumulative Capital Development	40,912	52,766	27,430	66,248
Downtown Signage	-	6,750	3,090	3,660
CEDIT Capital Projects	440,159	616,994	545,488	511,665
Self-Insurance Employee Benefit	26,417	1,300,273	1,318,383	8,307
Police Pension	75,431	113,569	106,176	82,824
Payroll-1977 Police Pension	-	29,356	29,356	-
IMPA - Street Light Grant	2,969	4,271	-	7,240
Donations	19,902	29,474	32,313	17,063
Total Monies Investments	211	1,528	1,739	-
DARE	30	-	30	-
Schergens Center	3,206	12,800	9,392	6,614
TC Port	224,772	22,125	5,977	240,920
Brownfields Loan	167,813	-	-	167,813
TC Electric Promotional Account	382	3,500	2,337	1,545
Seat Belt Grant / Operation Pullover	287	9,083	9,083	287
TC Revolving Loan-EDC	208,202	22,046	75,342	154,906
IRP Revolving Loan	82,197	22,899	12,140	92,956
Columbarium	2,845	-	-	2,845
Community Masoleums	20,328	-	-	20,328
Schergens Communication	67	-	67	-
Schergens Center Concessions	5,252	3,545	5,633	3,164
Pool Concession	3,077	7,846	7,276	3,647
EDC-Donation	3,637	-	-	3,637
Fenn	4,855	-	4,855	-
Revolving Loan - Investment	114,308	122	180	114,250
Brownfields Grant	1	-	1	-
Trash Collection	17,107	406,734	416,362	7,479
Hud Housing - RLF	136,323	498	36	136,785
Wellness	1,736	7,250	8,216	770
River Road Improvement	-	65,889	65,889	-
Police Lease/Rental	36,247	113,285	115,000	34,532
Edit Reserve	355,865	131,414	65,203	422,076
Tell City Chair Property	70,666	-	-	70,666
Neighborhood Stabilization Program	218,159	1,170,372	1,283,297	105,234
Transportation Enhancement	24,071	-	3,404	20,667
Cemetery Perpetuity	10,725	62	100	10,687
Payroll	-	553,637	553,637	-
Tax EFT	19,915	523,090	543,005	-
PERF	-	69,873	69,873	-
Barrett Law Surplus	15,259	-	15,259	-
Payroll Withholding-Federal	-	632,998	632,998	-
Health Insurance	-	465,328	465,328	-
Direct Deposit-German American	-	1,252,093	1,252,093	-
Gross Tax-EFT	550	-	550	-
Electric - IMPA Street Light Grant Reserve	-	4,452	-	4,452
Electric - EFT Tax Account	-	1,242,557	1,242,557	-
Electric Operating	1,029,400	17,890,004	18,238,238	681,166
Electric Customer Deposit	240,541	65,835	68,289	238,087
Electric Operating Reserve	1,450,000	135,000	-	1,585,000
Electric Expansion Reserve	1,423,564	666,000	950,000	1,139,564
Electric Waupaca Depreciation Reserve	71,400	20,400	-	91,800
Wastewater Stormwater Fund	-	351,186	35,369	315,817
Wastewater Operating	1,463,513	2,903,998	3,237,501	1,130,010
Wastewater Bond and Interest	126,513	182,254	182,838	125,929
Wastewater Construction	17,605	2	-	17,607
Wastewater TC/BTC Construction	13,970	-	-	13,970
Wastewater CSO/SRF Sinking	302,716	481,363	475,414	308,665
Wastewater CSO Debt Service Reserve	426,521	74,896	-	501,417
Water Operating	439,867	1,530,370	1,605,527	364,710
Water Bond and Interest	30,084	524,504	524,517	30,071
Waterworks Construction	3,258	-	-	3,258
Waupaca Depreciation and Improvement	359,667	325,200	345,778	339,089
Water Debt Service Reserve	526,608	-	-	526,608
Totals	<u>\$ 10,949,377</u>	<u>\$ 37,781,661</u>	<u>\$ 38,110,770</u>	<u>\$ 10,620,268</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 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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,

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Penalties which include fees received for late payments.

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.

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

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Capital 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 Capital 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.

The City also contributes to an additional pension plan unique to the City. Information regarding these plans may be obtained from the City.

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 2012 totaled \$115,000.

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, 2012, was \$26,652. 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, 2012, was \$75,049. 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 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. Combined Funds

Funds related to payroll withholdings and wastewater debt service reserve were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

Note 11. 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. These loans were not included in the Supplemental Schedule of Receivables and Payables because under the loan agreements and rules governing these loans, it is possible for these loans to be forgiven under certain circumstances. 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, 2012
River Hills Management Corporation	RLF 75%, CDBG 25%	05-01-91	\$ 160,000	3.75%	\$ 9,840	\$ 32,033
SIRS, Inc.	RLF 30%, CDBG 70%	02-24-95	280,000	3.50%	19,051	46,121
Marksmen, Inc.	IRP 100%	08-16-05	70,000	8.25%	8,724	22,255
Marksmen, Inc.	IRP 100%	05-18-12	12,000	5.00%	4,316	9,805
Perry Marine	IRP 100%	09-30-05	45,000	6.50%	5,650	16,025
Lincoln Hills Development Corporation	CDBG 80%, IRP 20%	10-15-10	250,000	3.25%	29,304	202,524
Glen's Cleaning	RLF 100%	03-01-12	25,000	5.00%	5,661	21,562
Power Plant	RLF 100%	09-25-12	50,000	5.00%	7,008	50,000
Total						\$ 400,325

(This page intentionally left blank.)

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, 2012

	General	Motor Vehicle Highway	Local Road and Street	Alcohol and Drug Services	Economic Development Operating	Community Development	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 196,632	\$ 31,554	\$ 431	\$ 1,513	\$ 43,860	\$ 40,823	\$ 17,045
Receipts:							
Taxes	1,674,563	-	-	-	-	-	-
Licenses and permits	74,635	-	-	-	-	-	3,950
Intergovernmental	1,052,284	228,721	28,603	-	-	-	-
Charges for services	313,682	-	-	-	32,500	-	3,605
Fines and forfeits	3,428	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	163,456	-	-	-	-	90,376	-
Total receipts	<u>3,282,048</u>	<u>228,721</u>	<u>28,603</u>	<u>-</u>	<u>32,500</u>	<u>90,376</u>	<u>7,555</u>
Disbursements:							
Personal services	2,119,154	147,757	-	-	45,757	-	-
Supplies	195,316	-	-	-	278	-	-
Other services and charges	808,961	103,462	25,530	-	1,876	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	19,020	-	-	-	233	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,310	-	-	1,513	-	-	30
Total disbursements	<u>3,150,761</u>	<u>251,219</u>	<u>25,530</u>	<u>1,513</u>	<u>48,144</u>	<u>-</u>	<u>30</u>
Excess (deficiency) of receipts over disbursements	<u>131,287</u>	<u>(22,498)</u>	<u>3,073</u>	<u>(1,513)</u>	<u>(15,644)</u>	<u>90,376</u>	<u>7,525</u>
Cash and investments - ending	<u>\$ 327,919</u>	<u>\$ 9,056</u>	<u>\$ 3,504</u>	<u>\$ -</u>	<u>\$ 28,216</u>	<u>\$ 131,199</u>	<u>\$ 24,570</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Riverboat	Rainy Day	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development	Downtown Signage	CEDIT Capital Projects	Self-Insurance Employee Benefit
Cash and investments - beginning	\$ 28,520	\$ 260,602	\$ 49,287	\$ 40,912	\$ -	\$ 440,159	\$ 26,417
Receipts:							
Taxes	-	-	-	46,417	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	43,079	-	19,288	6,349	-	616,994	-
Charges for services	-	-	-	-	6,750	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	1,300,273
Total receipts	<u>43,079</u>	<u>-</u>	<u>19,288</u>	<u>52,766</u>	<u>6,750</u>	<u>616,994</u>	<u>1,300,273</u>
Disbursements:							
Personal services	-	-	-	-	-	-	932,785
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	32,532	-	890	200,476	385,598
Debt service - principal and interest	-	-	-	-	-	23,073	-
Capital outlay	8,475	-	-	27,430	2,200	190,525	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	131,414	-
Total disbursements	<u>8,475</u>	<u>-</u>	<u>32,532</u>	<u>27,430</u>	<u>3,090</u>	<u>545,488</u>	<u>1,318,383</u>
Excess (deficiency) of receipts over disbursements	<u>34,604</u>	<u>-</u>	<u>(13,244)</u>	<u>25,336</u>	<u>3,660</u>	<u>71,506</u>	<u>(18,110)</u>
Cash and investments - ending	<u>\$ 63,124</u>	<u>\$ 260,602</u>	<u>\$ 36,043</u>	<u>\$ 66,248</u>	<u>\$ 3,660</u>	<u>\$ 511,665</u>	<u>\$ 8,307</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Police Pension	Payroll 1977 Police Pension	IMPA - Street Light Grant	Donations	Total Monies Investments	DARE	Schergens Center
Cash and investments - beginning	\$ 75,431	\$ -	\$ 2,969	\$ 19,902	\$ 211	\$ 30	\$ 3,206
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	113,569	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	12,800
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	29,356	4,271	29,474	1,528	-	-
Total receipts	113,569	29,356	4,271	29,474	1,528	-	12,800
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	250	-	-	-	-	-	8,627
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	105,926	29,356	-	32,313	1,739	30	765
Total disbursements	106,176	29,356	-	32,313	1,739	30	9,392
Excess (deficiency) of receipts over disbursements	7,393	-	4,271	(2,839)	(211)	(30)	3,408
Cash and investments - ending	\$ 82,824	\$ -	\$ 7,240	\$ 17,063	\$ -	\$ -	\$ 6,614

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	TC Port	Brownfields Loan	TC Electric Promotional Account	Seat Belt Grant Operation Pullover	TC Revolving Loan-EDC	IRP Revolving Loan	Columbarium
Cash and investments - beginning	\$ 224,772	\$ 167,813	\$ 382	\$ 287	\$ 208,202	\$ 82,197	\$ 2,845
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	9,083	-	-	-
Charges for services	18,500	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,625	-	3,500	-	22,046	22,899	-
Total receipts	22,125	-	3,500	9,083	22,046	22,899	-
Disbursements:							
Personal services	-	-	-	9,083	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	2,337	-	342	140	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,977	-	-	-	75,000	12,000	-
Total disbursements	5,977	-	2,337	9,083	75,342	12,140	-
Excess (deficiency) of receipts over disbursements	16,148	-	1,163	-	(53,296)	10,759	-
Cash and investments - ending	\$ 240,920	\$ 167,813	\$ 1,545	\$ 287	\$ 154,906	\$ 92,956	\$ 2,845

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Community Masoleums	Schergens Communication	Schergens Center Concessions	Pool Concession	EDC-Donation	Fenn	Revolving Loan - Investment
Cash and investments - beginning	\$ 20,328	\$ 67	\$ 5,252	\$ 3,077	\$ 3,637	\$ 4,855	\$ 114,308
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	7,846	-	-	-
Fines and forfeits	-	-	3,545	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	122
Total receipts	-	-	3,545	7,846	-	-	122
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	7,276	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	67	5,633	-	-	4,855	180
Total disbursements	-	67	5,633	7,276	-	4,855	180
Excess (deficiency) of receipts over disbursements	-	(67)	(2,088)	570	-	(4,855)	(58)
Cash and investments - ending	\$ 20,328	\$ -	\$ 3,164	\$ 3,647	\$ 3,637	\$ -	\$ 114,250

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Brownfields Grant	Trash Collection	Hud Housing - RLF	Wellness	River Road Improvement	Police Lease/Rental	Edit Reserve
Cash and investments - beginning	\$ 1	\$ 17,107	\$ 136,323	\$ 1,736	\$ -	\$ 36,247	\$ 355,865
Receipts:							
Taxes	-	-	-	-	-	99,654	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	13,631	-
Charges for services	-	405,447	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,287	498	7,250	65,889	-	131,414
Total receipts	-	406,734	498	7,250	65,889	113,285	131,414
Disbursements:							
Personal services	-	290,636	-	-	-	-	-
Supplies	-	38,744	-	-	-	-	-
Other services and charges	-	68,192	36	8,216	65,889	-	-
Debt service - principal and interest	-	17,617	-	-	-	115,000	65,203
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1	1,173	-	-	-	-	-
Total disbursements	1	416,362	36	8,216	65,889	115,000	65,203
Excess (deficiency) of receipts over disbursements	(1)	(9,628)	462	(966)	-	(1,715)	66,211
Cash and investments - ending	\$ -	\$ 7,479	\$ 136,785	\$ 770	\$ -	\$ 34,532	\$ 422,076

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Tell City Chair Property	Neighborhood Stabilization Program	Transportation Enhancement	Cemetery Perpetuity	Payroll	Tax EFT	PERF
Cash and investments - beginning	\$ 70,666	\$ 218,159	\$ 24,071	\$ 10,725	\$ -	\$ 19,915	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	714,361	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	456,011	-	62	553,637	523,090	69,873
Total receipts	-	1,170,372	-	62	553,637	523,090	69,873
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,283,297	-	100	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	3,404	-	553,637	543,005	69,873
Total disbursements	-	1,283,297	3,404	100	553,637	543,005	69,873
Excess (deficiency) of receipts over disbursements	-	(112,925)	(3,404)	(38)	-	(19,915)	-
Cash and investments - ending	\$ 70,666	\$ 105,234	\$ 20,667	\$ 10,687	\$ -	\$ -	\$ -

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Barrett Law Surplus	Payroll Withholding Federal	Health Insurance	Direct Deposit German American	Gross Tax-EFT	Electric - IMPA Street Light Grant Reserve
Cash and investments - beginning	\$ 15,259	\$ -	\$ -	\$ -	\$ 550	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	632,998	465,328	1,252,093	-	4,452
Total receipts	<u>-</u>	<u>632,998</u>	<u>465,328</u>	<u>1,252,093</u>	<u>-</u>	<u>4,452</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	15,259	632,998	465,328	1,252,093	550	-
Total disbursements	<u>15,259</u>	<u>632,998</u>	<u>465,328</u>	<u>1,252,093</u>	<u>550</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(15,259)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(550)</u>	<u>4,452</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,452</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Electric - EFT Tax Account	Electric Operating	Electric Customer Deposit	Electric Operating Reserve	Electric Expansion Reserve	Electric Waupaca Depreciation Reserve	Wastewater Stormwater Fund
Cash and investments - beginning	\$ -	\$ 1,029,400	\$ 240,541	\$ 1,450,000	\$ 1,423,564	\$ 71,400	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	16,885,478	65,835	-	-	-	87,423
Penalties	-	-	-	-	-	-	-
Other receipts	1,242,557	1,004,526	-	135,000	666,000	20,400	263,763
Total receipts	1,242,557	17,890,004	65,835	135,000	666,000	20,400	351,186
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,425,210	-	-	-	-	8,181
Utility operating expenses	1,242,557	14,642,339	68,289	-	-	-	27,188
Other disbursements	-	2,170,689	-	-	950,000	-	-
Total disbursements	1,242,557	18,238,238	68,289	-	950,000	-	35,369
Excess (deficiency) of receipts over disbursements	-	(348,234)	(2,454)	135,000	(284,000)	20,400	315,817
Cash and investments - ending	\$ -	\$ 681,166	\$ 238,087	\$ 1,585,000	\$ 1,139,564	\$ 91,800	\$ 315,817

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Wastewater Operating	Wastewater Bond and Interest	Wastewater Construction	Wastewater TC/BTC Construction	Wastewater CSO/SRF Sinking	Wastewater CSO Debt Service Reserve
Cash and investments - beginning	\$ 1,463,513	\$ 126,513	\$ 17,605	\$ 13,970	\$ 302,716	\$ 426,521
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	2,873,153	-	-	-	-	-
Penalties	18,864	-	-	-	-	-
Other receipts	11,981	182,254	2	-	481,363	74,896
Total receipts	<u>2,903,998</u>	<u>182,254</u>	<u>2</u>	<u>-</u>	<u>481,363</u>	<u>74,896</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	430,221	-	-	-	-	-
Utility operating expenses	1,165,479	-	-	-	-	-
Other disbursements	1,641,801	182,838	-	-	475,414	-
Total disbursements	<u>3,237,501</u>	<u>182,838</u>	<u>-</u>	<u>-</u>	<u>475,414</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(333,503)</u>	<u>(584)</u>	<u>2</u>	<u>-</u>	<u>5,949</u>	<u>74,896</u>
Cash and investments - ending	<u>\$ 1,130,010</u>	<u>\$ 125,929</u>	<u>\$ 17,607</u>	<u>\$ 13,970</u>	<u>\$ 308,665</u>	<u>\$ 501,417</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Water Operating	Water Bond and Interest	Waterworks Construction	Waupaca Depreciation and Improvement	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 439,867	\$ 30,084	\$ 3,258	\$ 359,667	\$ 526,608	\$ 10,949,377
Receipts:						
Taxes	-	-	-	-	-	1,820,634
Licenses and permits	-	-	-	-	-	78,585
Intergovernmental	-	-	-	-	-	2,845,962
Charges for services	-	-	-	-	-	801,130
Fines and forfeits	-	-	-	-	-	6,973
Utility fees	1,337,536	-	-	-	-	21,249,425
Penalties	6,017	-	-	-	-	24,881
Other receipts	186,817	524,504	-	325,200	-	10,954,071
Total receipts	<u>1,530,370</u>	<u>524,504</u>	<u>-</u>	<u>325,200</u>	<u>-</u>	<u>37,781,661</u>
Disbursements:						
Personal services	-	-	-	-	-	3,545,172
Supplies	-	-	-	-	-	241,614
Other services and charges	-	-	-	-	-	2,996,751
Debt service - principal and interest	-	-	-	-	-	220,893
Capital outlay	-	-	-	-	-	2,111,495
Utility operating expenses	1,117,328	-	-	82,083	-	18,345,263
Other disbursements	488,199	524,517	-	263,695	-	10,649,582
Total disbursements	<u>1,605,527</u>	<u>524,517</u>	<u>-</u>	<u>345,778</u>	<u>-</u>	<u>38,110,770</u>
Excess (deficiency) of receipts over disbursements	<u>(75,157)</u>	<u>(13)</u>	<u>-</u>	<u>(20,578)</u>	<u>-</u>	<u>(329,109)</u>
Cash and investments - ending	<u>\$ 364,710</u>	<u>\$ 30,071</u>	<u>\$ 3,258</u>	<u>\$ 339,089</u>	<u>\$ 526,608</u>	<u>\$ 10,620,268</u>

CITY OF TELL CITY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 44,430	\$ 5,250
Electric Utility	1,097,382	600,758
Wastewater Utility	60,105	203,652
Water Utility	<u>53,970</u>	<u>142,606</u>
Totals	<u>\$ 1,255,887</u>	<u>\$ 952,266</u>

CITY OF TELL CITY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Old National Bank	Trash Compactor 2007	\$ 8,808	11-16-08	05-16-13
Bank of New York	Tell City Building Corporation Lease Rental Bonds - Police	<u>117,000</u>	01-01-04	01-01-23
Total of annual lease payments		<u>\$ 125,808</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	\$ 388,836	\$ 46,145
Notes and loans payable	IRP Loan	<u>87,851</u>	<u>5,971</u>
Total governmental activities		<u>476,687</u>	<u>52,116</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2010	7,688,000	362,033
Revenue bonds	Sewage Works Revenue Bonds of 2006 Reamortized	1,060,000	40,570
Revenue bonds	Sewage Bonds Refunding Taxable 2010	160,000	80,000
Revenue bonds	Sewage Works Refunding Revenue Bonds of 1999	<u>650,000</u>	<u>181,058</u>
Total Wastewater		<u>9,558,000</u>	<u>663,661</u>
Water Utility:			
Revenue bonds	Waterworks Revenue Bonds of 1999 Series A	1,255,000	200,203
Revenue bonds	Taxable Waterworks Refunding Revenue Bonds of 2005 Series A	925,000	267,945
Revenue bonds	Waterworks SRF Revenue Bonds 2000 Series B	<u>790,000</u>	<u>57,910</u>
Total Water Utility		<u>2,970,000</u>	<u>526,058</u>
Totals		<u>\$ 13,004,687</u>	<u>\$ 1,241,835</u>

CITY OF TELL CITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 596,112
Infrastructure	5,359,193
Buildings	4,819,081
Improvements other than buildings	2,263,144
Machinery, equipment, and vehicles	3,605,212
Total governmental activities	16,642,742
Electric Utility:	
Land	320,451
Buildings	2,496,863
Improvements other than buildings	20,660,705
Machinery, equipment, and vehicles	2,949,759
Construction in progress	633,958
Total Electric Utility	27,061,736
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	\$ 78,649,446

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 its major federal program for the year ended December 31, 2012. 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 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 its major federal program for the year ended December 31, 2012.

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 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 type 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 for 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.



Bruce Hartman
State Examiner

June 17, 2013

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2012

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
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants to Hawaii	Indiana Housing and Community Development Authority			
Neighborhood Stabilization Program		14.228	NSP1-009-001	\$ 507,609
Comprehensive Planning Grant		14.228	PL-11-018	<u>49,500</u>
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants to Hawaii				<u>557,109</u>
Total - CDBG - State-Administered CDBG Cluster				<u>557,109</u>
Total - Department of Housing and Urban Development				<u>557,109</u>
<u>Department of Transportation</u>				
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute			
Operation Pullover Banquet Award		20.600	EDS#D3-12-6981	3,000
Big City/Big County Enforcement Program		20.600	PT-12-11-04-45	6,805
Big City/Big County Enforcement Program		20.600	PT-13	<u>2,278</u>
Total - State and Community Highway Safety				<u>12,083</u>
Total - Highway Safety Cluster				<u>12,083</u>
Total - Department of Transportation				<u>12,083</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds Long-Term Control Plan	Indiana Finance Authority			
		66.458	WW 05 67 62 02	<u>44,042</u>
Total - Environmental Protection Agency				<u>44,042</u>
Total federal awards expended				<u>\$ 613,234</u>

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

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tell City 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; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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:	Unqualified
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 Small Cities Program Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on June 17, 2013, with Barbara L. Ewing, Mayor; Gerald W. Yackle, President of the Common Council; J. B. Land, Chairman of the Electric Utility Service Board; Lynne E. Rice, Electric Utility Office Manager; and Jenny S. Richter, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.