

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ANDERSON
MADISON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
04/24/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--------------------------|----------------------|
| Controller | Jason C. Fenwick | 01-01-15 to 12-31-15 |
| | David Eicks (interim) | 01-01-16 to 04-17-16 |
| | Douglas A. Whitham | 04-18-16 to 12-31-17 |
| Mayor | Kevin S. Smith | 01-01-12 to 12-31-15 |
| | Thomas J. Broderick, Jr. | 01-01-16 to 12-31-19 |
| President of the Board of Public Works | Pete Heuer | 01-01-15 to 12-31-15 |
| | David Eicks | 01-01-16 to 12-31-17 |
| President of the Common Council | Donna Davis | 01-01-15 to 12-31-15 |
| | Antony Bibbs | 01-01-16 to 12-31-16 |
| | C. Gregory Graham | 01-01-17 to 12-31-17 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 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 did not audit the financial information of the City's Department of Municipal Power and Light (Electric Utility). The financial information of the Electric Utility is reported in the City's financial statement as the twelve separate funds with fund names beginning with "Electric" and the Construction Fund - 2014. That financial information was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City's financial statement for the Electric Utility, is based solely on the report of the other auditors. 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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, based on our audit and the report of other auditors, 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, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, based on our audit and the report of other auditors, 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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

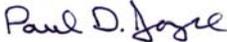
INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 15, 2017



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

TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON 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 Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 15, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial information of the City's Department of Municipal Power and Light, as described in our report on the City's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

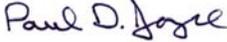
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

City of Anderson's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 15, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

| Fund | Cash and Investments 01-01-15 | Receipts | Disbursements | Cash and Investments 12-31-15 |
|--------------------------------------|-------------------------------------|---------------|---------------|-------------------------------------|
| General | \$ 3,746,196 | \$ 31,193,889 | \$ 31,456,451 | \$ 3,483,634 |
| Motor Vehicle Highway | 811,742 | 2,120,441 | 2,085,317 | 846,866 |
| Local Road And Street | 303,791 | 530,286 | 502,379 | 331,698 |
| Airport AVFUEL Corp Account | 11,748 | 308,054 | 279,931 | 39,871 |
| Park Nonreverting Operating | 301,544 | 409,240 | 493,202 | 217,582 |
| Econ Dev Food & Beverage | 1,218,981 | 1,333,555 | 1,650,577 | 901,959 |
| C.A.T.S. | 242,359 | 2,380,845 | 2,398,315 | 224,889 |
| Community Development | 20,299 | 440,131 | 452,195 | 8,235 |
| Clerk's Records Perpetuation | 12,364 | 4,625 | 3,015 | 13,974 |
| Parks And Recreation | 391,720 | 1,127,086 | 1,454,175 | 64,631 |
| User Fee | 34,512 | 5,610 | 8,621 | 31,501 |
| Slot Machine Wagering Fund | 447,407 | 2,622,460 | 2,500,568 | 569,299 |
| BROWNFIELD | 3,252 | - | 3,252 | - |
| Police Pension | 99,819 | 3,315,070 | 3,221,342 | 193,547 |
| Fire Pension | 110,255 | 3,578,608 | 3,561,718 | 127,145 |
| Life Insurance Fund | 16,230 | 61,938 | 63,055 | 15,113 |
| NSP FEDERAL | 47,447 | 648 | - | 48,095 |
| HEALTH INS ANCILLARY FUND | 115,882 | 232,766 | 220,023 | 128,625 |
| FIRE GRANTS FUND | (450) | 64,301 | 70,281 | (6,430) |
| POLICE GRANT FUND | 906 | 36,152 | 34,982 | 2,076 |
| TOWN CENTER PARK ENDOWMENT | 7,399 | 4,711 | - | 12,110 |
| MILLER TRAILWAY CLEARING FUND | 3,236 | 46,118 | 46,250 | 3,104 |
| REDEVELOPMENT GRANT FUND | (261,393) | 286,358 | 25,020 | (55) |
| INTERMODAL GRANT FUND | 1,400 | - | - | 1,400 |
| STREET DEPT NON-REVERTING FUND | 32,399 | 17,541 | 25,402 | 24,538 |
| Parking Authority Non Reverting | 20,119 | 61,016 | 69,174 | 11,961 |
| SAFER GRANT FUND | (80,206) | 570,139 | 553,776 | (63,843) |
| CATS Vehicle Grant Fund | - | 564,499 | 564,499 | - |
| GM BEAUTIFICATION FUND | 2,985 | - | - | 2,985 |
| APD VIN | 1,428 | - | 105 | 1,323 |
| Firefighters Exam Fee | 3,930 | - | - | 3,930 |
| Eda Flagship | 266 | - | - | 266 |
| Redevelopment Tif Reserve | 2,381,389 | - | - | 2,381,389 |
| Unsafe Building Fund | - | 13,041 | - | 13,041 |
| City Court Account | 296,053 | 911,569 | 862,018 | 345,604 |
| Florentine Bed B&I BNY Account | 1 | - | - | 1 |
| Police Station Refinance BNY Account | 774,655 | - | 774,655 | - |
| Rainy Day | 95 | - | - | 95 |
| Airport Grant 29 | - | 35,061 | 37,009 | (1,948) |
| Sirmax | - | 3,400,000 | 3,637,244 | (237,244) |
| Flagship Purdue P3 | - | 15,000,000 | 1,347,077 | 13,652,923 |
| Sign Reflectivity Grant | - | 18,160 | 75,600 | (57,440) |
| TRUST INDIANA | - | 8,035 | - | 8,035 |
| BLIGHT | - | 257,921 | 242,820 | 15,101 |
| 67TH RD PROJECT | - | 47,297 | 109,309 | (62,012) |
| Operation Pullover | - | 13,305 | 17,141 | (3,836) |
| Sanitary District Const | - | - | 356 | (356) |
| Probation | 86,938 | 194,591 | 186,120 | 95,409 |
| Donations | 118,097 | 107,891 | 142,586 | 83,402 |
| Airport | 346,188 | 429,570 | 475,898 | 299,860 |
| Police Continuing Ed | 9,341 | 49,612 | 27,699 | 31,254 |
| Airport Non-Reverting | 19,162 | 75,972 | 128,016 | (32,882) |
| Bldg Non-Reverting | 125 | 200 | - | 325 |
| Fire Bldg & Equipt | 2,407,358 | 1,495,970 | 2,597,367 | 1,305,961 |
| Operation Clean | 3,074 | 5,246 | - | 8,320 |
| Tax Abatement | 2,413 | 1,650 | 389 | 3,674 |
| Administration Fees | 61,983 | 26,906 | 21,576 | 67,313 |
| Court Sup Pub Def Fees | 11,083 | 8,460 | 944 | 18,599 |
| Home | - | 261,082 | 261,078 | 4 |
| Apd Man | 93,184 | 64,052 | 61,097 | 96,139 |
| E D Revolving Loan | 363,106 | 113,555 | 141,194 | 335,467 |

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

| Fund | Cash and Investments 01-01-15 | Receipts | Disbursements | Cash and Investments 12-31-15 |
|------------------------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
| Redevelopment | 209,398 | 43,821 | 78,327 | 174,892 |
| Sinking Fund | 160,740 | 173,095 | 316,073 | 17,762 |
| Sanitary District Sinking | 22,830 | 974,371 | 685,117 | 312,084 |
| Redev Bond & Int-Kroger | 330,614 | 113,382 | 92,020 | 351,976 |
| Loss Fund | 109,580 | 1,546,887 | 1,060,524 | 595,943 |
| Redevelopment Tif Levy | 7,889,171 | 11,462,288 | 13,837,607 | 5,513,852 |
| Police Training Fund | 96,005 | 76,079 | 102,342 | 69,742 |
| Arc Lease/Rental | 524,199 | 802,263 | 198,698 | 1,127,764 |
| Redevelopment Bond & Interest | 1,928,730 | 3,450,000 | 1,905,739 | 3,472,991 |
| Insurance Escrow | 4,167,749 | 13,881,717 | 11,933,849 | 6,115,617 |
| Nestle Tif Capital | 191,142 | - | - | 191,142 |
| Airport Grant Fund | (1,028) | 112,768 | 113,221 | (1,481) |
| Court Due County | - | 33,397 | 33,397 | - |
| Wheel Tax Fund | 134,522 | 1,080,814 | 915,541 | 299,795 |
| Fire Fighting Training Fund | 5,753 | 11,913 | 14,072 | 3,594 |
| Public Safety Coit Fund | 747,502 | 2,356,905 | 1,828,591 | 1,275,816 |
| Nestle Taxable Tif Capital | 5,788,709 | 4,313,651 | 1,695,830 | 8,406,530 |
| Capital Improvements | 188,885 | 140,981 | 211,956 | 117,910 |
| Certified Tech Park Fund | 796,485 | 732,814 | 1,521,025 | 8,274 |
| Civil City Payroll | 62,731 | 9,470,697 | 9,406,647 | 126,781 |
| Construction Fund-2014 | 1,300,000 | - | - | 1,300,000 |
| Electric Petty Cash | 1,000 | - | - | 1,000 |
| Electric Mail Permit Deposit | 3,000 | - | - | 3,000 |
| Electric Ups Deposit | 152 | - | - | 152 |
| Electric Utility-Operating | 204,573 | 89,694,447 | 88,735,715 | 1,163,305 |
| Electric Utility-Bond And Interest | - | 837,376 | 837,376 | - |
| Electric Utility-Customer Deposit | 1,316,991 | 539,145 | 388,863 | 1,467,273 |
| Electric Utility-Construction | - | 706 | 706 | - |
| Electric Utility Depreciation | 1,728,530 | 3,523,045 | 534,569 | 4,717,006 |
| Electric Automatic Meter Reading | - | 1,163,292 | 1,163,288 | 4 |
| Electric Garage Reserve | 29,997 | 2,563 | - | 32,560 |
| Electric Utility Fiber | 196,293 | 232,377 | 217,848 | 210,822 |
| Electric Utility Reserve-Cilt | 1,569,787 | 1,152,804 | 1,281,586 | 1,441,005 |
| Storm Water UT Mail Permit Deposit | 3,000 | - | - | 3,000 |
| Storm Water Utility-Operating | 331,195 | 2,265,630 | 2,136,772 | 460,053 |
| Stormwater Utility Depreciation | 211,703 | 113,579 | 220,079 | 105,203 |
| Stormwater Bond & Interest | 31,378 | 188,807 | 188,712 | 31,473 |
| Storm Water Reserve Cilt | 500,150 | 250,026 | 250,018 | 500,158 |
| Wastewater-Construction 2011 | 1,693,446 | 169 | - | 1,693,615 |
| Wastewater Petty Cash | 1,000 | - | - | 1,000 |
| Wastewater Mail Permit Deposit | 3,000 | - | - | 3,000 |
| Wastewater 2010 Construction | - | - | - | - |
| Wastewater 2009B Construction | 370,565 | - | - | 370,565 |
| Wastewater Utility-Operating | 13,753,629 | 20,268,255 | 19,405,368 | 14,616,516 |
| Wastewater Util-Bond And Interest | 3,125,666 | 4,424,682 | 4,413,782 | 3,136,566 |
| Wastewater Depreciation | 2,175,965 | 997,119 | 601,383 | 2,571,701 |
| Wastewater Reserve Cilt | 1,998,448 | 1,007,902 | 1,007,816 | 1,998,534 |
| Wastewater Replacement | 1,483,721 | 240,032 | - | 1,723,753 |
| Wastewater Automatic Meter Reading | - | 565,095 | 565,095 | - |
| Wastewater Utility Improvement | 2,439,765 | 600,523 | 106,349 | 2,933,939 |
| Wastewater Revolving Sewer Const | 79,557 | 119,113 | 136,388 | 62,282 |
| Water Utility Petty Cash | 1,000 | - | - | 1,000 |
| Water Mail Permit Deposit | 3,000 | - | - | 3,000 |
| Water Utility-Operating | 98,292 | 9,777,215 | 9,793,213 | 82,294 |
| Water Utility-Bond And Interest | - | 402,927 | 402,927 | - |
| Water Utility-Customer Deposit | 483,403 | 237,900 | 164,729 | 556,574 |
| Water Utility Depreciation | 308,378 | 421,187 | 347,997 | 381,568 |
| Water Utility Reserve Cilt | 323,331 | 259,085 | 215,554 | 366,862 |
| Water Automatic Meter Reading | - | 1,255,767 | 1,255,767 | - |
| Totals | \$ 73,765,444 | \$ 265,173,844 | \$ 243,213,294 | \$ 95,725,994 |

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' 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 36-8-7). 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 1937 Firefighters' Pension Plan are established by state statute.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the timing of reimbursable grant funding.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: medical, dental, vision, 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.

Note 9. Subsequent Events

The City entered into two new bond issues in 2016. The Waterworks Revenue Bond, Series 2016, in the amount of \$14,270,000 was closed on May 25, 2016. The Redevelopment District Tax Increment Revenue Bonds, Series 2016, in the amount of \$7,000,000 was closed on October 12, 2016.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

| | General | Motor Vehicle Highway | Local Road And Street | Airport AVFUEL Corp Account | Park Nonreverting Operating | Econ Dev Food & Beverage | C.A.T.S. | Community Development |
|--|--------------|-----------------------------|--------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|------------|--------------------------|
| Cash and investments - beginning | \$ 3,746,196 | \$ 811,742 | \$ 303,791 | \$ 11,748 | \$ 301,544 | \$ 1,218,981 | \$ 242,359 | \$ 20,299 |
| Receipts: | | | | | | | | |
| Taxes | 14,735,393 | - | - | - | - | 1,330,975 | - | - |
| Licenses and permits | 1,027,328 | 64,817 | - | - | - | - | - | - |
| Intergovernmental receipts | 12,134,600 | 2,050,951 | 530,286 | - | 12,500 | - | 2,164,828 | 433,427 |
| Charges for services | 3,165,322 | 4,512 | - | - | 309,403 | - | 215,835 | - |
| Fines and forfeits | 58,682 | - | - | - | 18,440 | - | - | - |
| Utility fees | - | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - | - |
| Other receipts | 72,564 | 161 | - | 308,054 | 68,897 | 2,580 | 182 | 6,704 |
| Total receipts | 31,193,889 | 2,120,441 | 530,286 | 308,054 | 409,240 | 1,333,555 | 2,380,845 | 440,131 |
| Disbursements: | | | | | | | | |
| Personal services | 22,675,519 | 1,401,986 | - | - | 123,693 | 378,303 | 1,957,819 | 130,831 |
| Supplies | 499,804 | 255,320 | 364,339 | - | 166,187 | 59 | 234,452 | - |
| Other services and charges | 7,658,376 | 219,807 | - | - | 112,925 | 736,639 | 206,044 | 20 |
| Debt service - principal and interest | 353,789 | - | - | - | - | 65,133 | - | - |
| Capital outlay | 268,108 | 208,204 | 138,040 | - | 86,777 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - | - |
| Other disbursements | 855 | - | - | 279,931 | 3,620 | 470,443 | - | 321,344 |
| Total disbursements | 31,456,451 | 2,085,317 | 502,379 | 279,931 | 493,202 | 1,650,577 | 2,398,315 | 452,195 |
| Excess (deficiency) of receipts over disbursements | (262,562) | 35,124 | 27,907 | 28,123 | (83,962) | (317,022) | (17,470) | (12,064) |
| Cash and investments - ending | \$ 3,483,634 | \$ 846,866 | \$ 331,698 | \$ 39,871 | \$ 217,582 | \$ 901,959 | \$ 224,889 | \$ 8,235 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Clerk's Records Perpetuation | Parks And Recreation | User Fee | Slot Machine Wagering Fund | BROWNFIELD | Police Pension | Fire Pension | Life Insurance Fund |
|--|------------------------------------|----------------------------|-------------|-------------------------------------|------------|-------------------|-----------------|---------------------------|
| Cash and investments - beginning | \$ 12,364 | \$ 391,720 | \$ 34,512 | \$ 447,407 | \$ 3,252 | \$ 99,819 | \$ 110,255 | \$ 16,230 |
| Receipts: | | | | | | | | |
| Taxes | - | 970,985 | - | - | - | 501,430 | 485,493 | - |
| Licenses and permits | - | 950 | - | - | - | - | - | - |
| Intergovernmental receipts | - | 103,846 | - | 2,622,335 | - | 2,813,640 | 3,093,115 | - |
| Charges for services | - | 49,746 | 5,610 | - | - | - | - | - |
| Fines and forfeits | 4,625 | 250 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - | - |
| Other receipts | - | 1,309 | - | 125 | - | - | - | 61,938 |
| Total receipts | 4,625 | 1,127,086 | 5,610 | 2,622,460 | - | 3,315,070 | 3,578,608 | 61,938 |
| Disbursements: | | | | | | | | |
| Personal services | - | 918,525 | - | 1,246,335 | - | 3,213,209 | 3,559,118 | - |
| Supplies | 334 | 141,845 | - | 28,494 | - | 6 | 340 | - |
| Other services and charges | 2,681 | 249,619 | - | 1,210,742 | - | 8,127 | 2,260 | 63,055 |
| Debt service - principal and interest | - | - | - | - | - | - | - | - |
| Capital outlay | - | 143,936 | - | 14,797 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - | - |
| Other disbursements | - | 250 | 8,621 | 200 | 3,252 | - | - | - |
| Total disbursements | 3,015 | 1,454,175 | 8,621 | 2,500,568 | 3,252 | 3,221,342 | 3,561,718 | 63,055 |
| Excess (deficiency) of receipts over disbursements | 1,610 | (327,089) | (3,011) | 121,892 | (3,252) | 93,728 | 16,890 | (1,117) |
| Cash and investments - ending | \$ 13,974 | \$ 64,631 | \$ 31,501 | \$ 569,299 | \$ - | \$ 193,547 | \$ 127,145 | \$ 15,113 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | NSP FEDERAL | HEALTH INS ANCILLARY FUND | FIRE GRANTS FUND | POLICE GRANT FUND | TOWN CENTER PARK ENDOWMENT | MILLER TRAILWAY CLEARING FUND | REDEVELOPMENT GRANT FUND |
|--|------------------|------------------------------------|------------------------|-------------------------|-------------------------------------|--|--------------------------------|
| Cash and investments - beginning | \$ 47,447 | \$ 115,882 | \$ (450) | \$ 906 | \$ 7,399 | \$ 3,236 | \$ (261,393) |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | 590 | - | 64,301 | 36,152 | - | - | 286,358 |
| Charges for services | - | - | - | - | - | 46,118 | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 58 | 232,766 | - | - | 4,711 | - | - |
| Total receipts | <u>648</u> | <u>232,766</u> | <u>64,301</u> | <u>36,152</u> | <u>4,711</u> | <u>46,118</u> | <u>286,358</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 220,023 | 70,281 | 34,982 | - | 46,250 | 25,020 |
| Total disbursements | <u>-</u> | <u>220,023</u> | <u>70,281</u> | <u>34,982</u> | <u>-</u> | <u>46,250</u> | <u>25,020</u> |
| Excess (deficiency) of receipts over disbursements | <u>648</u> | <u>12,743</u> | <u>(5,980)</u> | <u>1,170</u> | <u>4,711</u> | <u>(132)</u> | <u>261,338</u> |
| Cash and investments - ending | <u>\$ 48,095</u> | <u>\$ 128,625</u> | <u>\$ (6,430)</u> | <u>\$ 2,076</u> | <u>\$ 12,110</u> | <u>\$ 3,104</u> | <u>\$ (55)</u> |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | INTERMODAL GRANT FUND | STREET DEPT NON-REVERTING FUND | Parking Authority Non Reverting | SAFER GRANT FUND | CATS Vehicle Grant Fund | GM BEAUTIFICATION FUND | APD VIN |
|--|-----------------------------|---|--|------------------------|----------------------------------|------------------------------|------------|
| Cash and investments - beginning | \$ 1,400 | \$ 32,399 | \$ 20,119 | \$ (80,206) | \$ - | \$ 2,985 | \$ 1,428 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | 570,139 | 564,499 | - | - |
| Charges for services | - | 2,989 | 61,016 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 14,552 | - | - | - | - | - |
| Total receipts | - | 17,541 | 61,016 | 570,139 | 564,499 | - | - |
| Disbursements: | | | | | | | |
| Personal services | - | 15,835 | 1,674 | 553,776 | - | - | - |
| Supplies | - | - | 4,644 | - | - | - | - |
| Other services and charges | - | 8,050 | 62,856 | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 564,499 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 1,517 | - | - | - | - | 105 |
| Total disbursements | - | 25,402 | 69,174 | 553,776 | 564,499 | - | 105 |
| Excess (deficiency) of receipts over disbursements | - | (7,861) | (8,158) | 16,363 | - | - | (105) |
| Cash and investments - ending | \$ 1,400 | \$ 24,538 | \$ 11,961 | \$ (63,843) | \$ - | \$ 2,985 | \$ 1,323 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Firefighters Exam Fee | Eda Flagship | Redevelopment Tif Reserve | Unsafe Building Fund | City Court Account | Florentine Bed B&I BNY Account | Police Station Refinance BNY Account |
|--|-----------------------------|-----------------|---------------------------------|----------------------------|--------------------------|--|--|
| Cash and investments - beginning | \$ 3,930 | \$ 266 | \$ 2,381,389 | \$ - | \$ 296,053 | \$ 1 | \$ 774,655 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | 911,569 | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | - | - | 13,041 | - | - | - |
| Total receipts | - | - | - | 13,041 | 911,569 | - | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | 862,018 | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | 774,655 |
| Total disbursements | - | - | - | - | 862,018 | - | 774,655 |
| Excess (deficiency) of receipts over disbursements | - | - | - | 13,041 | 49,551 | - | (774,655) |
| Cash and investments - ending | \$ 3,930 | \$ 266 | \$ 2,381,389 | \$ 13,041 | \$ 345,604 | \$ 1 | \$ - |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Rainy Day | Airport Grant 29 | Simax | Flagship Purdue P3 | Sign Reflectivity Grant | TRUST INDIANA | BLIGHT |
|--|--------------|------------------------|--------------|--------------------------|-------------------------------|------------------|-----------|
| Cash and investments - beginning | \$ 95 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | 35,061 | - | - | - | - | 247,921 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | - | 3,400,000 | 15,000,000 | 18,160 | 8,035 | 10,000 |
| Total receipts | - | 35,061 | 3,400,000 | 15,000,000 | 18,160 | 8,035 | 257,921 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 37,009 | - | 808,970 | - | - | 234,710 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | 3,637,244 | 538,107 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 75,600 | - | 8,110 |
| Total disbursements | - | 37,009 | 3,637,244 | 1,347,077 | 75,600 | - | 242,820 |
| Excess (deficiency) of receipts over disbursements | - | (1,948) | (237,244) | 13,652,923 | (57,440) | 8,035 | 15,101 |
| Cash and investments - ending | \$ 95 | \$ (1,948) | \$ (237,244) | \$ 13,652,923 | \$ (57,440) | \$ 8,035 | \$ 15,101 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | 67TH RD PROJECT | Operation Pullover | Sanitary District Const | Probation | Donations | Airport | Police Continuing Ed |
|--|-----------------------|-----------------------|-------------------------------|------------------|------------------|-------------------|----------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ 86,938 | \$ 118,097 | \$ 346,188 | \$ 9,341 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 140,526 | - |
| Licenses and permits | - | - | - | - | - | - | 32,210 |
| Intergovernmental receipts | 47,199 | - | - | - | - | 17,783 | - |
| Charges for services | - | - | - | - | 649 | 266,967 | 17,315 |
| Fines and forfeits | - | - | - | 194,591 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 98 | 13,305 | - | - | 107,242 | 4,294 | 87 |
| Total receipts | <u>47,297</u> | <u>13,305</u> | <u>-</u> | <u>194,591</u> | <u>107,891</u> | <u>429,570</u> | <u>49,612</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 17,141 | 356 | 185,884 | 196 | 150,753 | - |
| Supplies | - | - | - | - | - | 14,218 | 10,000 |
| Other services and charges | 109,309 | - | - | 236 | - | 255,968 | 11,000 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 54,959 | 6,699 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 142,390 | - | - |
| Total disbursements | <u>109,309</u> | <u>17,141</u> | <u>356</u> | <u>186,120</u> | <u>142,586</u> | <u>475,898</u> | <u>27,699</u> |
| Excess (deficiency) of receipts over disbursements | <u>(62,012)</u> | <u>(3,836)</u> | <u>(356)</u> | <u>8,471</u> | <u>(34,695)</u> | <u>(46,328)</u> | <u>21,913</u> |
| Cash and investments - ending | <u>\$ (62,012)</u> | <u>\$ (3,836)</u> | <u>\$ (356)</u> | <u>\$ 95,409</u> | <u>\$ 83,402</u> | <u>\$ 299,860</u> | <u>\$ 31,254</u> |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Airport Non-Reverting | Bldg Non-Reverting | Fire Bldg & Equip | Operation Clean | Tax Abatement | Administration Fees | Court Sup Pub Def Fees |
|--|--------------------------|-----------------------|----------------------------|--------------------|------------------|------------------------|------------------------------------|
| Cash and investments - beginning | \$ 19,162 | \$ 125 | \$ 2,407,358 | \$ 3,074 | \$ 2,413 | \$ 61,983 | \$ 11,083 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | 8,621 | - |
| Charges for services | - | 200 | 1,480,970 | - | 1,650 | - | - |
| Fines and forfeits | - | - | - | 5,246 | - | 18,285 | 8,460 |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 75,972 | - | 15,000 | - | - | - | - |
| Total receipts | <u>75,972</u> | <u>200</u> | <u>1,495,970</u> | <u>5,246</u> | <u>1,650</u> | <u>26,906</u> | <u>8,460</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 654,471 | - | - | - | - |
| Supplies | 28,090 | - | 272,000 | - | - | - | - |
| Other services and charges | 46,131 | - | 192,153 | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 53,495 | - | 1,473,477 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 300 | - | 5,266 | - | 389 | 21,576 | 944 |
| Total disbursements | <u>128,016</u> | <u>-</u> | <u>2,597,367</u> | <u>-</u> | <u>389</u> | <u>21,576</u> | <u>944</u> |
| Excess (deficiency) of receipts over disbursements | <u>(52,044)</u> | <u>200</u> | <u>(1,101,397)</u> | <u>5,246</u> | <u>1,261</u> | <u>5,330</u> | <u>7,516</u> |
| Cash and investments - ending | <u>\$ (32,882)</u> | <u>\$ 325</u> | <u>\$ 1,305,961</u> | <u>\$ 8,320</u> | <u>\$ 3,674</u> | <u>\$ 67,313</u> | <u>\$ 18,599</u> |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Home | Apd Man | E D Revolving Loan | Redevelopment | Sinking Fund | Sanitary District Sinking | Redev Bond & Int-Kroger |
|--|---------|------------|-----------------------------|---------------|-----------------|---------------------------------|----------------------------------|
| Cash and investments - beginning | \$ - | \$ 93,184 | \$ 363,106 | \$ 209,398 | \$ 160,740 | \$ 22,830 | \$ 330,614 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | 162,159 | 912,932 | 113,382 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | 261,082 | 7,500 | - | - | 10,936 | 61,439 | - |
| Charges for services | - | - | - | 25,200 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 56,552 | 113,555 | 18,621 | - | - | - |
| Total receipts | 261,082 | 64,052 | 113,555 | 43,821 | 173,095 | 974,371 | 113,382 |
| Disbursements: | | | | | | | |
| Personal services | 22,463 | 6,245 | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 66,920 | - | - | - |
| Debt service - principal and interest | - | - | - | - | 316,073 | 685,117 | 92,020 |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 238,615 | 54,852 | 141,194 | 11,407 | - | - | - |
| Total disbursements | 261,078 | 61,097 | 141,194 | 78,327 | 316,073 | 685,117 | 92,020 |
| Excess (deficiency) of receipts over disbursements | 4 | 2,955 | (27,639) | (34,506) | (142,978) | 289,254 | 21,362 |
| Cash and investments - ending | \$ 4 | \$ 96,139 | \$ 335,467 | \$ 174,892 | \$ 17,762 | \$ 312,084 | \$ 351,976 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Loss Fund | Redevelopment Tif Levy | Police Training Fund | Arc Lease/Rental | Redevelopment Bond & Interest | Insurance Escrow | Nestle Tif Capital |
|--|--------------|------------------------------|----------------------------|---------------------|--|---------------------|--------------------------|
| Cash and investments - beginning | \$ 109,580 | \$ 7,889,171 | \$ 96,005 | \$ 524,199 | \$ 1,928,730 | \$ 4,167,749 | \$ 191,142 |
| Receipts: | | | | | | | |
| Taxes | - | 3,358,713 | - | - | 2,700,000 | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | 7,507 | - | 801,128 | - | - | - |
| Charges for services | - | 14,000 | 41,579 | 1,135 | - | - | - |
| Fines and forfeits | - | - | 1,220 | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 1,546,887 | 8,082,068 | 33,280 | - | 750,000 | 13,881,717 | - |
| Total receipts | 1,546,887 | 11,462,288 | 76,079 | 802,263 | 3,450,000 | 13,881,717 | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 29,216 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 1,060,524 | 372,695 | - | - | 3,990 | 11,756,034 | - |
| Debt service - principal and interest | - | - | - | - | 1,901,749 | - | - |
| Capital outlay | - | 9,650,134 | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 3,814,778 | 102,342 | 198,698 | - | 148,599 | - |
| Total disbursements | 1,060,524 | 13,837,607 | 102,342 | 198,698 | 1,905,739 | 11,933,849 | - |
| Excess (deficiency) of receipts over disbursements | 486,363 | (2,375,319) | (26,263) | 603,565 | 1,544,261 | 1,947,868 | - |
| Cash and investments - ending | \$ 595,943 | \$ 5,513,852 | \$ 69,742 | \$ 1,127,764 | \$ 3,472,991 | \$ 6,115,617 | \$ 191,142 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Airport Grant Fund | Court Due County | Wheel Tax Fund | Fire Fighting Training Fund | Public Safety Coit Fund | Nestle Taxable Tif Capital | Capital Improvements |
|--|--------------------------|------------------------|----------------------|--------------------------------------|----------------------------------|-------------------------------------|-------------------------|
| Cash and investments - beginning | \$ (1,028) | \$ - | \$ 134,522 | \$ 5,753 | \$ 747,502 | \$ 5,788,709 | \$ 188,885 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 4,313,651 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | 112,768 | - | 1,080,814 | - | 2,356,828 | - | 140,981 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | 33,397 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | - | - | 11,913 | 77 | - | - |
| Total receipts | 112,768 | 33,397 | 1,080,814 | 11,913 | 2,356,905 | 4,313,651 | 140,981 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | 656,068 | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | 915,541 | - | 1,172,523 | 4,050 | 127,942 |
| Debt service - principal and interest | - | - | - | - | - | 1,691,780 | - |
| Capital outlay | 113,221 | - | - | - | - | - | 84,014 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 33,397 | - | 14,072 | - | - | - |
| Total disbursements | 113,221 | 33,397 | 915,541 | 14,072 | 1,828,591 | 1,695,830 | 211,956 |
| Excess (deficiency) of receipts over disbursements | (453) | - | 165,273 | (2,159) | 528,314 | 2,617,821 | (70,975) |
| Cash and investments - ending | \$ (1,481) | \$ - | \$ 299,795 | \$ 3,594 | \$ 1,275,816 | \$ 8,406,530 | \$ 117,910 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Certified Tech Park Fund | Civil City Payroll | Construction Fund-2014 | Electric Petty Cash | Electric Mail Permit Deposit | Electric Ups Deposit | Electric Utility-Operating |
|--|-----------------------------------|--------------------------|---------------------------|---------------------------|---------------------------------------|----------------------------|-------------------------------|
| Cash and investments - beginning | \$ 796,485 | \$ 62,731 | \$ 1,300,000 | \$ 1,000 | \$ 3,000 | \$ 152 | \$ 204,573 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | 732,814 | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | 89,019,038 |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 9,470,697 | - | - | - | - | 675,409 |
| Total receipts | <u>732,814</u> | <u>9,470,697</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>89,694,447</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | 8,998,577 |
| Other disbursements | 1,521,025 | 9,406,647 | - | - | - | - | 79,737,138 |
| Total disbursements | <u>1,521,025</u> | <u>9,406,647</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>88,735,715</u> |
| Excess (deficiency) of receipts over disbursements | <u>(788,211)</u> | <u>64,050</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>958,732</u> |
| Cash and investments - ending | <u>\$ 8,274</u> | <u>\$ 126,781</u> | <u>\$ 1,300,000</u> | <u>\$ 1,000</u> | <u>\$ 3,000</u> | <u>\$ 152</u> | <u>\$ 1,163,305</u> |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Electric Utility-Bond And Interest | Electric Utility-Customer Deposit | Electric Utility-Construction | Electric Utility Depreciation | Electric Automatic Meter Reading | Electric Garage Reserve | Electric Utility Fiber |
|--|---|---|----------------------------------|-------------------------------------|---|-------------------------------|------------------------------|
| Cash and investments - beginning | \$ - | \$ 1,316,991 | \$ - | \$ 1,728,530 | \$ - | \$ 29,997 | \$ 196,293 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | 232,377 |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 837,376 | 539,145 | 706 | 3,523,045 | 1,163,292 | 2,563 | - |
| Total receipts | 837,376 | 539,145 | 706 | 3,523,045 | 1,163,292 | 2,563 | 232,377 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | 837,376 | - | - | - | 1,163,288 | - | - |
| Capital outlay | - | - | - | 534,569 | - | - | 160,359 |
| Utility operating expenses | - | - | - | - | - | - | 57,489 |
| Other disbursements | - | 388,863 | 706 | - | - | - | - |
| Total disbursements | 837,376 | 388,863 | 706 | 534,569 | 1,163,288 | - | 217,848 |
| Excess (deficiency) of receipts over disbursements | - | 150,282 | - | 2,988,476 | 4 | 2,563 | 14,529 |
| Cash and investments - ending | \$ - | \$ 1,467,273 | \$ - | \$ 4,717,006 | \$ 4 | \$ 32,560 | \$ 210,822 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Electric Utility Reserve-Cilt | Storm Water UT Mail Permit Deposit | Storm Water Utility-Operating | Stormwater Utility Depreciation | Stormwater Bond & Interest | Storm Water Reserve Cilt | Wastewater-Construction 2011 |
|---|-------------------------------------|--|-------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|---------------------------------|
| Cash and investments - beginning | \$ 1,569,787 | \$ 3,000 | \$ 331,195 | \$ 211,703 | \$ 31,378 | \$ 500,150 | \$ 1,693,446 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | 2,263,935 | - | - | - | - |
| Penalties | - | - | 1,695 | - | - | - | - |
| Other receipts | 1,152,804 | - | - | 113,579 | 188,807 | 250,026 | 169 |
| Total receipts | 1,152,804 | - | 2,265,630 | 113,579 | 188,807 | 250,026 | 169 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 809,488 | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | 18,423 | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | 188,712 | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | 976,558 | - | - | - | - |
| Other disbursements | 1,281,586 | - | 332,303 | 220,079 | - | 250,018 | - |
| Total disbursements | 1,281,586 | - | 2,136,772 | 220,079 | 188,712 | 250,018 | - |
| Excess (deficiency) of receipts over disbursements | (128,782) | - | 128,858 | (106,500) | 95 | 8 | 169 |
| Cash and investments - ending | \$ 1,441,005 | \$ 3,000 | \$ 460,053 | \$ 105,203 | \$ 31,473 | \$ 500,158 | \$ 1,693,615 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Wastewater Petty Cash | Wastewater Mail Permit Deposit | Wastewater 2010 Construction | Wastewater 2009B Construction | Wastewater Utility-Operating | Wastewater Util-Bond And Interest | Wastewater Depreciation |
|--|-----------------------------|---|------------------------------------|-------------------------------------|---------------------------------|--|----------------------------|
| Cash and investments - beginning | \$ 1,000 | \$ 3,000 | \$ - | \$ 370,565 | \$ 13,753,629 | \$ 3,125,666 | \$ 2,175,965 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | 19,915,719 | - | - |
| Penalties | - | - | - | - | 22,014 | - | - |
| Other receipts | - | - | - | - | 330,522 | 4,424,682 | 997,119 |
| Total receipts | - | - | - | - | 20,268,255 | 4,424,682 | 997,119 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | 6,282,631 | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | 92,116 | - | - |
| Debt service - principal and interest | - | - | - | - | - | 4,413,782 | - |
| Capital outlay | - | - | - | - | 73,619 | - | - |
| Utility operating expenses | - | - | - | - | 5,493,405 | - | - |
| Other disbursements | - | - | - | - | 7,463,597 | - | 601,383 |
| Total disbursements | - | - | - | - | 19,405,368 | 4,413,782 | 601,383 |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | 862,887 | 10,900 | 395,736 |
| Cash and investments - ending | \$ 1,000 | \$ 3,000 | \$ - | \$ 370,565 | \$ 14,616,516 | \$ 3,136,566 | \$ 2,571,701 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Wastewater Reserve Cilt | Wastewater Replacement | Wastewater Automatic Meter Reading | Wastewater Utility Improvement | Wastewater Revolving Sewer Const | Water Utility Petty Cash | Water Mail Permit Deposit |
|--|-------------------------------|---------------------------|---|--------------------------------------|---|-----------------------------------|------------------------------------|
| Cash and investments - beginning | \$ 1,998,448 | \$ 1,483,721 | \$ - | \$ 2,439,765 | \$ 79,557 | \$ 1,000 | \$ 3,000 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 1,007,902 | 240,032 | 565,095 | 600,523 | 119,113 | - | - |
| Total receipts | 1,007,902 | 240,032 | 565,095 | 600,523 | 119,113 | - | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | 565,095 | - | - | - | - |
| Capital outlay | - | - | - | 106,349 | - | - | - |
| Utility operating expenses | - | - | - | - | 136,388 | - | - |
| Other disbursements | 1,007,816 | - | - | - | - | - | - |
| Total disbursements | 1,007,816 | - | 565,095 | 106,349 | 136,388 | - | - |
| Excess (deficiency) of receipts over disbursements | 86 | 240,032 | - | 494,174 | (17,275) | - | - |
| Cash and investments - ending | \$ 1,998,534 | \$ 1,723,753 | \$ - | \$ 2,933,939 | \$ 62,282 | \$ 1,000 | \$ 3,000 |

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

| | Water Utility-Operating | Water Utility-Bond And Interest | Water Utility-Customer Deposit | Water Utility Depreciation | Water Utility Reserve Cilt | Water Automatic Meter Reading | Totals |
|--|----------------------------|--|--------------------------------------|----------------------------------|-------------------------------------|--|----------------------|
| Cash and investments - beginning | \$ 98,292 | \$ - | \$ 483,403 | \$ 308,378 | \$ 323,331 | \$ - | \$ 73,765,444 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | 29,725,639 |
| Licenses and permits | - | - | - | - | - | - | 1,125,305 |
| Intergovernmental receipts | - | - | - | - | - | - | 33,411,949 |
| Charges for services | - | - | - | - | - | - | 5,710,216 |
| Fines and forfeits | - | - | - | - | - | - | 1,254,765 |
| Utility fees | 9,733,271 | - | - | 36 | - | 565,095 | 121,729,471 |
| Penalties | - | - | - | - | - | - | 23,709 |
| Other receipts | 43,944 | 402,927 | 237,900 | 421,151 | 259,085 | 690,672 | 72,192,790 |
| Total receipts | <u>9,777,215</u> | <u>402,927</u> | <u>237,900</u> | <u>421,187</u> | <u>259,085</u> | <u>1,255,767</u> | <u>265,173,844</u> |
| Disbursements: | | | | | | | |
| Personal services | 4,077,287 | - | - | - | - | - | 49,068,822 |
| Supplies | - | - | - | - | - | - | 2,020,132 |
| Other services and charges | 134,236 | - | - | - | - | - | 28,823,699 |
| Debt service - principal and interest | - | 402,927 | - | - | - | 1,255,767 | 13,932,608 |
| Capital outlay | 39,950 | - | - | 347,997 | - | - | 18,298,554 |
| Utility operating expenses | 1,110,494 | - | - | - | - | - | 16,772,911 |
| Other disbursements | 4,431,246 | - | 164,729 | - | 215,554 | - | 114,296,568 |
| Total disbursements | <u>9,793,213</u> | <u>402,927</u> | <u>164,729</u> | <u>347,997</u> | <u>215,554</u> | <u>1,255,767</u> | <u>243,213,294</u> |
| Excess (deficiency) of receipts over disbursements | <u>(15,998)</u> | <u>-</u> | <u>73,171</u> | <u>73,190</u> | <u>43,531</u> | <u>-</u> | <u>21,960,550</u> |
| Cash and investments - ending | <u>\$ 82,294</u> | <u>\$ -</u> | <u>\$ 556,574</u> | <u>\$ 381,568</u> | <u>\$ 366,862</u> | <u>\$ -</u> | <u>\$ 95,725,994</u> |

CITY OF ANDERSON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-------------------------|----------------------------|
| Electric | \$ 12,563,334 | \$ 3,290,167 |
| Storm Water | 5,089 | 218,823 |
| Wastewater | 674,406 | 5,199,640 |
| Water | 759,605 | 555,451 |
| Governmental activities | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 14,002,434</u> | <u>\$ 9,264,081</u> |

CITY OF ANDERSON
SCHEDULE OF LEASES AND DEBT
December 31, 2015

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--------------------------------|-------------------------------|----------------------|----------------------|-------------------|
| Governmental activities: | | | | |
| CITY OF ANDERSON/AIRPORT | AIRPORT HANGER | \$ 53,495 | 12/15/2000 | 6/15/2021 |
| FIRST MERCHANT BANK | POLICE LOAN - CAR | 38,480 | 7/15/2015 | 1/15/2020 |
| FIRST MERCHANT BANK | CITY HALL - CAR | 7,363 | 6/1/2015 | 12/1/2019 |
| KRONOS SOFTWARE LEASE | PAYROLL SOFTWARE UPGRADE 2013 | <u>21,597</u> | 2/1/2013 | 1/1/2016 |
| Total governmental activities | | <u>120,935</u> | | |
| Electric: | | | | |
| CHASE | AUTO METER READING | 853,066 | 3/29/2008 | 3/29/2018 |
| FIRST MERCHANT | BUCKET TRUCK A | 38,006 | 7/2/2012 | 7/2/2017 |
| FIRST MERCHANT | BUCKET TRUCK B | 33,130 | 10/22/2012 | 10/22/2017 |
| FIRST MERCHANT | DIGGER DERRICK TRUCK | 12,760 | 1/1/2014 | 7/1/2018 |
| KRONOS SOFTWARE LEASE | PAYROLL SOFTWARE UPGRADE 2013 | <u>9,719</u> | 2/1/2013 | 1/1/2016 |
| Total Electric | | <u>946,681</u> | | |
| Storm Water: | | | | |
| KRONOS SOFTWARE LEASE | PAYROLL SOFTWARE UPGRADE 2013 | 1,080 | 2/1/2013 | 1/1/2016 |
| PNC NATIONAL CITY BANK | WHITE RIVER LEVEE PROJECT | <u>187,722</u> | 5/1/2010 | 11/5/2019 |
| Total Storm Water | | <u>188,802</u> | | |
| Wastewater: | | | | |
| KRONOS SOFTWARE LEASE | PAYROLL SOFTWARE UPGRADE 2013 | <u>5,399</u> | 2/1/2013 | 1/1/2016 |
| Water: | | | | |
| CHASE | AUTO METER READING | 1,565,990 | 2/25/2008 | 2/25/2022 |
| KRONOS SOFTWARE LEASE | PAYROLL SOFTWARE UPGRADE 2013 | <u>5,399</u> | 2/1/2013 | 1/1/2016 |
| Total Water | | <u>1,571,389</u> | | |
| Total of annual lease payments | | <u>\$ 2,833,206</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------|---|--------------------------|--|
| Governmental activities: | | | |
| General obligation bonds | PARK DISTRICT 2003 /URBAN PARK 12TH & MERIDIAN ST | \$ 620,000 | \$ 176,385 |
| General obligation bonds | LEASE RENTAL REFINANCE SERIES 2002 POL ST 2012 | 4,090,000 | 562,720 |
| General obligation bonds | SANITARY DISTRICT BONDS 2014 | 5,640,000 | 677,688 |
| Revenue bonds | REFINANCE SERIES 2002 PENDELTON/SERIES 2012 | 3,060,000 | 469,698 |
| Revenue bonds | ACQUISITION & BUILD (2003 KROGER) | 744,000 | 93,140 |
| Revenue bonds | IMPROVEMENTS (ENTERPRISE) 2004A | 1,350,000 | 221,513 |
| Revenue bonds | IMPROVEMENTS (NESTLE 2009) | 7,825,000 | 1,003,375 |
| Revenue bonds | ECONOMIC DEV REV BONDS SERIES 2006A (NESTLE) | 7,407,647 | 1,011,652 |
| Notes and loans payable | ANDERSON TAXABLE TIF BONDS SERIES 2015 (SIRMAX) | 3,500,000 | 270,081 |
| Notes and loans payable | ANDERSON TAXABLE TIF BONDS SERIES 2015 (PURDUE) | 15,000,000 | 324,583 |
| Notes and loans payable | ANDERSON TAXABLE TIF BONDS SERIES 2015 (EXTEND LIFE OF TIF) | 3,000,000 | 264,525 |
| Notes and loans payable | REVENUE NOTE/FOOD & BEVERAGE TAX REVENUE NOTE | 200,000 | 64,094 |
| Notes and loans payable | ANDERSON TAXABLE TIF BOND 2013- GTI-HYPRO | <u>4,845,000</u> | <u>613,070</u> |
| Total governmental activities | | <u>57,281,647</u> | <u>5,752,524</u> |
| Electric: | | | |
| Revenue bonds | ELECTRIC UTILITY REFUNDING REV BONDS SERIES 2013 | 4,835,000 | 667,338 |
| Revenue bonds | ELECTRIC UTILITY REVENUE BONDS OF 2014 | <u>1,505,000</u> | <u>65,368</u> |
| Total Electric | | <u>6,340,000</u> | <u>732,706</u> |
| Wastewater: | | | |
| Revenue bonds | SERIES 2011(SRF) LTCP PHASE II | 17,915,000 | 1,511,096 |
| Revenue bonds | SERIES 2007 INFRASTRUCTURE IMPROVEMENTS | 12,195,000 | 972,656 |
| Revenue bonds | SERIES 2009A(SRF) LTCP PHASE 1 | 4,300,000 | 364,330 |
| Revenue bonds | SERIES 2009B(SRF) CSO LTCP PHASE 1 | 3,860,000 | 404,366 |
| Revenue bonds | SERIES 2010(SRF) TELVISING & SLUDGE INFRASTRUCTURE | 1,930,000 | 148,600 |
| Revenue bonds | SERIES 2012 SEWAGE REFUNDING REVENUE BONDS | <u>5,930,000</u> | <u>1,030,124</u> |
| Total Wastewater | | <u>46,130,000</u> | <u>4,431,172</u> |
| Water: | | | |
| Revenue bonds | INFRASTRUCTURE IMPROVEMENTS/2007 WATERWORKS | <u>3,460,000</u> | <u>397,778</u> |
| Totals | | <u>\$ 113,211,647</u> | <u>\$ 11,314,180</u> |

CITY OF ANDERSON
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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 | \$ 7,479,112 |
| Infrastructure | 61,009,787 |
| Buildings | 16,988,985 |
| Improvements other than buildings | 1,816,186 |
| Machinery, equipment, and vehicles | 5,034,399 |
| Construction in progress | 16,380 |
| Total governmental activities | 92,344,849 |
| Electric: | |
| Land | 131,859 |
| Buildings | 3,030,919 |
| Improvements other than buildings | 65,638,170 |
| Machinery, equipment, and vehicles | 32,750,040 |
| Construction in progress | 1,503,140 |
| Total Electric | 103,054,128 |
| Storm Water: | |
| Land | 111,685 |
| Improvements other than buildings | 22,506,951 |
| Machinery, equipment, and vehicles | 73,713 |
| Total Storm Water | 22,692,349 |
| Wastewater: | |
| Land | 656,265 |
| Buildings | 41,473,587 |
| Improvements other than buildings | 41,765,892 |
| Machinery, equipment, and vehicles | 55,135,384 |
| Construction in progress | 66,731 |
| Total Wastewater | 139,097,859 |
| Water: | |
| Land | 500,390 |
| Buildings | 4,070,262 |
| Improvements other than buildings | 27,716,411 |
| Machinery, equipment, and vehicles | 15,814,613 |
| Construction in progress | 843,948 |
| Total Water | 48,945,624 |
| Total capital assets | \$ 406,134,809 |

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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 ANDERSON, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Anderson's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-005 and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007, that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 15, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Pass-Through To Subrecipient | Total Federal Awards Expended |
|--|---|---------------------------|--|--------------------------------------|--------------------------------------|
| <u>Department of Agriculture</u> | | | | | |
| Urban and Community Forestry Program Redevelopment Grant Fund | Indiana Department of Natural Resources | 10.675 | E9-14-UFGM1 | \$ - | \$ 12,500 |
| Total - Department of Agriculture | | | | - | 12,500 |
| <u>Department of Commerce</u> | | | | | |
| Economic Development Cluster | | | | | |
| Community Trade Adjustment Assistance Redevelopment Grant Fund | Direct Grant | 11.010 | 06-46-05639 | - | 273,837 |
| Economic Adjustment Assistance Economic Development Revolving Loan | Direct Grant | 11.307 | 0061901906A | - | 559,802 |
| Total - Economic Development Cluster | | | | - | 833,639 |
| Total - Department of Commerce | | | | - | 833,639 |
| <u>Department of Housing and Urban Development</u> | | | | | |
| Community Development Block Grants/Entitlement Grants | | | | | |
| Community Development-CDBG Community Development-CDBG | Direct Grant | 14.218 | B-13-MC-18-0001 B-15-MC-18-0001 | 97,356 40,890 | 263,258 169,920 |
| Total - Community Development Block Grants/Entitlement Grants | | | | 138,246 | 433,178 |
| HOME Investment Partnerships Program | | | | | |
| Community Development - HOME Community Development - HOME Community Development - HOME Community Development - HOME | Direct Grant | 14.239 | M-08-MC-18-0209 M-11-MC-18-0209 M-13-MC-18-0209 M-14-MC-18-0209 | 5,140 33,147 170,469 29,848 | 5,140 33,147 170,469 52,575 |
| Total - HOME Investment Partnerships Program | | | | 238,604 | 261,331 |
| Total - Department of Housing and Urban Development | | | | 376,850 | 694,509 |
| <u>Department of Justice</u> | | | | | |
| Crime Victim Assistance | | | | | |
| Victim Assistance Grant Victim Assistance Grant | Indiana Criminal Justice Institute | 16.575 | 13-VA-2244 14-VA-3571 | - - | 7,729 23,187 |
| Total - Crime Victim Assistance | | | | - | 30,916 |
| Bulletproof Vest Partnership Program | | | | | |
| General - Police | Direct Grant | 16.607 | FY-2013 | - | 11,725 |
| Total - Bulletproof Vest Partnership Program | | | | - | 11,725 |
| Edward Byrne Memorial Justice Assistance Grant Program | | | | | |
| Police Grant Fund | Indiana Criminal Justice Institute | 16.738 | 2014-DJ-BX-0776 | - | 24,427 |
| Total - Edward Byrne Memorial Justice Assistance Grant Program | | | | - | 24,427 |
| Total - Department of Justice | | | | - | 67,068 |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Pass-Through To Subrecipient | Total Federal Awards Expended |
|--|---|---------------------------|--|---------------------------------|-------------------------------------|
| <u>Department of Transportation</u> | | | | | |
| Federal Transit Cluster | | | | | |
| Federal Transit_Formula Grants | | | | | |
| | Direct Grant | 20.507 | | | |
| City of Anderson Transit System - Capital | | | IN-90-X664-00 | - | 430,102 |
| City of Anderson Transit System - Operating | | | IN-90-X664-00 | - | 27,410 |
| City of Anderson Transit System - Operating | | | IN-90-X675-00 | - | 953,000 |
| City of Anderson Transit System - CMAQ | | | IN-95-X050-00 | - | 134,397 |
| Total - Federal Transit_Formula Grants | | | | - | 1,544,909 |
| Total - Federal Transit Cluster | | | | - | 1,544,909 |
| Highway Planning and Construction Cluster | | | | | |
| Highway Planning and Construction | | | | | |
| | Indiana Department of Transportation | 20.205 | | | |
| 67th Street Road (Enterprise Dr) Project | | | DES #0200599 | - | 30,868 |
| 67th Street - Bridge over Michaels Ditch Project | | | DES #0501014 | - | 8,590 |
| 67th Street - Bridge over Bolan Drain Project | | | DES #0501015 | - | 7,741 |
| ITS Traffic Grant | | | DES #1297539 | - | 62,674 |
| Sign Reflectivity | | | DES #1400931 | - | 18,160 |
| Total - Highway Planning and Construction Cluster | | | | - | 128,033 |
| Highway Safety Cluster | | | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | | | | | |
| | Indiana Criminal Justice Institute | 20.601 | | | |
| DUI Taskforce | | | 3065 | - | 182 |
| Operation Pullover | | | D3-15-8948 | - | 13,124 |
| Total - Alcohol Impaired Driving Countermeasures Incentive Grants I | | | | - | 13,306 |
| Total - Highway Safety Cluster | | | | - | 13,306 |
| Transit Services Programs Cluster | | | | | |
| Job Access_Reverse Commute | | | | | |
| | Direct Grant | 20.516 | | | |
| City of Anderson Transit System | | | IN-37-X037-00 | - | 29,983 |
| Total - Job Access_Reverse Commute | | | | - | 29,983 |
| Total - Transit Services Programs Cluster | | | | - | 29,983 |
| Airport Improvement Program | | | | | |
| | Direct Grant | 20.106 | | | |
| Airport Grant - 27 | | | AIP-3-18-0001-27 | - | 92,794 |
| Airport Grant - 28 | | | AIP-3-18-0001-28 | - | 16,910 |
| Airport Grant - 29 | | | AIP-3-18-0001-29 | - | 35,061 |
| Total - Airport Improvement Program | | | | - | 144,765 |
| Total - Department of Transportation | | | | - | 1,860,996 |
| <u>Department of Homeland Security</u> | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | | |
| | Indiana Department of Homeland Security | 97.036 | | | |
| | | | 095-01468-00 | - | 150,744 |
| Staffing for Adequate Fire and Emergency Response (SAFER) Fire Grant Fund | | | | | |
| | Direct Grant | 97.083 | | | |
| | | | EMW-2013-FH-00810 | - | 570,139 |
| Total - Department of Homeland Security | | | | - | 720,883 |
| Total federal awards expended | | | | \$ 376,850 | \$ 4,189,595 |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3. Calculation of Economic Adjustment Assistance Expenditures on the SEFA

The reported expenditures were calculated as follows in accordance with guidance by the grantor:

| | |
|---|----------------|
| Revolving Loan Fund (RLF): | |
| Outstanding loans as of December 31, 2015 | \$ 521,821 |
| Cash and Investments as of December 31, 2015 | 335,467 |
| Administrative expenses paid out of RLF income during 2015 | 1,194 |
| Unpaid principal on loans written off during 2015 | <u>-</u> |
| Subtotal | 858,592 |
| Calculation of Federal Participation Rate (FPR): | |
| Original grant | 313,000 |
| Original match (In-kind) | <u>167,000</u> |
| Subtotal | <u>480,000</u> |
| FPR - Original grant awarded divided by total including original match | <u>65.21%</u> |
| Expenditures reported on the SEFA | <u>559,802</u> |

CITY OF ANDERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | yes |

Identification of Major Programs and type of auditor's report issued on compliance for each:

| CFDA Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------|---|-------------------|
| 97.083 | Economic Development Cluster | Unmodified |
| | Federal Transit Cluster | Unmodified |
| | Staffing for Adequate Fire and Emergency Response (SAFER) | Unmodified |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The SEFA presented for audit was understated by a net of \$1,146,883.

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

During the audit, the SEFA had the following errors:

1. Several grants, totaling \$1,393,654, were omitted from the SEFA.
2. Two grants, totaling \$246,771, were included on the SEFA but should not have been.
3. One grant in the amount of \$134,397 was reported using an incorrect CFDA number.
4. One amount reported as Pass-Through to Subrecipient was understated by \$29,845.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

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

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

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

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Because a proper system of internal control was not in place, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

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

FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition

The City had the following deficiencies within their internal control system:

1. Lack of Internal Controls over Payroll Disbursements: The City's procedures to ensure the accuracy of payroll disbursements included a review of the Payroll Detail Proof Report by each department head prior to payment of employees. Evidence of this control to allow determination of proper implementation of the control was not provided. Additionally, time

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

cards were prepared each pay period for all hourly and salary employees. After being prepared by the employees, the time cards were reviewed and approved by their supervisor. Time cards reviewed for the payrolls ending on May 23, 2015, August 28, 2015, and October 23, 2015, had several departments in which time cards were not reviewed by a supervisor.

The control procedures in place at the City did not ensure that the disbursements were posted in the proper reporting period.

2. Bank Reconcilements: The City's procedures to ensure the accuracy of the bank reconciliation was for the Controller to approve the bank reconciliations once they were prepared. No documentation was presented for audit to substantiate this control had been implemented.

Criteria

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

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

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

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

Cause

Management of the City had not established or properly implemented a proper system of internal control related to payroll disbursements. There was no evidence of the Controller's review of the bank reconciliations.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - REPORTING AND SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 0061901906A

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-002.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the requirements related to Reporting and Special Tests and Provisions.

No documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure the accuracy of the semiannual reports submitted to the Economic Development Authority. Additionally, no documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure that the minimum standard loan documentation was obtained for each potential loan.

Context

Both semiannual reports and all loan documentation for new loans created during the audit period were examined. No control procedures were in place during the audit period to ensure the accuracy of the reports or that the minimum standard loan documentation was obtained for each loan.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting and Special Tests and Provisions compliance requirements.

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

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

***FINDING 2015-004 - ACTIVITIES ALLOWED OR UNALLOWED,
ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Federal Agency: Department of Transportation

Federal Program: Federal Transit - Formula Grants

CFDA Number: 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-90-X664-00, IN-90-X675-00,
IN-95-X050-00

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Cost/Cost Principles, and Reporting.

Activities Allowed or Unallowed and Allowable Cost/Cost Principles

The City's Transit System department prepared reimbursement requests from information obtained from the City's financial accounting system. There was no evidence of a control, such as an oversight, review, or approval process, to ensure that only activities allowable and allowable costs were included on the requests.

Reporting

The City's Transit System department submitted quarterly Narrative reports to the Department of Transportation during 2015. No evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the reports was identified.

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

Context

The lack of controls was a systemic problem during the period audited and affected all of the compliance requirements listed above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

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

FINDING 2015-005 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Transportation
Federal Program: Federal Transit - Formula Grants
CFDA Number: 20.507
Federal Award Number and Year (or Other Identifying Number): IN-90-X675-00

Condition

Management of the City had not established an effective internal control system related to its grant agreements and the Procurement and Suspension and Debarment compliance requirement. The failure to establish an effective internal control system resulted in the City being in noncompliance with Procurement and Suspension and Debarment compliance requirement.

The City obtained price quotations as required; however, documentation was not presented for audit to substantiate this for one of the purchases that was tested.

The City reviewed the System for Award Management (SAM) site to ensure that vendors used were not suspended or debarred from receiving federal monies. However, no evidence of a control, such as an oversight, review, or approval process, to ensure this requirement was met was identified.

Context

The lack of controls was a systemic problem during the period. Documentation was not provided for audit to show evidence that price quotations were obtained for one of forty purchases tested.

Criteria

2 CFR 200.508 states in part:

"The auditee must:

(d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with requirements and maintenance of records.

Effect

The failure to establish an effective internal control system could have resulted in the City's non-compliance with the grant agreement and the compliance requirement. The failure to establish effective internal controls also resulted in records not being properly retained for audit. The failure to maintain documentation prevented the ability to verify compliance relating to one purchase.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and compliance requirement to ensure compliance with Procurement and Suspension and Debarment compliance requirement and proper retention of records.

Views of Responsible Officials

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

FINDING 2015-006 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE

Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance.

The City had not established a proper segregation of duties to ensure compliance for the compliance requirements outlined above. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure that amounts requested to be reimbursed were for allowable activities or allowable costs, were paid prior to requesting reimbursement, or were incurred within the period of performance.

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

Context

The lack of controls was a systemic problem during the period audited.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2015-007 - REPORTING

Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

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

Condition

Management of the City had not established an effective internal control system related to its grant agreements and the Reporting compliance requirement. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure the accuracy of the requests prior to submission.

The City submitted eleven reimbursement requests during 2015. Of the requests submitted, six did not agree with the underlying supporting documentation presented for audit. Additionally, five of the requests contained multiple discrepancies as compared to the supporting documentation provided for audit.

Context

The lack of controls and noncompliance was a systemic problem during the period audited.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

44 CFR 13.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system resulted in the City's noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above to ensure compliance with the Reporting compliance requirement.

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



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Mayor Thomas J. Broderick Jr.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards.

FINDING 2014-002 – REPORTING, SPECIAL TESTS AND PROVISIONS

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented the necessary procedures to ensure that the reporting and special tests and provisions requirements of the Economic Development Assistance Program, CFDA number 11.307 are met. Procedures have been established to ensure documentation of management's approval of semi-annual reports.

FINDING 2014-003 – REPORTING

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Housing and Urban Development
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented the necessary procedures to ensure that the reporting requirements of the Community Development Block Grants/Entitlement Grants, CFDA number 14.218 are met. The Community Development Department established an accounting

systems policy manual to address the segregation of duties for processes relating to reimbursement requests, performance reports, and financial reports of the CDBG program. In addition to the policy manual, the City worked with HUD officials in the Indianapolis office to resolve issues pertaining to the finding. HUD has notified the City that the corrective actions taken by its personnel were sufficient and the finding was closed.

FINDING 2014-004 – ALLOWABLE ACTIVITIES, ALLOWABLE COSTS, CASH MANAGEMENT, REPORTING

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Homeland Security

Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller

Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors pertaining to the allowable activities, allowable costs, cash management, and reporting requirements of the Staffing Adequate Fire and Emergency Response (SAFER) grant, CFDA number 97.083. Specifically, the City has established a better system of communication regarding costs to be charged to the grant between the Controller's Office and Fire Department, a system of oversight for report approvals, and increased the awareness of persons administering the grant of applicable grant requirements.

DSA Whitham
(Signature)

City Controller
(Title)

December 9, 2016
(Date)



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Mayor Thomas J. Broderick Jr.

CORRECTIVE ACTION PLAN

FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,

allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

FINDING 2015-007- REPORTING

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

OTHER REPORTS

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