

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF GAS CITY

GRANT COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
12/02/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6
Notes to Financial Statement.....	7-12
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-23
Schedule of Payables and Receivables	24
Schedule of Leases and Debt	25
Schedule of Capital Assets.....	26
Examination Results and Comments:	
Overdrawn Cash Balances.....	27
Collection of Loan Receivable	27
Exit Conference.....	28

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie L. Flores	01-01-12 to 12-31-15
Mayor	H. Larry Leach	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	H. Larry Leach	01-01-12 to 12-31-15
President of the Common Council	Larry J. Terwillegar P. David Huffman	01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Utilities	Raymond P. Smith	01-01-12 to 12-31-13
Utilities Office Manager	Lisa K. Oliver	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GAS CITY, GRANT COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Gas City (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our examination.

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

As discussed in Note 1, 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 comprehensive 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 these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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.

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, on the basis of accounting described in Note 1.

Our examination 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 18, 2013

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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 GAS 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	\$ 502,854	\$ 1,943,530	\$ 1,897,551	\$ 548,833
Motor Vehicle Highway	68,742	277,066	309,503	36,305
Local Road and Street	85,201	47,012	91,013	41,200
Park Non-Reverting Operating	34,831	20,015	34,611	20,235
Build Indiana Grant Downtown	111,138	-	-	111,138
Law Enforcement Continuing Education	19,560	11,179	6,294	24,445
City Court	285,290	1,193,121	1,073,583	404,828
Clerk's Records Perpetuation	9,387	18,463	10,576	17,274
Riverboat	216,705	35,336	40,961	211,080
Park	57,417	174,996	165,067	67,346
User Fee	92,082	197,598	165,003	124,677
Pretrial Diversion Deferral	12,085	1,120	13,205	-
Rainy Day	139,522	73,412	97,331	115,603
Levy Excess	52,684	-	-	52,684
User Fee Home Monitoring	480	42,005	39,830	2,655
Cumulative Capital Development	169,841	70,515	43,420	196,936
2003 Redevelopment District Capital	184,950	-	-	184,950
2010 Redevelopment Bond Reserve	240,000	-	-	240,000
FEMA Grant Fire Department	(2,680)	-	-	(2,680)
Cumulative Capital Improvement	59,679	15,821	6,236	69,264
Storm Water Management Debt Service	51,741	7,949	57,058	2,632
Allocation Fund (I-69 TIF Area)	961,584	1,619,376	1,015,407	1,565,553
Police Pension	4,397	123,558	124,491	3,464
Court Costs Due County	17,079	80,899	88,950	9,028
Zoo	1,029	-	-	1,029
TIF Debt Service Reserve Cash	283,000	-	-	283,000
2005 Redevelopment Cash Wal-Mart	3,232,118	-	2,740,458	491,660
2005 Redevelopment Debt Service Reserve Wal-Mart	267,000	-	-	267,000
Payroll	12,474	2,164,388	2,173,375	3,487
Old Fashioned 4th	8,609	9,827	13,417	5,019
Wal-Mart Grant Police Department	71	-	-	71
3-Way Recreation	-	36,688	36,419	269
Gas City Youth Activity	1,372	-	-	1,372
Thompson/Ray House Grant	510	-	510	-
Main Street Planning	-	49,140	49,140	-
Sign Replacement Grant	-	4,505	4,505	-
Grant Operation Pullover	229	5,135	5,390	(26)
INDOT-1st Street Reconstruction DES #1173224	-	147,343	147,343	-
Electric Operating	208,439	5,903,637	5,706,661	405,415
Electric Meter Deposits	138,026	29,125	27,693	139,458
Electric Depreciation	(7,426)	10,000	3,236	(662)
Electric Reserve	146,204	3,796	150,000	-
Electric Meter Deposits Checking	250	-	-	250
Electric Petty Cash	400	-	-	400
Electric Tree	28,907	22,823	-	51,730
Electric Bond and Interest	(12,512)	176,827	162,604	1,711
Electric Debt Service Reserve	167,760	-	-	167,760
Sewage Operating	479,761	1,645,217	1,738,052	386,926
Sewage Depreciation	583,090	-	1,900	581,190
Sewage Bond and Interest BONY	74,283	459,652	231,125	302,810
Storm Sewer Project 2014	50,000	147,200	30,861	166,339
Sewage Debt Service Reserve BONY	415,067	62,360	-	477,427
Water Operating	259,383	1,332,958	1,257,662	334,679
Water Meter Deposits	65,758	9,708	8,829	66,637
Water Depreciation	35,444	-	20,253	15,191
Water Bond and Interest	268,125	361,642	355,408	274,359
Water Meter Deposit Checking	250	-	-	250
Water Petty Cash	300	-	-	300
Water Bond and Interest Reserve	215,674	51,756	-	267,430
Totals	\$ 10,298,164	\$ 18,586,698	\$ 20,144,931	\$ 8,739,931

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

CITY OF GAS 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 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 GAS 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.

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.

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

CITY OF GAS CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF GAS CITY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

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. Loans Receivable

The City, through its Redevelopment Commission, has made loans from its Tax Increment Financing (TIF) related funds. The loan balances receivable at December 31, 2012, are as follows:

	Loan Balance At 12-31-12
Hanning and Bean Enterprises, Inc.	\$ 300,000
Findlay's Tall Timbers Distribution Center, Inc.	100,000
Echelon Furniture, Inc.	1,000,000

Note 6. 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 7. 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:

CITY OF GAS CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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:

CITY OF GAS CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, 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.

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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

CITY OF GAS 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	Park Non-Reverting Operating	Build Indiana Grant Downtown	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 502,854	\$ 68,742	\$ 85,201	\$ 34,831	\$ 111,138	\$ 19,560
Receipts:						
Taxes	790,606	99,730	-	-	-	-
Licenses and permits	1,130	-	-	-	-	-
Intergovernmental	427,342	168,637	47,012	-	-	-
Charges for services	372,715	1,320	-	1,225	-	-
Fines and forfeits	186,037	-	-	-	-	10,863
Utility fees	-	-	-	-	-	-
Other receipts	165,700	7,379	-	18,790	-	316
Total receipts	<u>1,943,530</u>	<u>277,066</u>	<u>47,012</u>	<u>20,015</u>	<u>-</u>	<u>11,179</u>
Disbursements:						
Personal services	1,249,952	245,914	-	-	-	-
Supplies	86,012	18,333	-	-	-	6,294
Other services and charges	516,111	45,256	91,013	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,481	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	40,995	-	-	34,611	-	-
Total disbursements	<u>1,897,551</u>	<u>309,503</u>	<u>91,013</u>	<u>34,611</u>	<u>-</u>	<u>6,294</u>
Excess (deficiency) of receipts over disbursements	<u>45,979</u>	<u>(32,437)</u>	<u>(44,001)</u>	<u>(14,596)</u>	<u>-</u>	<u>4,885</u>
Cash and investments - ending	<u>\$ 548,833</u>	<u>\$ 36,305</u>	<u>\$ 41,200</u>	<u>\$ 20,235</u>	<u>\$ 111,138</u>	<u>\$ 24,445</u>

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

	City Court	Clerk's Records Perpetuation	Riverboat	Park	User Fee	Pretrial Diversion Deferral
Cash and investments - beginning	\$ 285,290	\$ 9,387	\$ 216,705	\$ 57,417	\$ 92,082	\$ 12,085
Receipts:						
Taxes	-	-	-	116,569	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	35,336	12,418	-	-
Charges for services	-	-	-	35,701	-	-
Fines and forfeits	1,193,121	-	-	-	197,598	1,120
Utility fees	-	-	-	-	-	-
Other receipts	-	18,463	-	10,308	-	-
Total receipts	<u>1,193,121</u>	<u>18,463</u>	<u>35,336</u>	<u>174,996</u>	<u>197,598</u>	<u>1,120</u>
Disbursements:						
Personal services	-	-	-	62,113	-	-
Supplies	-	-	-	32,400	-	-
Other services and charges	-	-	-	55,554	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	15,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,073,583	10,576	40,961	-	165,003	13,205
Total disbursements	<u>1,073,583</u>	<u>10,576</u>	<u>40,961</u>	<u>165,067</u>	<u>165,003</u>	<u>13,205</u>
Excess (deficiency) of receipts over disbursements	<u>119,538</u>	<u>7,887</u>	<u>(5,625)</u>	<u>9,929</u>	<u>32,595</u>	<u>(12,085)</u>
Cash and investments - ending	<u>\$ 404,828</u>	<u>\$ 17,274</u>	<u>\$ 211,080</u>	<u>\$ 67,346</u>	<u>\$ 124,677</u>	<u>\$ -</u>

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

	Rainy Day	Levy Excess	User Fee Home Monitoring	Cumulative Capital Development	2003 Redevelopment District Capital	2010 Redevelopment Bond Reserve
Cash and investments - beginning	\$ 139,522	\$ 52,684	\$ 480	\$ 169,841	\$ 184,950	\$ 240,000
Receipts:						
Taxes	-	-	-	63,963	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	6,552	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	42,005	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	73,412	-	-	-	-	-
Total receipts	73,412	-	42,005	70,515	-	-
Disbursements:						
Personal services	-	-	2,830	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	37,000	41,119	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	2,301	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	97,331	-	-	-	-	-
Total disbursements	97,331	-	39,830	43,420	-	-
Excess (deficiency) of receipts over disbursements	(23,919)	-	2,175	27,095	-	-
Cash and investments - ending	\$ 115,603	\$ 52,684	\$ 2,655	\$ 196,936	\$ 184,950	\$ 240,000

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

	FEMA Grant Fire Department	Cumulative Capital Improvement	Storm Water Management Debt Service	Allocation Fund (I-69 TIF Area)	Police Pension	Court Costs Due County
Cash and investments - beginning	\$ (2,680)	\$ 59,679	\$ 51,741	\$ 961,584	\$ 4,397	\$ 17,079
Receipts:						
Taxes	-	-	2,350	1,602,309	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	15,821	250	262	114,558	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	80,899
Utility fees	-	-	-	-	-	-
Other receipts	-	-	5,349	16,805	9,000	-
Total receipts	-	15,821	7,949	1,619,376	123,558	80,899
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	5,986	-	-	124,491	-
Debt service - principal and interest	-	-	57,058	562,657	-	-
Capital outlay	-	250	-	341,332	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	111,418	-	88,950
Total disbursements	-	6,236	57,058	1,015,407	124,491	88,950
Excess (deficiency) of receipts over disbursements	-	9,585	(49,109)	603,969	(933)	(8,051)
Cash and investments - ending	\$ (2,680)	\$ 69,264	\$ 2,632	\$ 1,565,553	\$ 3,464	\$ 9,028

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

	Zoo	TIF Debt Service Reserve Cash	2005 Redevelopment Cash Wal-Mart	2005 Redevelopment Debt Service Reserve Wal-Mart	Payroll	Old Fashioned 4th
Cash and investments - beginning	\$ 1,029	\$ 283,000	\$ 3,232,118	\$ 267,000	\$ 12,474	\$ 8,609
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	2,164,388	9,827
Total receipts	-	-	-	-	2,164,388	9,827
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	360,916	-	-	-
Capital outlay	-	-	1,379,542	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,000,000	-	2,173,375	13,417
Total disbursements	-	-	2,740,458	-	2,173,375	13,417
Excess (deficiency) of receipts over disbursements	-	-	(2,740,458)	-	(8,987)	(3,590)
Cash and investments - ending	\$ 1,029	\$ 283,000	\$ 491,660	\$ 267,000	\$ 3,487	\$ 5,019

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

	Wal-Mart Grant Police Department	3-Way Recreation	Gas City Youth Activity	Thompson/Ray House Grant	Main Street Planning	Sign Replacement Grant
Cash and investments - beginning	\$ 71	\$ -	\$ 1,372	\$ 510	\$ -	\$ -
Receipts:						
Taxes	-	33,156	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,532	-	-	-	4,505
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	49,140	-
Total receipts	-	36,688	-	-	49,140	4,505
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	36,419	-	510	49,140	4,505
Total disbursements	-	36,419	-	510	49,140	4,505
Excess (deficiency) of receipts over disbursements	-	269	-	(510)	-	-
Cash and investments - ending	\$ 71	\$ 269	\$ 1,372	\$ -	\$ -	\$ -

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

	Grant Operation Pullover	INDOT-1st Street Reconstruction DES #1173224	Electric Operating	Electric Meter Deposits	Electric Depreciation	Electric Reserve
Cash and investments - beginning	\$ 229	\$ -	\$ 208,439	\$ 138,026	\$ (7,426)	\$ 146,204
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,135	147,343	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	5,859,276	-	-	-
Other receipts	-	-	44,361	29,125	10,000	3,796
Total receipts	<u>5,135</u>	<u>147,343</u>	<u>5,903,637</u>	<u>29,125</u>	<u>10,000</u>	<u>3,796</u>
Disbursements:						
Personal services	5,390	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	5,032,199	-	-	-
Other disbursements	-	147,343	674,462	27,693	3,236	150,000
Total disbursements	<u>5,390</u>	<u>147,343</u>	<u>5,706,661</u>	<u>27,693</u>	<u>3,236</u>	<u>150,000</u>
Excess (deficiency) of receipts over disbursements	<u>(255)</u>	<u>-</u>	<u>196,976</u>	<u>1,432</u>	<u>6,764</u>	<u>(146,204)</u>
Cash and investments - ending	<u>\$ (26)</u>	<u>\$ -</u>	<u>\$ 405,415</u>	<u>\$ 139,458</u>	<u>\$ (662)</u>	<u>\$ -</u>

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

	Electric Meter Deposits Checking	Electric Petty Cash	Electric Tree	Electric Bond and Interest	Electric Debt Service Reserve	Sewage Operating
Cash and investments - beginning	\$ 250	\$ 400	\$ 28,907	\$ (12,512)	\$ 167,760	\$ 479,761
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,387,357
Other receipts	-	-	22,823	176,827	-	257,860
Total receipts	-	-	22,823	176,827	-	1,645,217
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	162,604	-	-
Capital outlay	-	-	-	-	-	37,567
Utility operating expenses	-	-	-	-	-	956,635
Other disbursements	-	-	-	-	-	743,850
Total disbursements	-	-	-	162,604	-	1,738,052
Excess (deficiency) of receipts over disbursements	-	-	22,823	14,223	-	(92,835)
Cash and investments - ending	\$ 250	\$ 400	\$ 51,730	\$ 1,711	\$ 167,760	\$ 386,926

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

	Sewage Depreciation	Sewage Bond and Interest BONY	Storm Sewer Project 2014	Sewage Debt Service Reserve BONY	Water Operating	Water Meter Deposits
Cash and investments - beginning	\$ 583,090	\$ 74,283	\$ 50,000	\$ 415,067	\$ 259,383	\$ 65,758
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,270,472	-
Other receipts	-	459,652	147,200	62,360	62,486	9,708
Total receipts	-	459,652	147,200	62,360	1,332,958	9,708
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	231,125	-	-	-	-
Capital outlay	-	-	30,861	-	48,076	-
Utility operating expenses	1,900	-	-	-	663,027	-
Other disbursements	-	-	-	-	546,559	8,829
Total disbursements	1,900	231,125	30,861	-	1,257,662	8,829
Excess (deficiency) of receipts over disbursements	(1,900)	228,527	116,339	62,360	75,296	879
Cash and investments - ending	\$ 581,190	\$ 302,810	\$ 166,339	\$ 477,427	\$ 334,679	\$ 66,637

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

	Water Depreciation	Water Bond and Interest	Water Meter Deposit Checking	Water Petty Cash	Water Bond and Interest Reserve	Totals
Cash and investments - beginning	\$ 35,444	\$ 268,125	\$ 250	\$ 300	\$ 215,674	\$ 10,298,164
Receipts:						
Taxes	-	-	-	-	-	2,708,683
Licenses and permits	-	-	-	-	-	1,130
Intergovernmental	-	-	-	-	-	988,703
Charges for services	-	-	-	-	-	410,961
Fines and forfeits	-	-	-	-	-	1,711,643
Utility fees	-	-	-	-	-	8,517,105
Other receipts	-	361,642	-	-	51,756	4,248,473
Total receipts	-	361,642	-	-	51,756	18,586,698
Disbursements:						
Personal services	-	-	-	-	-	1,566,199
Supplies	-	-	-	-	-	143,039
Other services and charges	-	-	-	-	-	916,530
Debt service - principal and interest	-	355,408	-	-	-	1,729,768
Capital outlay	20,253	-	-	-	-	1,879,663
Utility operating expenses	-	-	-	-	-	6,653,761
Other disbursements	-	-	-	-	-	7,255,971
Total disbursements	20,253	355,408	-	-	-	20,144,931
Excess (deficiency) of receipts over disbursements	(20,253)	6,234	-	-	51,756	(1,558,233)
Cash and investments - ending	\$ 15,191	\$ 274,359	\$ 250	\$ 300	\$ 267,430	\$ 8,739,931

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 54,947	\$ 23,229
Electric	338,417	331,634
Wastewater	26,975	80,124
Water	<u>20,822</u>	<u>83,504</u>
Totals	<u>\$ 441,161</u>	<u>\$ 518,491</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Electric:				
PNC Equipment Finance	Skid Steer/Dozer	\$ 5,443	07-28-06	07-28-14
Wastewater:				
PNC Equipment Finance	Skid Steer/Dozer	5,443	07-28-06	07-28-14
Water:				
PNC Equipment Finance	Skid Steer/Dozer	<u>5,443</u>	07-28-06	07-28-14
Total of annual lease payments		<u>\$ 16,329</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
1999 General obligation bonds	Economic Development	\$ 425,000	\$ 223,383
2003 General obligation bonds	Economic Development	45,000	46,013
2005 General obligation bonds	Economic Development	2,175,000	396,534
2010 General obligation bonds	Economic Development	<u>2,210,000</u>	<u>246,406</u>
Total governmental activities		<u>4,855,000</u>	<u>912,336</u>
Electric:			
2004 Revenue bonds	Sub-Station	<u>1,560,000</u>	<u>36,246</u>
Wastewater:			
2007 Loans payable	Waste Water Plant	<u>5,609,234</u>	<u>460,594</u>
Water:			
2000 Loans payable	West Water Plant	794,940	101,895
2009 Loans payable	East Water Plant	<u>3,687,301</u>	<u>257,189</u>
Total Water		<u>4,482,241</u>	<u>359,084</u>
Totals		<u>\$ 16,506,475</u>	<u>\$ 1,768,260</u>

CITY OF GAS 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	\$ 1,817,920
Infrastructure	518,816
Buildings	1,639,474
Improvements other than buildings	73,735
Machinery, equipment, and vehicles	2,345,130
Construction in progress	950,138
Total governmental activities	7,345,213
Electric:	
Buildings	233,476
Improvements other than buildings	3,752,952
Machinery, equipment, and vehicles	1,088,490
Total Electric	5,074,918
Wastewater:	
Land	24,889
Buildings	133,217
Improvements other than buildings	11,158,862
Machinery, equipment, and vehicles	537,146
Total Wastewater	11,854,114
Water:	
Land	51,353
Buildings	5,672,621
Improvements other than buildings	3,390,468
Machinery, equipment, and vehicles	377,577
Total Water	9,492,019
Total capital assets	\$ 33,766,264

CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at December 31, 2012:

<u>Fund</u>	<u>Amount Overdrawn</u>
FEMA Grant Fire Department	\$ 2,680
Grant Operation Pullover	26
Electric Depreciation	662

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF LOAN RECEIVABLE

In 2009, the City loaned an Indiana corporation \$300,000 to make structural improvements to the former Amcast building. Monthly payments of \$5,000 plus interest were to commence in July 2011. There have been no payments made on this loan as of the date of this report. The Redevelopment Commission minutes presented for review did not indicate that the terms of the loan had been amended. A similar comment appeared in prior Report B41214.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2013, with Julie L. Flores, Clerk-Treasurer; H. Larry Leach, Mayor; and P. David Huffman, President of the Common Council.