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

ANNUAL FINANCIAL REPORT

2009

CITY OF ANDERSON

MADISON COUNTY, INDIANA



**FILED**  
07/20/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	C. Karen Carpenter	01-01-09 to 12-31-10
Mayor	Hon. Kris Ockomon	01-01-08 to 12-31-11
President of the Board of Public Works	C. Gregory Graham	01-01-09 to 12-31-10
President of the Common Council	Rick Muir David Eicks	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Utility Finance Manager	Renisa D. Harry	01-01-09 to 12-31-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anderson (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 22, 2010, 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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions from the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 22, 2010



**STATE OF INDIANA**  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anderson (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-01 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2009-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 22, 2010

CITY OF ANDERSON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities:							
General government	\$ 11,201,543	\$ 4,221,446	\$ 3,402,576	\$ -	\$ (3,577,521)	\$ -	\$ (3,577,521)
Public safety	23,239,409	700,445	83,466	-	(22,455,498)	-	(22,455,498)
Highways and streets	3,839,399	-	2,574,757	-	(1,264,642)	-	(1,264,642)
Sanitation	2,891,175	808,036	71,142	-	(2,011,997)	-	(2,011,997)
Urban redevelopment and housing	2,980,243	-	3,140,364	-	160,121	-	160,121
Economic development	1,102,413	-	409,611	-	(692,802)	-	(692,802)
Culture and recreation	2,783,055	505,109	348,555	-	(1,929,391)	-	(1,929,391)
Debt service	11,737,673	-	-	-	(11,737,673)	-	(11,737,673)
Capital outlay	6,277,274	-	-	4,892,560	(1,384,714)	-	(1,384,714)
Total governmental activities	<u>66,052,184</u>	<u>6,235,036</u>	<u>10,030,471</u>	<u>4,892,560</u>	<u>(44,894,117)</u>	<u>-</u>	<u>(44,894,117)</u>
Business-type activities:							
Water	12,537,337	8,127,744	-	2,245,897	-	(2,163,696)	(2,163,696)
Wastewater	18,156,196	19,314,001	-	3,234,723	-	4,392,528	4,392,528
Electric	82,361,932	76,047,656	-	165,951	-	(6,148,325)	(6,148,325)
Total business-type activities	<u>113,055,465</u>	<u>103,489,401</u>	<u>-</u>	<u>5,646,571</u>	<u>-</u>	<u>(3,919,493)</u>	<u>(3,919,493)</u>
Total	<u>\$ 179,107,649</u>	<u>\$ 109,724,437</u>	<u>\$ 10,030,471</u>	<u>\$ 10,539,131</u>	<u>(44,894,117)</u>	<u>(3,919,493)</u>	<u>(48,813,610)</u>
General receipts:							
Property taxes					21,298,599	-	21,298,599
Other local sources					1,254,086	-	1,254,086
Bonds and loans					11,992,619	6,272,957	18,265,576
Grants and contributions not restricted to specific programs					12,027,514	-	12,027,514
Investment earnings					156,720	191,181	347,901
Transfers					4,089,112	(4,089,112)	-
Total general receipts and transfers					<u>50,818,650</u>	<u>2,375,026</u>	<u>53,193,676</u>
Change in net assets					5,924,533	(1,544,467)	4,380,066
Net assets - beginning					<u>10,727,284</u>	<u>33,139,391</u>	<u>43,866,675</u>
Net assets - ending					<u>\$ 16,651,817</u>	<u>\$ 31,594,924</u>	<u>\$ 48,246,741</u>
<b>Assets</b>							
Cash and investments					\$ 6,634,342	\$ 5,062,485	\$ 11,696,827
Cash with fiscal agent					1,146,159	377,578	1,523,737
Restricted assets:							
Cash and investments					8,871,316	26,154,861	35,026,177
Total assets					<u>\$ 16,651,817</u>	<u>\$ 31,594,924</u>	<u>\$ 48,246,741</u>
<b>Net Assets</b>							
Restricted for:							
Highways and streets					\$ 798,226	\$ -	\$ 798,226
Culture and recreation					448,480	-	448,480
Debt service					4,102,537	1,641,775	5,744,312
Other purposes					4,668,232	23,356,045	28,024,277
Unrestricted					6,634,342	6,597,104	13,231,446
Total net assets					<u>\$ 16,651,817</u>	<u>\$ 31,594,924</u>	<u>\$ 48,246,741</u>

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

CITY OF ANDERSON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General	Other Governmental Funds	Totals
<b>Receipts:</b>			
Taxes	\$ 14,838,474	\$ 7,714,211	\$ 22,552,685
Licenses and permits	314,706	100,618	415,324
Intergovernmental	10,890,249	14,194,857	25,085,106
Charges for services	3,407,203	1,903,319	5,310,522
Fines and forfeits	110,022	392,731	502,753
Bonds and loans	8,861,304	3,131,315	11,992,619
Other	581,985	1,439,664	2,021,649
<b>Total receipts</b>	<u>39,003,943</u>	<u>28,876,715</u>	<u>67,880,658</u>
<b>Disbursements:</b>			
General government	6,711,073	4,384,663	11,095,736
Public safety	22,650,903	588,506	23,239,409
Highways and streets	1,349,770	2,489,629	3,839,399
Sanitation	2,889,742	1,433	2,891,175
Culture and recreation	-	2,783,055	2,783,055
Urban redevelopment and housing	-	2,980,243	2,980,243
Economic Development	249,251	853,162	1,102,413
Debt service	5,163,648	6,574,025	11,737,673
Capital outlays	-	6,277,274	6,277,274
<b>Total disbursements</b>	<u>39,014,387</u>	<u>26,931,990</u>	<u>65,946,377</u>
Excess (deficiency) of receipts over disbursements	<u>(10,444)</u>	<u>1,944,725</u>	<u>1,934,281</u>
<b>Other financing sources (uses):</b>			
Interfund loans	3,614,112	475,000	4,089,112
Transfers in	388,455	1,475,500	1,863,955
Transfers out	(610,000)	(1,253,955)	(1,863,955)
<b>Total other financing sources (uses)</b>	<u>3,392,567</u>	<u>696,545</u>	<u>4,089,112</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,382,123	2,641,270	6,023,393
Cash and investment fund balance - beginning	<u>314,890</u>	<u>7,376,205</u>	<u>7,691,095</u>
Cash and investment fund balance - ending	<u>\$ 3,697,013</u>	<u>\$ 10,017,475</u>	<u>\$ 13,714,488</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:			
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			
			<u>2,937,329</u>
Net assets of governmental activities			<u>\$ 16,651,817</u>
<b><u>Cash and Investment Assets - December 31</u></b>			
Cash and investments	\$ 3,697,013	\$ -	\$ 3,697,013
Cash with fiscal agent	-	1,146,159	1,146,159
Restricted assets:			
Cash and investments	-	8,871,316	8,871,316
<b>Total cash and investment assets - December 31</b>	<u>\$ 3,697,013</u>	<u>\$ 10,017,475</u>	<u>\$ 13,714,488</u>
<b><u>Cash and Investment Fund Balance - December 31</u></b>			
Restricted for:			
Highways and streets	\$ -	\$ 798,226	\$ 798,226
Culture and recreation	-	448,480	448,480
Debt service	-	4,102,537	4,102,537
Other purposes	-	4,668,232	4,668,232
Unrestricted	3,697,013	-	3,697,013
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 3,697,013</u>	<u>\$ 10,017,475</u>	<u>\$ 13,714,488</u>

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

CITY OF ANDERSON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For the Year Ended December 31, 2009

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Funds
Operating receipts:					
Residential sales	\$ 4,680,602	\$ 11,224,093	\$ 31,783,540	\$ 47,688,235	\$ -
Commercial and industrial sales	2,510,289	6,629,828	38,156,853	47,296,970	-
Receipts from Employer/Employees	-	-	-	-	14,610,378
Other	936,853	1,460,080	6,107,263	8,504,196	1,145,356
<b>Total operating receipts</b>	<b>8,127,744</b>	<b>19,314,001</b>	<b>76,047,656</b>	<b>103,489,401</b>	<b>15,755,734</b>
Operating disbursements:					
Salaries and wages	2,623,217	4,868,369	8,019,421	15,511,007	-
Employee pension and benefits	220,620	378,116	475,889	1,074,625	16,118,525
Purchased power	553,131	886,992	56,508,418	57,948,541	-
Chemicals	76,565	590,174	-	666,739	-
Contractual services	424,837	1,577,451	107,835	2,110,123	-
Materials and supplies	1,159,260	1,089,725	599,303	2,848,288	-
Rents	67,428	84,264	50,616	202,308	-
Insurance	1,110,857	1,508,834	1,896,705	4,516,396	-
Repairs and improvements	3,969,165	3,139,803	3,430,533	10,539,501	-
Other	1,134,467	1,804,695	2,895,083	5,834,245	43,016
<b>Total operating disbursements</b>	<b>11,339,547</b>	<b>15,928,423</b>	<b>73,983,803</b>	<b>101,251,773</b>	<b>16,161,541</b>
Excess (deficiency) of operating receipts over operating disbursements	(3,211,803)	3,385,578	2,063,853	2,237,628	(405,807)
Nonoperating receipts (disbursements):					
Investment earnings	23,111	140,061	28,008	191,180	6,947
Debt service	(1,197,790)	(2,227,773)	(8,378,129)	(11,803,692)	-
<b>Total nonoperating receipts (disbursements)</b>	<b>(1,174,679)</b>	<b>(2,087,712)</b>	<b>(8,350,121)</b>	<b>(11,612,512)</b>	<b>6,947</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(4,386,482)	1,297,866	(6,286,268)	(9,374,884)	(398,860)
Capital contributions	2,245,897	3,234,723	165,952	5,646,572	-
Debt proceeds	-	6,272,957	-	6,272,957	-
Interfund loans	(215,554)	(3,015,000)	(858,558)	(4,089,112)	300,000
Transfers in	360,800	-	-	360,800	-
Transfers out	-	(360,800)	-	(360,800)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(1,995,339)	7,429,746	(6,978,874)	(1,544,467)	(98,860)
Cash and investment fund balance - beginning	6,926,652	15,160,283	11,052,456	33,139,391	3,036,189
Cash and investment fund balance - ending	<u>\$ 4,931,313</u>	<u>\$ 22,590,029</u>	<u>\$ 4,073,582</u>	<u>\$ 31,594,924</u>	<u>\$ 2,937,329</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 845,319	\$ 3,549,520	\$ 667,646	\$ 5,062,485	\$ 2,937,329
Cash with fiscal agent	293,092	-	84,486	377,578	-
Restricted assets:					
Cash and investments	3,792,902	19,040,509	3,321,450	26,154,861	-
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 4,931,313</u></b>	<b><u>\$ 22,590,029</u></b>	<b><u>\$ 4,073,582</u></b>	<b><u>\$ 31,594,924</u></b>	<b><u>\$ 2,937,329</u></b>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 35,102	\$ 512,363	\$ 1,094,310	\$ 1,641,775	\$ -
Capital projects	3,793,472	15,526,091	478,110	19,797,673	-
Other purposes	257,420	1,467,436	1,833,516	3,558,372	-
Unrestricted	845,319	5,084,139	667,646	6,597,104	2,937,329
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 4,931,313</u></b>	<b><u>\$ 22,590,029</u></b>	<b><u>\$ 4,073,582</u></b>	<b><u>\$ 31,594,924</u></b>	<b><u>\$ 2,937,329</u></b>

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

CITY OF ANDERSON  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 788,525	
On-behalf	6,605,104	
Plan members	927	
Total contributions	7,394,556	
Total additions	7,394,556	
Deductions:		
Benefits	7,176,585	
Administrative and general	43,104	
Total deductions	7,219,689	
Excess (deficiency) of total additions over total deductions	174,867	
Other receipts	2,450,000	
Other disbursements	(2,912,032)	
Deficiency of additions and other receipts over deductions and other disbursements	(287,165)	
Cash and investment fund balance - beginning	2,873,776	
Cash and investment fund balance - ending	\$ 2,586,611	\$ 1,371,812

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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, economic development and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government:	City of Anderson
Blended Component Units:	Anderson Redevelopment Authority Anderson City Fire Station Building Corporation

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

Anderson Redevelopment Authority: The City appoints a voting majority of the Anderson Redevelopment Authority's board and a financial benefit/burden relationship exists between the City and the Anderson Redevelopment Authority. Although it is legally separate from the City, the Anderson Redevelopment Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

Anderson City Fire Station Building Corporation: The City appoints a voting majority of the Anderson City Fire Station Building Corporation's board and a financial benefit/burden relationship exists between the City and the Anderson City Fire Station Building Corporation. Although it is legally separate from the City, the Anderson City Fire Station Building Corporation is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Anderson Housing Authority.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

Additionally, the City reports the following fund types:

The internal service funds account for health and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension plans, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the City.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$22,233,947.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009, the City had the following investments:

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ 806,623
Government sponsored enterprise	1,642,397
Mutual bond funds	25,958,108
Investment pools	3,176,406
Total	\$ 31,583,534

Statutory Authorization for Investments

IC 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

The following investments held by the City were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Primary Government:

Investment Type	2009 In the Government's Name
U.S. treasuries and securities	\$ 806,623
Government sponsored entities	1,642,397
Total	\$ 2,449,020

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years)	
	Less Than 1	Unclassified
U.S. treasuries and securities	\$ 806,623	\$ -
Government sponsored enterprise	1,855,723	-
Mutual bond funds	25,744,781	-
Investment pools	-	3,176,406
Totals	\$ 28,407,127	\$ 3,176,406

\*The mutual bond funds had a weighted average maturity of less than 1 year.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	Moody's Rating	City's Investments		
		Mutual Bond Funds	Government Sponsored Enterprise	Investment Pools
AAA	Aaa	\$ 25,744,781	\$ 1,855,723	\$ -
Unrated	Unrated	-	-	3,176,406
Totals		<u>\$ 25,744,781</u>	<u>\$ 1,855,723</u>	<u>\$ 3,176,406</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. Investments held by the City exposed to concentration of credit risk were less than five percent.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
General Fund	Other governmental funds	\$ 610,000
Other governmental funds	General Fund	388,455
Other governmental funds	Other governmental funds	<u>865,500</u>
Total		<u>\$ 1,863,955</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The City is 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.

The risks of 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 are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risk financing fund is accounted for in the Loss Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. The City has a stop-loss policy through an outside re-insurance company. The premium paid each year depends on the negotiated amount of the accumulated stop-loss. There is also a stop-loss of \$150,000 per individual incident (job related illnesses or injuries to employees is \$250,000 per individual incident), \$850,000 in aggregate. Once this amount is determined, both the Civil City and Utilities are billed at 55% and 45%, respectively. Any prior year's loss fund that is closed out but has a remaining balance is applied to the new year.

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding OPEB). The risk financing fund is accounted for in the Insurance Escrow Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. The City has a stop-loss policy through an outside re-insurance company. The premium paid each year depends on the negotiated amount of the accumulated stop-loss. There is also a stop-loss of \$175,000 per individual, each year, and \$8,100,000 group aggregate. Once this amount is determined, both the Civil City and Utilities are billed at 55% and 45%, respectively. Any prior year's loss fund that is closed out but has a remaining balance is applied to the new year.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As of December 31, 2009, there were ten series of bonds outstanding with an aggregate principal amount payable of \$60,950,421. The aggregate principal amount payable for the 1998A series could not be determined; however, their original issue amount totaled \$8,500,000.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

City of Anderson Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by Wabash American Benefits Group. The plan provides Medical, Dental, and Vision Benefits to eligible retirees and their spouses. City Ordinance 78-89 assigns the authority to establish and amend benefit provisions to the City. The City of Anderson Retiree Healthcare Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Wabash American Benefits Group  
P.O. Box 50427  
Indianapolis, In. 46250-0998  
1-317-598-0500

Funding Policy

The contribution requirements of plan members for the City of Anderson Retiree Healthcare Plan are established by the City's governing board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the governing board. For the year ended December 31, 2009, the City contributed \$2,011,671 to the plan. Plan members receiving benefits contributed approximately 54% of the total premiums, through their required contribution of \$335 per month for retiree-only coverage and \$708 for retiree and spouse coverage.

D. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the City Council on December 20, 2006.

Wastewater Utility

The current rate structure was approved by the City Council on June 1, 2009.

Electric Utility

The current rate structure was approved by the City Council on August 20, 2008.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts Pledged

Water Utility Receipts Pledged

The City has pledged future water utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for Water Infrastructure Improvements. The bonds are payable solely from net water utility receipts and are payable through 2026. Annual principal and interest payments are expected to require less than five percent of net receipts.

Wastewater Utility Receipts Pledged

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1998. Proceeds from the bonds provided financing for Sewage Works Infrastructure Improvements. The bonds are payable solely from net wastewater utility receipts and are payable through 2018. Annual principal and interest payments are expected to require less than two percent of net receipts

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2002. Proceeds from the bonds provided financing for Sewage Works Infrastructure Improvements. The bonds are payable solely from net wastewater utility receipts and are payable through 2022. Annual principal and interest payments are expected to require less than five percent of net receipts.

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for Sewage Works Infrastructure Improvements. The bonds are payable solely from net wastewater utility receipts and are payable through 2026. Annual principal and interest payments are expected to require less than seven percent of net receipts.

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for Sewage Works Infrastructure Improvements-LTCP Phase I. The bonds are payable solely from net wastewater utility receipts and are payable through 2029. Annual principal and interest payments are expected to require less than three percent of net receipts.

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for Sewage Works Infrastructure Improvements-White River Interceptor. The bonds are payable solely from net wastewater utility receipts and are payable through 2029. Annual principal and interest payments are expected to require less than three percent of net receipts.

Electric Utility Receipts Pledged

The City has pledged future electric utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2003. Proceeds from the bonds provided financing for Electric Infrastructure Improvements. The bonds are payable solely from net electric utility receipts and are payable through 2023. Annual principal and interest payments are expected to require less than two percent of net receipts.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City has pledged future electric utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for the Refunding of 1995 Bond Electric Infrastructure Improvements. The bonds are payable solely from net electric utility receipts and are payable through 2010. Annual principal and interest payments are expected to require less than two percent of net receipts.

The City has pledged future electric utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for Operating Capital Electric Improvements. The bonds are payable solely from net electric utility receipts and are payable through 2010. Annual principal and interest payments are expected to require less than one percent of net receipts.

The City has pledged future electric utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for Electric Infrastructure Improvements-Flagship Substation. The bonds are payable solely from net electric utility receipts and are payable through 2012. Annual principal and interest payments are expected to require less than two percent of net receipts.

Tax Increment Receipts Pledged

The City has pledged a portion of tax incremental receipts to repay \$10,465,000 in tax increment bonds issued in 2009 to finance the Nestle Project. The bonds are payable solely from the incremental receipts generated from increased site value and investment within the district. Incremental tax receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental receipts to repay \$1,100,000 in tax increment bonds issued in 2004 to finance the Florentine Project. The bonds are payable solely from the incremental receipts generated from increased site value and investment within the district. Incremental tax receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental receipts to repay \$2,245,000 in tax increment bonds issued in 2004 to finance the Enterprise Dr./73<sup>rd</sup> Street Project. The bonds are payable solely from the incremental receipts generated from increased site value and investment within the district. Incremental tax receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental receipts to repay \$5,115,000 in tax increment bonds issued in 2003 to finance the Pendleton Avenue Project. The bonds are payable solely from the incremental receipts generated from increased site value and investment within the district. Incremental tax receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental receipts to repay \$8,819,000 in tax increment bonds issued in 2002 to finance the Police Station. The bonds are payable solely from the incremental receipts generated from increased site value and investment within the district. Incremental tax receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City has pledged a portion of COIT receipts to repay \$1,020,000 in bonds issued in 1998 to finance the Public Communications Building. The bonds are payable solely from the COIT revenue generated by county option income tax receipts. Receipts were projected to produce 100% of the debt service requirements over the life of the bonds.

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$1,769,865.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$2,948,686 on behalf of the city. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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.

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$3,656,418 on behalf of the city. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$2,129,609.

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road and Street	Municipal Transportation	Airport	Community Development	Parks and Recreation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 456,145	\$ -	\$ 1,770,146
Licenses and permits	-	98,563	-	-	-	880
Intergovernmental	2,570,501	519,380	1,445,060	32,957	1,210,214	138,825
Charges for services	11,511	-	171,378	-	-	41,873
Fines and forfeits	-	-	-	-	-	-
Bonds and loans	-	-	-	217,353	-	360,442
Other	4,256	76	10,535	222,645	7,956	209,730
<b>Total receipts</b>	<b>2,586,268</b>	<b>618,019</b>	<b>1,626,973</b>	<b>929,100</b>	<b>1,218,170</b>	<b>2,521,896</b>
Disbursements:						
General government	-	-	2,326,992	698,552	-	-
Public safety	-	-	-	-	-	-
Highways and streets	1,934,806	554,823	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	2,275,012
Urban redevelopment and housing	-	-	-	-	1,222,584	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	41,303	-	203,154
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,934,806</b>	<b>554,823</b>	<b>2,326,992</b>	<b>739,855</b>	<b>1,222,584</b>	<b>2,478,166</b>
Excess (deficiency) of receipts over disbursements	651,462	63,196	(700,019)	189,245	(4,414)	43,730
Other financing sources (uses):						
Interfund loans	(400,000)	-	-	(75,000)	-	250,000
Transfers in	-	-	610,000	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(400,000)</b>	<b>-</b>	<b>610,000</b>	<b>(75,000)</b>	<b>-</b>	<b>250,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	251,462	63,196	(90,019)	114,245	(4,414)	293,730
Cash and investment fund balance - beginning	305,267	178,301	367,242	127,612	3,924	77,546
Cash and investment fund balance - ending	<u>\$ 556,729</u>	<u>\$ 241,497</u>	<u>\$ 277,223</u>	<u>\$ 241,857</u>	<u>\$ (490)</u>	<u>\$ 371,276</u>
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	556,729	241,497	277,223	241,857	(490)	371,276
<b>Total cash and investment assets - December 31</b>	<u>\$ 556,729</u>	<u>\$ 241,497</u>	<u>\$ 277,223</u>	<u>\$ 241,857</u>	<u>\$ (490)</u>	<u>\$ 371,276</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ 556,729	\$ 241,497	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	371,276
Debt service	-	-	-	-	-	-
Other purposes	-	-	277,223	241,857	(490)	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 556,729</u>	<u>\$ 241,497</u>	<u>\$ 277,223</u>	<u>\$ 241,857</u>	<u>\$ (490)</u>	<u>\$ 371,276</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Park Nonreverting Operating	Operation Clean	Sanitary District Commission	Property Tax Abatement	City Court Probation	Local Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ 1,069	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	1,175	-	-
Intergovernmental	-	-	214	-	-	-
Charges for services	463,236	-	-	-	-	46,803
Fines and forfeits	-	18,724	-	-	276,963	-
Bonds and loans	-	-	-	-	-	-
Other	-	-	-	220	2,955	-
<b>Total receipts</b>	<b>463,236</b>	<b>18,724</b>	<b>1,283</b>	<b>1,395</b>	<b>279,918</b>	<b>46,803</b>
Disbursements:						
General government	-	34,166	-	-	-	-
Public safety	-	-	-	-	329,352	14,970
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	1,433	-	-	-
Culture and recreation	508,043	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	434	-	-
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>508,043</b>	<b>34,166</b>	<b>1,433</b>	<b>434</b>	<b>329,352</b>	<b>14,970</b>
Excess (deficiency) of receipts over disbursements	(44,807)	(15,442)	(150)	961	(49,434)	31,833
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,807)	(15,442)	(150)	961	(49,434)	31,833
Cash and investment fund balance - beginning	122,011	29,370	150	4,107	331,977	37,104
Cash and investment fund balance - ending	<u>\$ 77,204</u>	<u>\$ 13,928</u>	<u>\$ -</u>	<u>\$ 5,068</u>	<u>\$ 282,543</u>	<u>\$ 68,937</u>
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	77,204	13,928	-	5,068	282,543	68,937
<b>Total cash and investment assets - December 31</b>	<b>\$ 77,204</b>	<b>\$ 13,928</b>	<b>\$ -</b>	<b>\$ 5,068</b>	<b>\$ 282,543</b>	<b>\$ 68,937</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	77,204	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	13,928	-	5,068	282,543	68,937
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 77,204</b>	<b>\$ 13,928</b>	<b>\$ -</b>	<b>\$ 5,068</b>	<b>\$ 282,543</b>	<b>\$ 68,937</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Police - Vice Intelligence and Narcotics	Police Multi-Agency Narcotics Units	Building Nonreverting	Unsafe Building	Clean Air Nonreverting	Grants and Donations
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	77,261	-	-	2,588	1,244,048
Charges for services	-	-	-	-	-	43,070
Fines and forfeits	-	-	-	42,421	-	-
Bonds and loans	-	-	-	-	-	-
Other	-	-	-	-	42	154,798
<b>Total receipts</b>	<b>-</b>	<b>77,261</b>	<b>-</b>	<b>42,421</b>	<b>2,630</b>	<b>1,441,916</b>
Disbursements:						
General government	-	-	-	-	-	1,162,740
Public safety	-	178,877	-	10,663	31,531	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>178,877</b>	<b>-</b>	<b>10,663</b>	<b>31,531</b>	<b>1,162,740</b>
Excess (deficiency) of receipts over disbursements	-	(101,616)	-	31,758	(28,901)	279,176
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(101,616)	-	31,758	(28,901)	279,176
Cash and investment fund balance - beginning	1,427	178,921	145	8,813	64,825	55,159
Cash and investment fund balance - ending	<u>\$ 1,427</u>	<u>\$ 77,305</u>	<u>\$ 145</u>	<u>\$ 40,571</u>	<u>\$ 35,924</u>	<u>\$ 334,335</u>
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>1,427</u>	<u>77,305</u>	<u>145</u>	<u>40,571</u>	<u>35,924</u>	<u>334,335</u>
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 1,427</u></b>	<b><u>\$ 77,305</u></b>	<b><u>\$ 145</u></b>	<b><u>\$ 40,571</u></b>	<b><u>\$ 35,924</u></b>	<b><u>\$ 334,335</u></b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	<u>1,427</u>	<u>77,305</u>	<u>145</u>	<u>40,571</u>	<u>35,924</u>	<u>334,335</u>
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 1,427</u></b>	<b><u>\$ 77,305</u></b>	<b><u>\$ 145</u></b>	<b><u>\$ 40,571</u></b>	<b><u>\$ 35,924</u></b>	<b><u>\$ 334,335</u></b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Court Administrative Fee	Court Supplemental Public Defender	Clerk Records Perpetuation	Firefighters Exam	Economic Development Revolving Loan	HOME
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,602,757
Charges for services	-	-	-	-	-	-
Fines and forfeits	35,294	4,170	5,382	-	-	-
Bonds and loans	-	-	-	-	-	-
Other	-	-	-	3,150	97,066	319,437
<b>Total receipts</b>	<b>35,294</b>	<b>4,170</b>	<b>5,382</b>	<b>3,150</b>	<b>97,066</b>	<b>1,922,194</b>
Disbursements:						
General government	36,863	-	4,112	-	-	-
Public safety	-	6,937	-	5,000	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	1,757,659
Economic development	-	-	-	-	60,011	-
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>36,863</b>	<b>6,937</b>	<b>4,112</b>	<b>5,000</b>	<b>60,011</b>	<b>1,757,659</b>
Excess (deficiency) of receipts over disbursements	(1,569)	(2,767)	1,270	(1,850)	37,055	164,535
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,569)	(2,767)	1,270	(1,850)	37,055	164,535
Cash and investment fund balance - beginning	14,058	12,320	15,656	6,180	85,684	34,836
Cash and investment fund balance - ending	<u>\$ 12,489</u>	<u>\$ 9,553</u>	<u>\$ 16,926</u>	<u>\$ 4,330</u>	<u>\$ 122,739</u>	<u>\$ 199,371</u>
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>12,489</u>	<u>9,553</u>	<u>16,926</u>	<u>4,330</u>	<u>122,739</u>	<u>199,371</u>
<b>Total cash and investment assets - December 31</b>	<b>\$ 12,489</b>	<b>\$ 9,553</b>	<b>\$ 16,926</b>	<b>\$ 4,330</b>	<b>\$ 122,739</b>	<b>\$ 199,371</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	<u>12,489</u>	<u>9,553</u>	<u>16,926</u>	<u>4,330</u>	<u>122,739</u>	<u>199,371</u>
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 12,489</b>	<b>\$ 9,553</b>	<b>\$ 16,926</b>	<b>\$ 4,330</b>	<b>\$ 122,739</b>	<b>\$ 199,371</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Law Enforcement Continuing Education Fee	Barrett Law Surplus	Redevelopment Commission Lease Rental	Rainy Day	Airport Nonreverting	Police Training
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	237,943	-	-
Charges for services	-	-	-	-	85,849	8,604
Fines and forfeits	9,777	-	-	-	-	-
Bonds and loans	-	-	465,061	-	-	-
Other	-	6,437	282,535	-	2,160	-
<b>Total receipts</b>	<b>9,777</b>	<b>6,437</b>	<b>747,596</b>	<b>237,943</b>	<b>88,009</b>	<b>8,604</b>
Disbursements:						
General government	-	-	-	26,747	94,491	-
Public safety	8,621	-	-	-	-	564
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	792,717	-	-	-
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,621</b>	<b>-</b>	<b>792,717</b>	<b>26,747</b>	<b>94,491</b>	<b>564</b>
Excess (deficiency) of receipts over disbursements	1,156	6,437	(45,121)	211,196	(6,482)	8,040
Other financing sources (uses):						
Interfund loans	-	35,000	-	(250,000)	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(1,433)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>35,000</b>	<b>(1,433)</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,156	41,437	(46,554)	(38,804)	(6,482)	8,040
Cash and investment fund balance - beginning	31,259	-	55,476	78,040	9,003	5,500
Cash and investment fund balance - ending	<u>\$ 32,415</u>	<u>\$ 41,437</u>	<u>\$ 8,922</u>	<u>\$ 39,236</u>	<u>\$ 2,521</u>	<u>\$ 13,540</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	32,415	41,437	8,922	39,236	2,521	13,540
<b>Total cash and investment assets - December 31</b>	<b>\$ 32,415</b>	<b>\$ 41,437</b>	<b>\$ 8,922</b>	<b>\$ 39,236</b>	<b>\$ 2,521</b>	<b>\$ 13,540</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	32,415	41,437	8,922	39,236	2,521	13,540
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 32,415</b>	<b>\$ 41,437</b>	<b>\$ 8,922</b>	<b>\$ 39,236</b>	<b>\$ 2,521</b>	<b>\$ 13,540</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Corporation Bonds	Sanitary District Bonds	COIT Principal and Interest	COIT Reserve	Twenty-Ninth Street TIF Bond and Interest	Redevelopment Bond and Interest
<b>Receipts:</b>						
Taxes	\$ 650,459	\$ 1,003,421	\$ -	\$ -	\$ 64,700	\$ 1,610,571
Licenses and permits	-	-	-	-	-	-
Intergovernmental	43,528	68,928	367,268	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Bonds and loans	405,509	593,663	-	-	-	-
Other	1,577	2,000	-	-	29,790	298
<b>Total receipts</b>	<b>1,101,073</b>	<b>1,668,012</b>	<b>367,268</b>	<b>-</b>	<b>94,490</b>	<b>1,610,869</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	838,846	1,498,353	367,265	-	114,590	1,104,304
Capital outlays	-	-	-	-	-	-
<b>Total disbursements</b>	<b>838,846</b>	<b>1,498,353</b>	<b>367,265</b>	<b>-</b>	<b>114,590</b>	<b>1,104,304</b>
Excess (deficiency) of receipts over disbursements	262,227	169,659	3	-	(20,100)	506,565
<b>Other financing sources (uses):</b>						
Interfund loans	(60,000)	355,000	-	-	-	-
Transfers in	-	-	-	-	-	121,000
Transfers out	(117,000)	-	-	-	-	(627,500)
<b>Total other financing sources (uses)</b>	<b>(177,000)</b>	<b>355,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(506,500)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	85,227	524,659	3	-	(20,100)	65
Cash and investment fund balance - beginning	96,182	5,465	1,564	379,594	43,274	47,797
Cash and investment fund balance - ending	\$ 181,409	\$ 530,124	\$ 1,567	\$ 379,594	\$ 23,174	\$ 47,862
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,448
Restricted assets:						
Cash and investments	181,409	530,124	1,567	379,594	23,174	414
<b>Total cash and investment assets - December 31</b>	<b>\$ 181,409</b>	<b>\$ 530,124</b>	<b>\$ 1,567</b>	<b>\$ 379,594</b>	<b>\$ 23,174</b>	<b>\$ 47,862</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	181,409	530,124	1,567	379,594	23,174	47,862
Other purposes	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 181,409</b>	<b>\$ 530,124</b>	<b>\$ 1,567</b>	<b>\$ 379,594</b>	<b>\$ 23,174</b>	<b>\$ 47,862</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment TIF Reserve	Police Station Sinking	Fire Station Sinking	Cumulative Capital Improvement	City Economic Development	Redevelopment Capital Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,254,086	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	940,195	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Bonds and loans	1,005,925	-	-	-	-	-
Other	-	2	218	-	2,722	25,200
<b>Total receipts</b>	<b>1,005,925</b>	<b>2</b>	<b>218</b>	<b>940,195</b>	<b>1,256,808</b>	<b>25,200</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	618,305	108,190	-	-	-
Capital outlays	-	-	-	854,350	865,700	29,004
<b>Total disbursements</b>	<b>-</b>	<b>618,305</b>	<b>108,190</b>	<b>854,350</b>	<b>865,700</b>	<b>29,004</b>
Excess (deficiency) of receipts over disbursements	1,005,925	(618,303)	(107,972)	85,845	391,108	(3,804)
Other financing sources (uses):						
Interfund loans	-	-	-	385,000	(255,000)	(40,000)
Transfers in	-	627,500	117,000	-	-	-
Transfers out	-	-	-	(150,000)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>627,500</b>	<b>117,000</b>	<b>235,000</b>	<b>(255,000)</b>	<b>(40,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,005,925	9,197	9,028	320,845	136,108	(43,804)
Cash and investment fund balance - beginning	834,171	907,497	172,989	110,667	287,281	70,365
Cash and investment fund balance - ending	<u>\$ 1,840,096</u>	<u>\$ 916,694</u>	<u>\$ 182,017</u>	<u>\$ 431,512</u>	<u>\$ 423,389</u>	<u>\$ 26,561</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash with fiscal agent	\$ -	\$ 916,694	\$ 182,017	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>1,840,096</u>	<u>-</u>	<u>-</u>	<u>431,512</u>	<u>423,389</u>	<u>26,561</u>
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 1,840,096</u></b>	<b><u>\$ 916,694</u></b>	<b><u>\$ 182,017</u></b>	<b><u>\$ 431,512</u></b>	<b><u>\$ 423,389</u></b>	<b><u>\$ 26,561</u></b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	1,840,096	916,694	182,017	-	-	-
Other purposes	-	-	-	431,512	423,389	26,561
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 1,840,096</u></b>	<b><u>\$ 916,694</u></b>	<b><u>\$ 182,017</u></b>	<b><u>\$ 431,512</u></b>	<b><u>\$ 423,389</u></b>	<b><u>\$ 26,561</u></b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment TIF	Fire Building and Equipment	Redevelopment TIF Capital Bond	Airport Grant	EDA Flagship	Sanitary District Construction
Receipts:						
Taxes	\$ 903,614	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	51,980	-	-	2,202,934	625,349	-
Charges for services	-	1,030,995	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Bonds and loans	83,362	-	-	-	-	-
Other	7,069	1,140	-	9,245	-	-
<b>Total receipts</b>	<b>1,046,025</b>	<b>1,032,135</b>	<b>-</b>	<b>2,212,179</b>	<b>625,349</b>	<b>-</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	1,679,715	-	-	-	-	-
Capital outlays	-	740,942	-	3,161,929	625,349	-
<b>Total disbursements</b>	<b>1,679,715</b>	<b>740,942</b>	<b>-</b>	<b>3,161,929</b>	<b>625,349</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(633,690)	291,193	-	(949,750)	-	-
Other financing sources (uses):						
Interfund loans	550,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(121,000)	(235,445)	-	-	-	(1,577)
<b>Total other financing sources (uses)</b>	<b>429,000</b>	<b>(235,445)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,577)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(204,690)	55,748	-	(949,750)	-	(1,577)
Cash and investment fund balance - beginning	393,943	357,918	453,671	949,750	271	1,577
Cash and investment fund balance - ending	<u>\$ 189,253</u>	<u>\$ 413,666</u>	<u>\$ 453,671</u>	<u>\$ -</u>	<u>\$ 271</u>	<u>\$ -</u>
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	189,253	413,666	453,671	-	271	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 189,253</b>	<b>\$ 413,666</b>	<b>\$ 453,671</b>	<b>\$ -</b>	<b>\$ 271</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	189,253	413,666	453,671	-	271	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 189,253</b>	<b>\$ 413,666</b>	<b>\$ 453,671</b>	<b>\$ -</b>	<b>\$ 271</b>	<b>\$ -</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Certified Tech Park	Nestle TIF Capital	Slot Machine Fee	Firefighting Training	Wheel Tax	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,714,211
Licenses and permits	-	-	-	-	-	100,618
Intergovernmental	-	550,000	204,810	-	58,117	14,194,857
Charges for services	-	-	-	-	-	1,903,319
Fines and forfeits	-	-	-	-	-	392,731
Bonds and loans	-	-	-	-	-	3,131,315
Other	-	32,788	-	3,617	-	1,439,664
<b>Total receipts</b>	<b>-</b>	<b>582,788</b>	<b>204,810</b>	<b>3,617</b>	<b>58,117</b>	<b>28,876,715</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	4,384,663
Public safety	-	-	-	1,991	-	588,506
Highways and streets	-	-	-	-	-	2,489,629
Sanitation	-	-	-	-	-	1,433
Culture and recreation	-	-	-	-	-	2,783,055
Urban redevelopment and housing	-	-	-	-	-	2,980,243
Economic development	-	-	-	-	-	853,162
Debt service	-	-	-	-	-	6,574,025
Capital outlays	-	-	-	-	-	6,277,274
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,991</b>	<b>-</b>	<b>26,931,990</b>
Excess (deficiency) of receipts over disbursements	-	582,788	204,810	1,626	58,117	1,944,725
<b>Other financing sources (uses):</b>						
Interfund loans	(20,000)	-	-	-	-	475,000
Transfers in	-	-	-	-	-	1,475,500
Transfers out	-	-	-	-	-	(1,253,955)
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>696,545</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,000)	582,788	204,810	1,626	58,117	2,641,270
Cash and investment fund balance - beginning	20,316	-	-	-	-	7,376,205
Cash and investment fund balance - ending	<u>\$ 316</u>	<u>\$ 582,788</u>	<u>\$ 204,810</u>	<u>\$ 1,626</u>	<u>\$ 58,117</u>	<u>\$ 10,017,475</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,146,159
Restricted assets:						
Cash and investments	316	582,788	204,810	1,626	58,117	8,871,316
<b>Total cash and investment assets - December 31</b>	<b>\$ 316</b>	<b>\$ 582,788</b>	<b>\$ 204,810</b>	<b>\$ 1,626</b>	<b>\$ 58,117</b>	<b>\$ 10,017,475</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,226
Culture and recreation	-	-	-	-	-	448,480
Debt service	-	-	-	-	-	4,102,537
Other purposes	316	582,788	204,810	1,626	58,117	4,668,232
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 316</b>	<b>\$ 582,788</b>	<b>\$ 204,810</b>	<b>\$ 1,626</b>	<b>\$ 58,117</b>	<b>\$ 10,017,475</b>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As Of And For the Year Ended December 31, 2009

	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
Operating receipts:			
Receipts from employer/employees	\$ 723,417	\$ 13,886,961	\$ 14,610,378
Other	8,113	1,137,243	1,145,356
	<u>731,530</u>	<u>15,024,204</u>	<u>15,755,734</u>
Total operating receipts			
Operating disbursements:			
Benefits	798,011	15,320,514	16,118,525
Administrative and general	-	43,016	43,016
	<u>798,011</u>	<u>15,363,530</u>	<u>16,161,541</u>
Total operating disbursements			
Deficiency of receipts over disbursements	<u>(66,481)</u>	<u>(339,326)</u>	<u>(405,807)</u>
Nonoperating receipts			
Investment earnings	-	6,947	6,947
	<u>-</u>	<u>6,947</u>	<u>6,947</u>
Deficiency of receipts over disbursements and nonoperating receipts	<u>(66,481)</u>	<u>(332,379)</u>	<u>(398,860)</u>
Other financing sources (uses):			
Interfund loans	300,000	-	300,000
	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Excess (deficiency) of receipts and other financing sources in over disbursements and other financing uses	233,519	(332,379)	(98,860)
Cash and investment fund balance - beginning	<u>130,105</u>	<u>2,906,084</u>	<u>3,036,189</u>
Cash and investment fund balance - ending	<u>\$ 363,624</u>	<u>\$ 2,573,705</u>	<u>\$ 2,937,329</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	<u>\$ 363,624</u>	<u>\$ 2,573,705</u>	<u>\$ 2,937,329</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ 363,624</u>	<u>\$ 2,573,705</u>	<u>\$ 2,937,329</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 296,077	\$ 492,448	\$ 788,525
On-behalf	2,948,686	3,656,418	6,605,104
Plan members	<u>466</u>	<u>461</u>	<u>927</u>
Total additions	<u>3,245,229</u>	<u>4,149,327</u>	<u>7,394,556</u>
Deductions:			
Benefits	3,249,454	3,927,131	7,176,585
Administrative and general	<u>16,977</u>	<u>26,127</u>	<u>43,104</u>
Total deductions	<u>3,266,431</u>	<u>3,953,258</u>	<u>7,219,689</u>
Excess (deficiency) of total additions over total deductions	(21,202)	196,069	174,867
Other financing sources (uses):			
Other receipts	1,200,000	1,250,000	2,450,000
Other disbursements	<u>(1,350,000)</u>	<u>(1,562,032)</u>	<u>(2,912,032)</u>
Deficiency of additions and other sources over other disbursements and other uses	(171,202)	(115,963)	(287,165)
Cash and investment fund balance - beginning	<u>1,412,869</u>	<u>1,460,907</u>	<u>2,873,776</u>
Cash and investment fund balance - ending	<u>\$ 1,241,667</u>	<u>\$ 1,344,944</u>	<u>\$ 2,586,611</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	<u>Civil City Payroll</u>	<u>City Clerk</u>	<u>Court Costs Due County</u>	<u>Waivered Barrett Law</u>	<u>Totals</u>
Additions:					
Agency fund additions	\$ 12,939,851	\$ 1,445,283	\$ 50,073	\$ 32,581	\$ 14,467,788
Deductions:					
Agency fund deductions	<u>12,907,155</u>	<u>1,447,730</u>	<u>49,587</u>	<u>65,239</u>	<u>14,469,711</u>
Excess (deficiency) of total additions over total deductions	32,696	(2,447)	486	(32,658)	(1,923)
Cash and investment fund balance - beginning	<u>930,974</u>	<u>406,901</u>	<u>3,202</u>	<u>32,658</u>	<u>1,373,735</u>
Cash and investment fund balance - ending	<u>\$ 963,670</u>	<u>\$ 404,454</u>	<u>\$ 3,688</u>	<u>\$ -</u>	<u>\$ 1,371,812</u>

CITY OF ANDERSON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 14,789,835
Infrastructure	56,001,050
Buildings	32,708,803
Improvements other than buildings	14,877,747
Machinery and equipment	21,340,127
Construction in progress	<u>58,037,857</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 197,755,419</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 500,390
Construction in progress	550,741
Buildings	4,051,142
Improvements other than buildings	23,324,764
Machinery and equipment	<u>15,831,133</u>
 Total Water Utility capital assets	 <u>44,258,170</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	656,265
Construction in progress	3,646,866
Buildings	31,324,515
Improvements other than buildings	50,565,105
Machinery and equipment	<u>22,928,028</u>
 Total Wastewater Utility capital assets	 <u>109,120,779</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	131,859
Construction in progress	2,568,445
Buildings	2,773,154
Improvements other than buildings	75,141,917
Machinery and equipment	<u>19,445,504</u>
 Total Electric Utility capital assets	 <u>100,060,879</u>
 Total business-type activities capital assets	 <u>\$ 253,439,828</u>

CITY OF ANDERSON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Airport - 1992 Terminal & Hangar	\$ 430,814	\$ 53,495
Airport - 1997 Terminal & Hangar	155,000	62,400
Airport - Dixie Chopper Tractor Mower	8,584	5,232
Airport - Land Pride Mower	6,101	5,531
Airport - Jet Refueler Truck	46,611	10,788
Fire - Fire Tower	683,375	291,653
General - Police 2008 Ford Explorer	12,943	4,576
MAN Unit - Police 2009 (K-9) Dodge Chargers (2)	11,147	11,374
Park - 2008 Ford Explorer and 2008 F250 Truck	15,892	8,305
Park - Bleachers and Playground Equipment	116,950	27,044
Park Non-Revert - 2008 E-Z-Go Golf Carts (51)	111,049	29,875
Parking Authority - Elevators	92,755	49,355
General - Police 2008 Chevy Impalas (5)	56,239	29,059
General - Police-2009 Chevy Impalas (10)	150,850	27,130
Weights and Measures - 2008 Chevy Colorado Truck	6,260	6,260
Slot Machine Wager Fee Fund-2009 Ford Bucket Truck	55,297	12,500
Community Development - Ford Escape	15,385	3,275
Notes and loans payable	577,000	166,209
Bonds payable:		
General and special obligation bonds:		
Sanitary District Bonds of 1991	510,000	275,500
Fire Station First Mortgage Bonds of 1994	340,000	112,475
Sanitary District Refunding Bonds of 1998	235,000	240,851
County Option Income Tax Bonds of 1998	1,020,000	369,400
Park District Bonds of 1998	860,000	308,700
General Obligation Bonds of 2002	410,000	214,712
Redevelopment Tax Increment Bonds of 2002	5,115,000	531,723
Lease Rental Revenue Bonds of 2002	6,390,000	615,816
Park District Bonds of 2003	1,385,000	179,460
Economic Development Revenue Bonds of 2003	967,000	86,150
Sanitary District Bonds of 2004	8,185,000	740,608
Redevelopment Tax Increment Bonds of 2004	2,245,000	264,238
Economic Development Revenue Bonds of 2004	1,100,000	282,370
Economic Development Revenue Bonds of 2006A	9,578,176	-
Redevelopment Tax Increment Bonds of 2009	10,465,000	662,212
	<u>\$ 51,357,428</u>	<u>\$ 5,688,276</u>
Business-type activities:		
Water Utility:		
Capital leases:		
Automated Meter Reading System	\$ 12,099,059	\$ 801,900
Revenue bonds:		
Waterworks Revenue Bonds of 2007	4,760,000	398,028
Total Water Utility	<u>16,859,059</u>	<u>1,199,928</u>
Wastewater Utility:		
Revenue bonds:		
Sewage Utility Improvement Bonds of 1998	1,495,000	203,790
Sewage Works Revenue Bonds of 2002	8,815,000	429,259
Sewage Works Revenue Bonds of 2007	14,675,000	996,855
Sewage Works Revenue Bonds of 2009 State Revolv	5,755,000	363,849
Sewage Works Revenue Bonds of 2009B	4,895,000	404,648
Total Wastewater Utility	<u>35,635,000</u>	<u>2,398,401</u>
Electric Utility:		
Capital leases:		
Automated Meter Reading System	9,535,826	1,051,165
2008 Ford F350 Trucks (4)	38,757	41,821
Revenue bonds:		
Electric Utility Revenue Bonds of 2003	8,585,000	791,869
Electric Utility Refunding Revenue Bonds of 2007	920,000	959,100
Electric Utility Revenue Bonds of 2008A	445,000	471,700
Electric Utility Revenue Bonds of 2008B	4,190,000	1,081,605
Total Electric Utility	<u>23,714,583</u>	<u>4,397,260</u>
Total business-type activities debt	<u>\$ 76,208,642</u>	<u>\$ 7,995,589</u>

CITY OF ANDERSON  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As similarly stated in several prior reports, most recently Report B35353, the depository reconciliation of the cash fund balances to the bank account balances was incorrect at December 31, 2009, as presented for audit. We noted cash long of \$4,033.28 at December 31, 2009. Additionally, depository reconciliations of the cash fund balances to the bank account balances were incomplete or inaccurate as presented for audit for the months of January through November of 2009. Officials have had difficulties performing bank reconciliations since converting to the present accounting software in 2004.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

ANNUAL REPORT ERRORS

The Annual Financial Report (CTAR-2) as presented for audit was not accurately prepared. The section entitled Part 4 - Enterprise presented a significant amount of receipts and disbursements classified as Other Disbursements. For example, Wastewater Utility reported Other Disbursements of \$8,321,413.86, and Electric Utility reported Other Disbursements, on two separate lines, in the amounts of \$6,841,658.95 and \$5,820,240.80. Receipts and disbursements should be classified in a way which is reflective of ledger activity.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ANDERSON  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MISSING FUNDS INVESTIGATION (Street Department)

According to a City of Anderson Police report, "on 3/7/2008 an inquiry was launched into monies missing from the City of Anderson Street Department. According to sources, former street commissioner Nick Vores may have pocketed funds received from the Recycling Center, Inc. (Richmond, IN) as payment for scrap metal."

The report further states that Recycling Center, Inc., provided a dump trailer for the City of Anderson Street Department. When the dumpster was near capacity, Recycling Center, Inc., would send a truck to exchange the dump trailer. The driver would provide the Street Department with a sequentially numbered ticket. Once the trailer had returned to Recycling Center, Inc., the load was weighed and calculated for payment. A Recycling Center official explained that he would then visit the Street Department and make receipted cash payment for the disposal service. He further explained that the payments were made directly to Nick Vores except on one occasion where he recalled leaving the cash and receipt with a secretary.

Per the police report, based on evidence obtained from Recycling Center, Inc., since 2005, Recycling Center, Inc., paid from \$3,964 to \$4,054 to the City of Anderson for disposal of scrap metal. The total amount of monies receipted by the City of Anderson Controller's Office since 2005 is \$1,678. The difference of \$2,286 to \$2,376 remains missing per the report.

On April 18, 2008, an Anderson Police Department officer prepared a probable cause affidavit for violation of IC 35-43-4-2, nine counts of theft, versus Nick Vores and forwarded it to the Madison County Prosecutor's office.

As of the date of this report, this matter is open and under review and investigation by the County Prosecutor's office.

A similar comment appeared in prior reports, most recently Report B35353. The status of these proceedings will be reviewed by the State Board of Accounts during a subsequent audit of the City.

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Anderson (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 22, 2010

CITY OF ANDERSON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and HUD Administered Small City Cluster Community Development Block Grants/Entitlement Grants	14.218		
ARRA- Community Development Block Grant Entitlement Grants	14.253	B-09-MC-18-0001 B-09-MC-18-0001	\$ 966,932 <u>246,677</u>
Total for cluster			<u>1,213,609</u>
HOME Investment Partnerships Program	14.239	M-09-MC-18-0209	<u>470,813</u>
Community Development Block Grants/Economic Development Initiative (EDI)	14.246	B-05-SP-IN-0068	<u>247,500</u>
Economic Development Initiative - Special Project Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IN-0354	<u>64,598</u>
ARRA - Neighborhood Stabilization Program	14.256	B-08-MN-18-0001	<u>1,026,187</u>
Total for federal grantor agency			<u>3,022,707</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Violence Against Women Formula Grant	16.588	07ST007	<u>18,581</u>
Community Capacity Development Office - Weed and Seed Grant	16.595	2007-WS-Q7-0241 2008-WS-QX-0029	34,529 <u>80,555</u>
Total for program			<u>115,084</u>
Bulletproof Vest Partnership Program	16.607	FY 2008	<u>13,878</u>
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	DJ-BX-0690	<u>10,000</u>
ARRA- Edward Byrne Memorial Justice Assistance Grant (JAG) Recovery Act-Grants to Units of Local Government	16.804	2009-SB-B9-2303	<u>39,832</u>
Total for federal grantor agency			<u>197,375</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster Highway Research and Development Program	20.205	DEM-IN72 R31780 STP-AF6 003	100,348 124,981 <u>64,974</u>
Total for cluster			<u>290,303</u>
Direct Grant			
Federal Transit Cluster			
Federal Transit-Formula Grants	20.507	IN-90-X549 IN-90-X569 IN-90-X592	117,040 101,026 <u>1,010,138</u>
Total for cluster			<u>1,228,204</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	FY 2009	<u>22,256</u>
Alcohol Impaired Driving Countermeasures - Incentive Grants I	20.601	PT-09-04-01-10	<u>3,325</u>
Safety Belt Performance Grants	20.609	K4-2009-08-01-12	<u>3,026</u>
Total for cluster			<u>28,607</u>

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, 2009  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation Airport Improvement Program	20.106		
		AIP 3-18-001-019	19,767
		AIP 3-18-001-020	22,532
		AIP 3-18-001-021	1,121,803
		AIP 3-18-001-022	<u>2,063,418</u>
Total for program			<u>3,227,520</u>
Total for federal grantor agency			<u>4,774,634</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	<u>207,214</u>
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	<u>888,041</u>
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	2F-00E72901-0	<u>11,371</u>
Total for federal grantor agency			<u>1,106,626</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	SC0001617	<u>48,451</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2008-FO-04982	<u>81,771</u>
Pass-Through Indiana Department of Homeland Security Hazard Mitigation Grant	97.039	FEMA-DR-1662-IN	<u>367,291</u>
Emergency Management Performance Grants	97.042	EMPG-08-C449-9-616A	<u>11,514</u>
Total for federal grantor agency			<u>460,576</u>
Total federal awards expended			<u>\$ 9,610,369</u>

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

I. Basis of Presentation

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	2009
Community Capacity Development Office - Weed and Seed Grant	16.595	<u>\$ 69,198</u>

CITY OF ANDERSON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
--	CDBG Entitlement and HUD Administered Small City Cluster
14.239	HOME Investment Partnerships Program
14.256	ARRA - Neighborhood Stabilization Program
20.106	Airport Improvement Program
66.458	ARRA - Capitalization Grants for Clean Water - State Revolving Funds
97.039	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

FEDERAL FINDING 2009-01, INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING

We noted a control deficiency in the internal control system of the City related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statements and then determining how those identified risks should be managed. The depository reconciliation process of the cash fund balances to the bank account balances was not functioning properly resulting in an incorrect reconciliation at December 31, 2009, as presented for audit. We noted cash long of \$4,033.28 at December 31, 2009. Additionally, depository reconciliations of the cash fund balances to the bank account balances were incomplete or inaccurate as presented for audit for the months of January through November of 2009.

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

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ANDERSON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



*City of Anderson  
Controller's Office*

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Date: May 27, 2010  
To: State Board of Accounts  
Subject: Finding No.2009-1 Internal Controls over Financial Transactions and Reporting

The following corrective actions have been related to the bank reconciliation process:

We determined a previous practice of processing non-sufficient reimbursements was still in place which, resulted in duplication of transactions in the cash account. This practice should have been changed with the installation of the new Utility Billing software. That process was terminated which resulted in a journal entry to correct.

After working with City IT staff and MUNIS software consultants another patch was installed on April 26, 2010. This resulted in more detail on deposits and on reversals enhancing the reconciliation process.

We continue to process the reconcilment in accordance with the 2008-1 letter.

A handwritten signature in cursive script that reads "C. Karen Carpenter".

C. Karen Carpenter  
City Controller

CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2010, with C. Karen Carpenter, Controller; Renisa D. Harry, Utility Finance Manager; Hon. Kris Ockomon, Mayor; C. Gregory Graham, President of the Board of Public Works; Mark Lamey, Board of Public Works member; and David Eicks, President of the Common Council. The officials concurred with our audit findings.